**Date: August 29, 2022**
**SE/2022-23/44**

**To,**

| | |
|---|---|
| **The General Manager**<br>The Corporate Relation Department<br>BSE Limited<br>Phiroze Jeejeebhoy Towers<br>14th Floor, Dalal Street<br>Mumbai 400 001<br>**Scrip Code: 534804** | **The National Stock Exchange of India Ltd.**<br>Listing Department<br>Exchange Plaza<br>Bandra Kurla Complex<br>Bandra (East)<br>Mumbai 400 051<br>**Scrip Code: CARERATING** |

Dear Sir/ Madam,

**Sub: Annual Report of the Company for the Financial Year 2021-22 along with the Notice of Twenty Ninth (29th) Annual General Meeting.**

This is further to our earlier letter dated July 29, 2022 wherein we had informed that the Twenty Ninth (29th) Annual General Meeting of the Company will be held on Monday, September 26, 2022 at 3:00 P.M. IST through Video Conferencing / Other Audio Visual Means (VC/OAVM).

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please find enclosed herewith the Annual Report of CARE Ratings Limited ('the Company') for the Financial Year 2021-22 along with the Notice convening Twenty Ninth (29th) Annual General Meeting ('AGM'), which is sent through electronic mode to the Members at their registered email addresses.

This is in compliance with the Ministry of Corporate Affairs ("MCA") circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021 and May 5, 2022 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India ("SEBI") circulars dated May 12, 2020, January 15, 2021 and May 13, 2022 (collectively referred to as "SEBI Circulars") and relevant provisions of the Companies Act, 2013 and Listing Regulations.

The Annual Report includes the Notice of the 29th 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 record date and e-voting events are as under:

| | |
|---|---|
| **Record date for Dividend payment** | September 14, 2022 (Wednesday) |
| **Cut-off date to ascertain Members eligible to cast vote** | September 19, 2022 (Monday) |
| **E-Voting Start Date & Time** | September 22, 2022 (Thursday) at 09:00 A.M. IST |
| **E-Voting End Date & Time** | September 25, 2022 (Sunday) at 05:00 P.M. IST |

The Annual Report for FY2021-22 and Notice of AGM is also hosted on the website of the Company at www.careedge.in.

Kindly take the above on record.

Thanking you,

Yours faithfully,

**For CARE Ratings Limited**

Nehal Navinchandra Shah Digitally signed by Nehal Navinchandra Shah Date: 2022.08.29 19:16:15 +05'30'

**Nehal Shah**
**Company Secretary & Compliance Officer**
Encl: As above.

CareEdge

Ratings • Advisory • Research • Risk Solutions

# FORESIGHT BACKED BY EXPERT INSIGHTS

Azadi Ka Amrit Mahotsav

ANNUAL REPORT 2021 - 22

## Vision

A global research and 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

# Contents

# From the Chairman's Desk

## Mr. Najib Shah

It is with a sense of pride that I present CareEdge's 29th Annual Report. Pride in the manner we have overcome the unprecedented challenges of the past two years and brought ourselves back on the growth track. I would like to thank and laud all the staff of CareEdge for their commendable efforts through this difficult period.

In FY22, severe waves of the pandemic continued to hurt consumer sentiment, but the Government was quick to respond with large-scale vaccination drives and healthcare programmes for all. There was a sharp decline in the long-term borrowings from the debt capital markets even as fundraising through the short-term issues was higher. All this had an impact on the ratings business.

As the lockdown-induced restrictions started easing, there was some pickup in economic growth momentum towards the second half of the year, aided by the pent-up demand. Despite these challenges, your Company put in a sterling performance with a total income in FY22 of Rs 247.63 crore and profit after tax of Rs 84.47 crore.

Your Company continued its transformational journey with a focus on four pillars – Group Impetus, Technology, People, and Re-Branding. While the first three are ongoing, your Company completed its overall rebranding with the help of a leading global agency to present a brand-new look and feel.

Focussed heavily on driving CareEdge Group with all the subsidiaries in sync, your Company's Board and the senior management have been working on leading the group on the growth track. Your Company, in the process, has brought on board multiple specialists in the desired positions to drive us on the right path.

The subsidiaries, both domestic and international, are integral to the overall growth journey of the Group. Keeping this in mind, the Board has approved Rs 33.5 crore equity infusion for enhancing the product and market developments at CARE Risk Solutions. With reinforced vigour and fresh strategical inputs from the leadership, the company is seeking to expand its footprint in the global arena.

CARE Advisory Research and Training, too, under enthusiastic leadership, is widening its horizon by bringing in more ESG-oriented research and advisory projects. The past year alone has seen it grow from low-ticket businesses to top-of-the-line clients such as ADB, World Bank and other large international funds. To expand the business, the Board has approved Rs 10 crore equity infusion.

The international subsidiaries of your Company, namely CARE Ratings (Africa) Private Limited and CARE Ratings Nepal Limited, are in the process of building bigger businesses in their respective regions despite the roadblocks presented by the pandemic. In FY22, CRAF has assigned ratings to more than 40 corporates of Mauritius while CRNL has maintained its track record of revenue growth.

Your Company is also actively synchronising the energies to optimise our technologies for ensuring constant process improvement. From shifting signing all Rating Committee Minutes to e-signing and maintaining the records electronically during the year to adopting new technology for cutting carbon footprint, your Company is taking an environmentally conscious approach.

We have taken heed of concerns raised by our dear shareholders that given our cash balance, there is a need for considering a buyback of equity shares. The Board of Directors has approved a proposal for buyback of up to 23,68,000 fully paid-up equity shares of the face value of Rs 10. We have sought the approval of members through a postal ballot.

We would like to thank you for your patience and understanding even in the most difficult of times. During the year, your Company paid an interim dividend of Rs 7/- per equity share amounting to a pay-out of Rs 20.62 crore. The Board has recommended a final dividend of Rs 10/- per equity share. If approved by members in the ensuing AGM, it will result in a payout of Rs 29.65 crore for FY22.

On behalf of the company, may I assure you that we are dedicated to striving for the best for the CareEdge Group in its transformational journey and to building bigger and better business in the coming year.

I wish you and your families the very best. Take care and stay safe.

# Message from MD & CEO

## Mr. Mehul Pandya

The past two years have been more about volatility than stability. Having assumed charge as the MD & CEO recently, I would like to express my sincere commitment to do all in my control to take your Company to new heights of success.

Last year, we continued with our transformational journey, and it gives me immense pleasure to share how we have successfully been navigating through it so far. From renovating our Head Office in Mumbai to creating a fresh look and feel for the brand, CareEdge Group is on track to reinvent themselves as a tech-driven knowledge hub. Throughout the year, we have brought in the right talent and adopted advanced technologies to ensure better analytics and insights for offering superior service. Not only have these efforts already started showing results in acquiring new clients and reinforcing association with our existing ones, but also in enhancing the brand value in media and social circuits.

Focusing on quality content and exchange of ideas, your Company has deployed incremental efforts to strengthen its outreach. In FY22 alone, we conducted as many as 17 webinars and participated in around 100 knowledge forums for higher engagement. The active interest of the audience and industry leaders, reflected adequately by wider media presence and increased presence of top experts in our webinars, only adds further value to our reimagined Group focus as CareEdge.

Though the year was replete with challenges at multiple levels – be it the work-from-home situation or the evident pandemic-induced slowdown in the economy and businesses, your Company made a conscious effort at keeping the morale of the staffers high as they form the core of CareEdge. Without the commitment and sheer will of our people, it is tough to estimate how difficult these past two years could have been. And any amount of gratitude would be less to thank you and the employees for keeping faith in the Company and its processes. Each company of this Group – CARE Ratings, CARE Ratings Africa, CARE Ratings Nepal, CARE Risk Solutions and CARE Advisory Research and Training – values the dedication shown by our people and aspires to nurture talent in the best way possible.

The businesses of CareEdge are expanding as I write this with the flagship company as well as the subsidiaries bringing in top clients to widen its horizons in the new markets with the right products. CareEdge has created an analytics platform that not only provides the ESG scores but also enables the analyst to perform their analysis on various key indicators on both ESG and non-ESG themes and performance indicators.

Our consistent focus is on improving productivity, strengthening analytical rigour and ratings, as also diversifying revenue streams. I am glad to highlight that CARE Ratings has reported good traction in the new business in FY22 and we hope to sustain this momentum going forward.

As a part of our transformative journey, we have invested tremendous effort in enhancing and automating the rating processes and improving efficiencies across organisational functions through suggestions received from external consultants as well as through internal lookbacks.

As the MD & CEO of CareEdge, I am committed to stand by the pillars of the organisation and synergize multiple offerings with a singular thrust, drive employee and culture-centric initiatives and push digital transformation. At the end of the day, it's the people who make businesses, digitise operations and bring home profits. The past two years have taught us that challenges can arise from any corner, but they have also given us the will and belief that we can overcome any of these challenges if we come together and work hard.

I look forward to your support and assure my complete commitment to doing the best for your Company.

# Board of Directors & Committee Members

**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 Gunvant Desai**

Non-Executive
Independent Director

## Audit Committee

| | |
|---|---|
| Mr. Adesh Kumar Gupta | Chairman |
| Ms. Sonal Gunvant Desai | Member |
| Mr. Ananth Narayan Gopalakrishnan | Member |
| Ms. Shubhangi Soman | Member* |

*Appointed as member w.e.f. May 28, 2022

## Nomination and Remuneration Committee

| | |
|---|---|
| Ms. Sonal Gunvant Desai | Chairperson |
| Mr. V. Chandrasekaran | Member |
| Mr. Najib Shah | Member |

## Stakeholders Relationship Committee

| | |
|---|---|
| Dr. M. Mathisekaran | Chairman |
| Mr. Najib Shah | Member* |
| Ms. Shubhangi Soman | Member* |

*Appointed as member w.e.f. May 28, 2022

**Dr. M Mathisekaran**

Non-Executive
Independent Director

**Mr. Ananth Narayan Gopalakrishnan**

Non-Executive
Independent Director

**Ms. Shubhangi Soman**

Non-Executive
Non-Independent Director

**Mr. Mehul Pandya**

Managing Director
& Chief Executive Officer

## Risk Management Committee

| | |
|---|---|
| Mr. Ananth Narayan Gopalakrishnan | Chairman# |
| Mr. V. Chandrasekaran | Member* |
| Dr. M. Mathisekaran | Member |

#Appointed as member & chairman w.e.f. May 28, 2022

*Appointed as member w.e.f. May 28, 2022

## CSR Committee

| | |
|---|---|
| Dr. M. Mathisekaran | Chairman |
| Mr. V. Chandrasekaran | Member |
| Ms. Sonal Gunvant Desai | Member |

## Rating Sub Committee

| | |
|---|---|
| Mr. Ananth Narayan Gopalakrishnan | Chairman |
| Mr. Adesh Kumar Gupta | Member |
| Mr. Najib Shah | Member |

## Strategy and Investment Committee

| | |
|---|---|
| Mr. V. Chandrasekaran | Chairman |
| Mr. Adesh Kumar Gupta | Member |
| Mr. Ananth Narayan Gopalakrishnan | Member |
| Ms. Shubhangi Soman | Member* |

*Appointed as member w.e.f. April 26, 2022

# Senior Management

**Mr. Mehul Pandya**

Managing Director
& Chief Executive Officer

**Mr. Sachin Gupta**

Executive Director &
Chief Rating Officer

**Ms. Revati Kasture**

Senior Director

**Ms. Rajani Sinha**

Chief Economist

**Ms. Nehal Shah**

Head - Compliance,
Legal and Secretarial

**Mr. Jinesh Shah**

Chief Financial Officer

**Mr. Aniruddha Sen**

Chief Human
Resources Officer

**Mr. Nadir Bhalwani**

Chief Information &
Technology Officer

**Mr. Kiran Surve**

CEO,
CARE Risk Solutions
Private Limited

**Ms. Sushmita Majumdar**

Co-CEO,
CARE Advisory Research
& Training Limited

**Mr. Saurav Chatterjee**

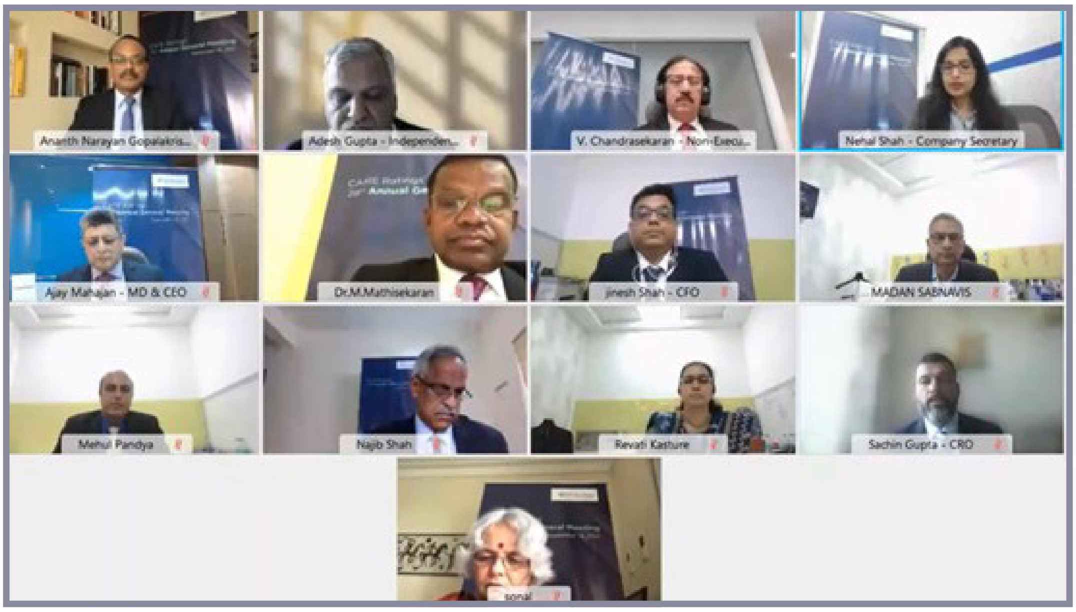
Director & CEO,
CARE Ratings (Africa)
Private Limited

**Mr. Achin Nirwani**

CEO,
CARE Ratings
Nepal Limited

# Glimpse of the 28th Annual General Meeting

Even as the country battled fresh waves of Covid-19, CARE Ratings held its 28th Annual General Meeting on September 14, 2021, via video conferencing. The event was attended by our Board of Directors, along with the Senior Management.





Mr. Najib Shah, Chairman, addressing the 28th Annual General Meeting.

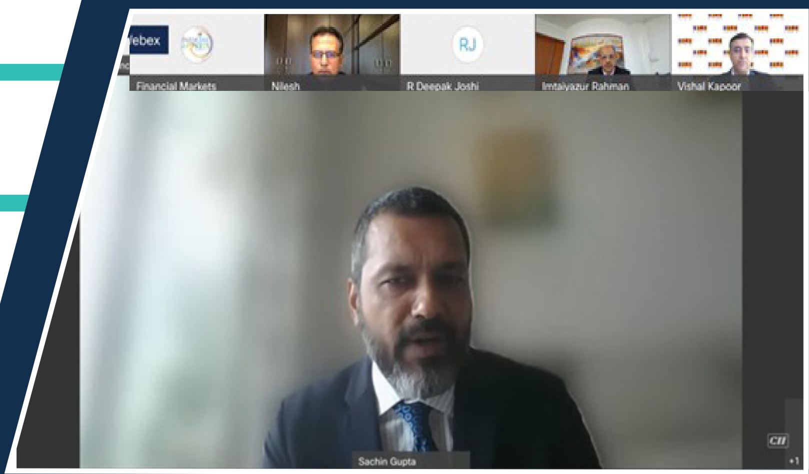
# Home of Knowledge

## Knowledge-sharing forums, speaker sessions, webinars and sectoral reports

As part of CareEdge's efforts to engage with a large audience and share knowledge, the Group associated with multiple platforms throughout the year. Your Company was a 'Knowledge Partner' with leading institutions such as ET Now for Top MSME Ranking, Outlook Group for Outlook Money Awards, CII and the Indian Federation of Green Energy in FY22.

## Knowledge Partnerships

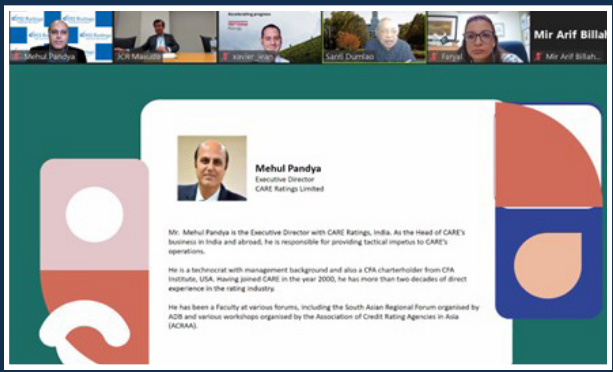

CareEdge associated as the knowledge partner at the 20th Edition of Outlook Money Awards 2020.



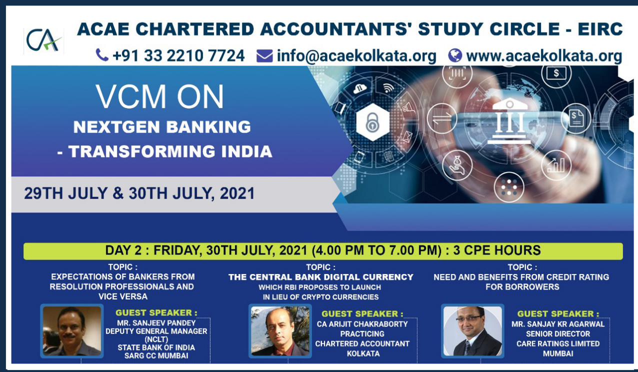

Sachin Gupta, Chief Rating Officer, moderating a session at CII Financial Markets Summit.

Swati Agrawal, Senior Director, at Indian Federation of Green Energy, with Nitin Gadkari (left), Minister of Road Transport & Highways.

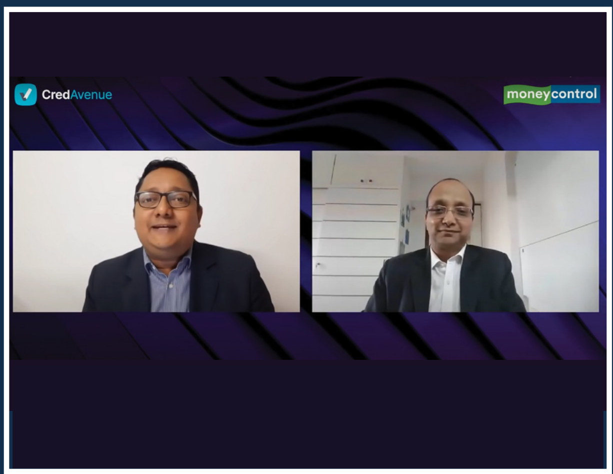
## Speaker Sessions



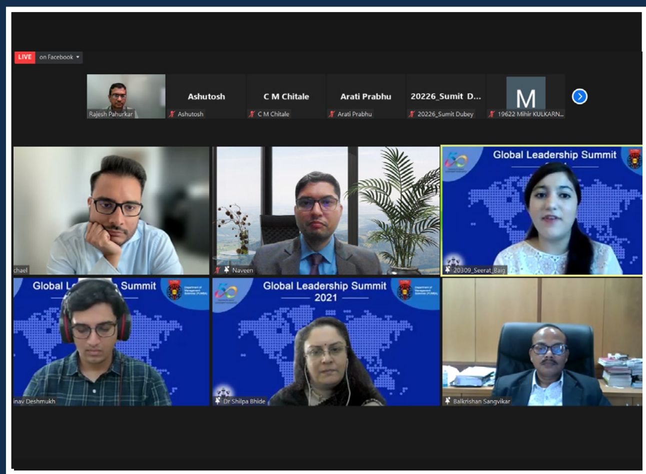

Mehul Pandya, MD & CEO, shared his insights at the ACRAA conference.



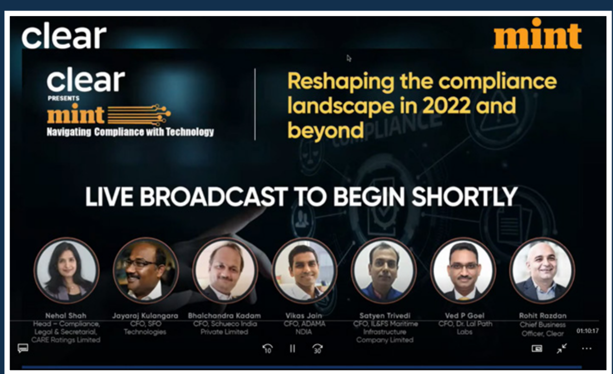

Sanjay Agarwal, Senior Director, spoke at ACAE Chartered Accountants Study Circle's discussion on 'Next Gen Banking – Transforming India'.




Sanjay Agarwal (right), Senior Director, in a panel discussion on Moneycontrol.




D. Naveen Kumar (top centre), Director, at the Global Leadership Summit.




Nehal Shah (left), Head of Compliance, participated in a Mint conclave.


Vidyasagar Lingesan, Director, was a jury member at the SME Elite 50 series.

## Speaker Sessions

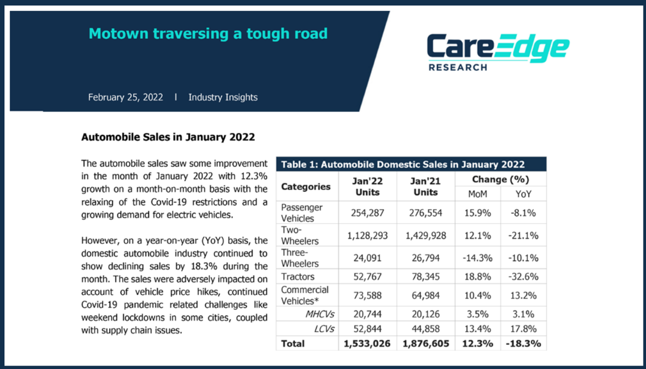

P. Sandeep (second from left), Director, at FICCI's session on 'Debt and Structured Funding' for Chemical Industry'.

Anand Jha, Associate Director, at PHD Chamber session on Working Capital Management - Survival & Growth Strategy for MSMEs.


P Bhagavath, Senior Director, at CII's interactive session on 'Friday Financial Clinic'.

## Reports


CareEdge report gives an insight into how the Indian economy is placed and the way forward.



Motown traversing a tough road

CareEdge RESEARCH

February 25, 2022 | Industry Insights

**Automobile Sales in January 2022**

The automobile sales saw some improvement in the month of January 2022 with 12.3% growth on a month-on-month basis with the relaxing of the Covid-19 restrictions and a growing demand for electric vehicles.

However, on a year-on-year (YoY) basis, the domestic automobile industry continued to show declining sales by 18.3% during the month. The sales were adversely impacted on account of vehicle price hikes, continued Covid-19 pandemic related challenges like weekend lockdowns in some cities, coupled with supply chain issues.

**Table 1: Automobile Domestic Sales in January 2022**

| Categories | Jan'22 Units | Jan'21 Units | Change (%) | |
|---|---|---|---|---|
| | | | MoM | YoY |
| Passenger Vehicles | 254,287 | 276,554 | 15.9% | -8.1% |
| Two-Wheelers | 1,128,293 | 1,429,928 | 12.1% | -21.1% |
| Three-Wheelers | 24,091 | 26,794 | -14.3% | -10.1% |
| Tractors | 52,767 | 78,345 | 18.8% | -32.6% |
| Commercial Vehicles* | 73,588 | 64,984 | 10.4% | 13.2% |
| *MHCVs* | 20,744 | 20,126 | 3.5% | 3.1% |
| *LCVs* | 52,844 | 44,858 | 13.4% | 17.8% |
| **Total** | **1,533,026** | **1,876,605** | **12.3%** | **-18.3%** |

Periodic updates on different sectors offer a closer look at how the industry is performing.


The bi-annual report provides a deeper understanding of the credit quality in the system.

## Webinars


CareEdge webinar on how the MFI sector recovery was impacted by Covid's second wave.


CareEdge webinar on structural changes in the sugar industry with ethanol blending.


CareEdge webinar on the paradigm shift in Indian real estate sector amid the pandemic.

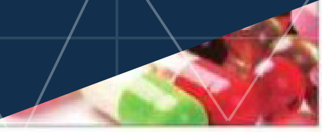
Committed to offering insights on different sectors and markets, CareEdge conducted multiple webinars and released regular reports throughout the year. Our experts also took part as speakers on different platforms to share in-depth domain knowledge.

## Sectoral Reports

**45** Sectors

**550** Thematic Reports


CareEdge's economy, ratings, industry and BFSI teams cover over 45 sectors, with specialists giving their views on important developments and trends. In FY22, CareEdge brought out 550 thematic reports to share insights on multiple sectors. These reports were extensively covered by media houses and well-received by readers. Our FY23 Budget analysis, which was put together by experts and analysts at CareEdge, was one of the most sought-after reports of the year.



**AUTO & AUTO COMPONENTS**

Measures in the auto sector were clearly focussed on climate action. Battery-swapping policy, interoperability standards, push towards battery as a service are expected to develop the EV ecosystem and spur EV demand. In addition, additional excise duty on unblended fuel from October 2022 is a step

...rusion o ...funds for PSU ...visaged, indicating gov ...'s confidence on the turn around of the PSU banks and their capital adequacy.

Acceptance of surety bonds as a substitute for performance guarantees wi help reduce the dependence on the banking system while bringing in busines opportunities for insurance companies

...rease in allocation ...otton Corporation of India, particularly towards the price support scheme, is expected to benefit the farmers and provide the needed price stability to the textiles sector. In addition, introduction of import

# 22 CARE EDGE'S SECTOR IMPACT ANALYSIS

## NEUTRAL IMPACT

**REAL ESTATE**

The increased allocation under the PM ...Yojana is in line with steady focus ...rnment on affordable ...t few years towards ...for all. While ...supply, ...ll

duty for certain textile ite... expected to support domestic m... facturing.

**PHARMA & HEALTHCAR...**

Increased allocation towards c... schemes such as Ayushman B... and Pradhan Mantri Swasthya S... sha Yojana will increase the cov... ...r these schemes, and pr... ...ded boost to investme... ...n addition, rolli... ...l Health E... ...to

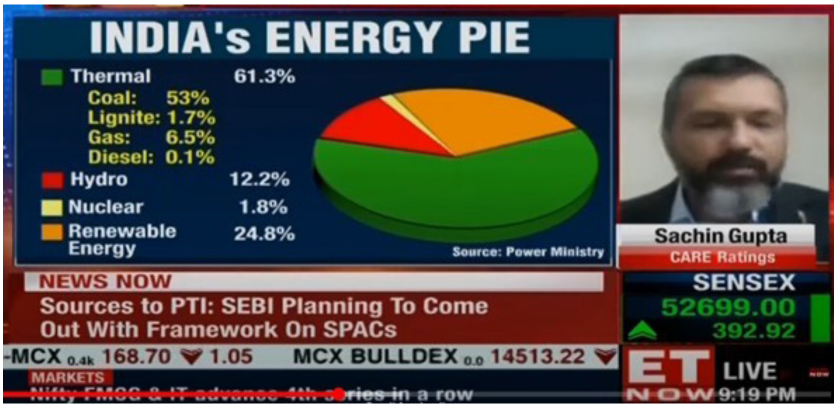
# CareEdge in Media

Establishing itself as one of the leading credit rating agencies in the country, the views of our leaders are sought after by print, television and online media platforms on a regular basis. Our sectoral updates and reports are not only featured by publications but also quoted by senior columnists, thought leaders and influencers. In the following images, we share some of our stellar media coverage.

## Broadcast

**135**
CareEdge Experts Quoted in Media

**1,540**
Total Media Coverages







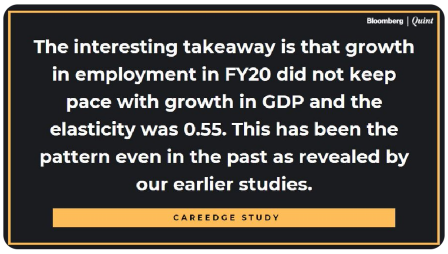


# Social Media

BloombergQuint
@BloombergQuint

GDP growth needs to be in the range of 8-10% on a sustained basis for rapid growth in employment in the organised sector, says CareEdge.

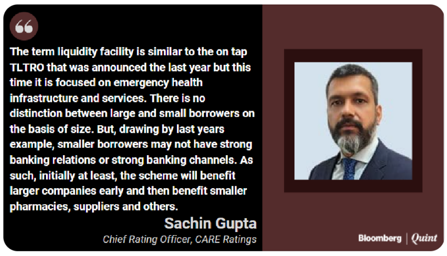
Read more: bit.ly/3GPTvZn




BloombergQuint
@BloombergQuint

The RBI's liquidity window for health services to help larger players, says CARE Ratings.

Read more: bit.ly/3xNagRu




TOI Business
@TOIBusiness

India's GDP growth expected to be 8.8-9% in FY22: Care Ratings

timesofindia.indiatimes.com
India's GDP growth expected to be 8.8-9% in FY22: Care Ratings - Times of India

11:51 PM · 26 Jul 21 · cmssocialservice

**122**
**Twitter Mentions by Reputed Platforms**

Mint
@livemint

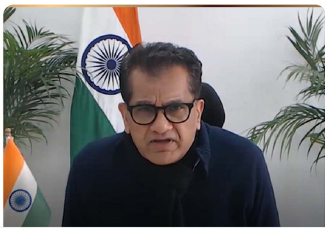
Bank credit growth rate stood nearly flat when compared with previous fortnight, a sluggishness that can be ascribed to risk aversion by lenders and borrowers, Care Ratings said in a report on Saturday.

livemint.com
Credit growth flat as lenders, borrowers risk averse, says Care Ratings

11:00 AM · 04 Jul 21 · Twitter Web App

ET RISE
@ET_RISE

There are huge benefits of rating for #MSMEs; these include enhanced acceptability by investors, banks offer interest rate concessions based on the rating. This covers risk factors and areas of improvement: @amitabhk87 CEO @NITIAayog #TopMSMEsRanking @midc_india @CareEdge_Group



Tweet your reply

IBEF
@Brands_India

According to Care Ratings, India's GDP growth is likely to be 8.8-9% in FY22, driven by the agriculture and industry sectors.

Read More: ibef.org/industry/india..

Business Standard
@bsindia

Offtake is expected to jump to 111 million tonnes in CY2022 after a severely impacted year CY2020 which saw consumption falling to 89.3 million tonnes, said Care Ratings in a recent report

@AditiDivekar reports

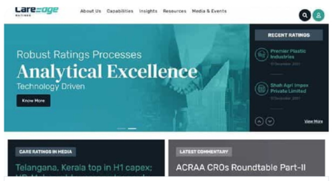
#SteelIndustry #Steel #SteelPrices

business-standard.com

Tweet your reply

Mint
@livemint

#CareEdgeRatings has said it does not expect any non-bank financial company (NBFC) within its rated universe to be impacted by the Reserve Bank of India's (RBI's) new prompt corrective action (PCA) framework.




livemint.com
No immediate impact of PCA on rated non-bank financiers, says CareEdge Ratings

11:36 AM · 19 Dec 21 · Twitter Web App

IBEF
@Brands_India

As per CARE Ratings, in FY22, the cement production in India is expected to increase by ~4-7% YoY, driven by the government's strong focus on infrastructure development. #Recentupdates

Read More: ibef.org/industry/cemen...


Dept of Commerce, GoI and 7 others

10:42 AM · 17 Sep 21 · Twitter Web App

Tweet your reply

# Print Media

WWW.FINANCIALEXPRESS.COM

**EXPERT VIEW**

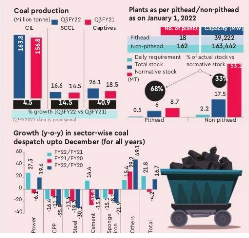
As of January 1, 2022, as per CEA data, while pithead power plants have 68% of their normative stock available, non-pithead plants (with coal mines more than 1,500 km away) have only 33% of their normative stock available

—CareEdge Research

**DATA MONITOR**

### Coal production up 8.8% y-o-y in Q3FY22

Total coal production for the third quarter of FY22 stood at 206.5 MT, exhibiting an increase of 8.8% over the same period in FY21. This was also a significant increase of 13.8% as compared to 181.3 MT produced in Q3 of FY20. Coal output showed cumulative growth of 10.6% y-o-y over the April-Dec'21 period and growth of 8.7% compared to YTDFY20.




WWW.FINANCIALEXPRESS.COM

**EXPERT VIEW**

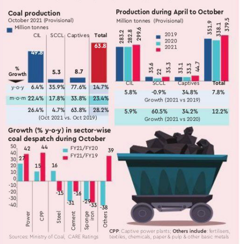
On a cumulative basis, India's coal production increased by 12.2% during the April-October period as compared with the corresponding period of FY21 and by 7.8% compared with FY20

—CARE Ratings

**DATA MONITOR**

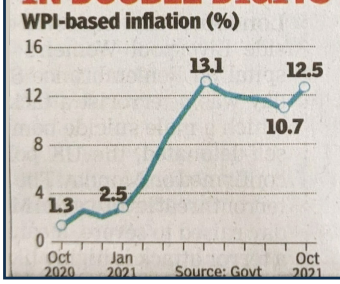
### With rains receding, coal output up in Oct

Overall coal production during October 2021 was up 28.2% to 63.8MT as compared with October 2019 (non-Covid year) and by 14.7% compared with October 2020 (Covid year). Coal production also showed significant improvement on a m-o-m basis, going up by 23.4% as the monsoon season receded, leading to a pick-up in mining activity.




FINANCIAL EXPRESS Mon, 22 November 2021 https://epaper.financialexpress.com/c/64495138

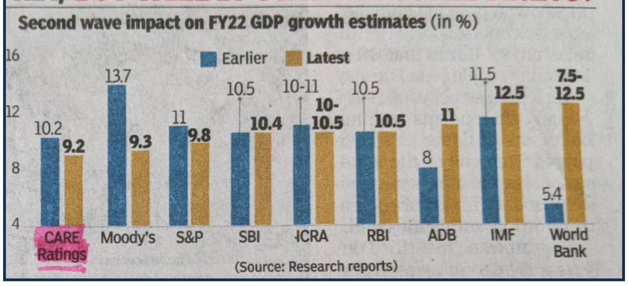
## IN DOUBLE DIGITS FOR 7TH MONTH




"A favourable statistical base has masked the increase in prices of food items... Volatility in the international crude oil prices could also weigh on the overall wholesale inflation in the near term"

—CARE RATINGS

## HIT, BUT WILL IT STAY IN DOUBLE DIGITS?




THE ECONOMIC TIMES | Industry

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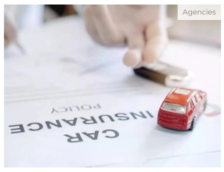
## Motor insurance showing signs of recovery post-Covid: CARE Ratings

**Synopsis**

The agency expects motor insurance premiums to grow at around 6% to 8% driven by any increase in third party insurance rates and higher auto sales, the ratings agency said.




Care analysis shows that the 57% of vehicles, mostly two wheelers are uninsured as of March 2020 down from 60% as of March 2018, indicating a higher number of vehicles which are getting into the insurance bucket.

Motor insurance is set to rise this fiscal year helped by increase in mobility as post pandemic economic recovery gathers momentum, rating agency Care said in a report.

The agency expects motor insurance premiums to grow at around 6% to 8% driven by any increase in third party insurance rates and higher auto sales, the ratings agency said.

"Furthermore, given that 57% of the vehicles on road are not insured (Insurance Information Bureau of India (Motor ARFY19)), bringing a portion of these vehicles under coverage would add heft to the industry growth," Care said.

Motor insurance premium has grown from Rs.15,343 crore in FY10 to Rs.67,764.7 crore in FY21 at a compound annual growth rate (CAGR) of 14.5% as motor vehicles on road have doubled in the last six years and third party insurance (TPI) has been made mandatory in India.

TPI protects vehicle owners from any financial liabilities caused by injury or damage to third party life or property due to use of vehicles.

Though business has grown in the last 11 years gross premiums declined 1.67% in the fiscal ended March 2021 due to a slowdown in the auto sector which was hit by restricted mobility due to a national lockdown in the first half of the year.

To be sure though though motor insurance premiums have increased over the last year, they are yet to reach the pre-pandemic levels as auto sales are yet to reach similar levels.

**367** Features in Print Media

## Bank credit to grow at 7.5–8% in FY22: CARE Ratings

### With banks lowering rates ahead of festival season, retail loan segment to fare well

OUR BUREAU

Mumbai, October 12

The outlook for bank credit growth is expected to be in the range of 7.5-8.0 per cent for FY22 on the back of a low base effect, economic expansion, extended Emergency Credit (ECLGS) support, and retail credit push, according to CARE Ratings.

**Non-food growth**

On a year-on-year (y-o-y) basis, non-food bank credit growth stood at 4.9 per cent in March 2021 compared to 6.7 per cent in March 2020, per Reserve Bank of India data.

spects look promising with diminished corporate stress and increased provisioning levels across banks. The retail loan segment is expected to do well compared with industry and service segments," the credit rating agency said in a report.

The agency assessed that y-o-y bank credit growth rate increased by 160 basis points (bps) to 6.7 per cent (fortnight ended September 24, 2021) from the year-ago level of 5.1 per cent (fortnight ended September 25, 2020) and remained stable when compared with the previous fort-

"The y-o-y increase reflects the low base effect and the easing of lockdown restrictions across regions in India.

"In absolute terms, credit offtake increased by ₹6.8-lakh crore over the last 12 months and by ₹ 0.5-lakh crore compared with the previous fortnight," the report said.

**Festival season pick-up**

credit to improve further in the coming fortnights led by growth in the retail segment in the wake of the festival season and rate cuts.

"This rise is expected to be supported by rate cuts by banks to push retail credit as several banks are offering loans at record low-interest rates ahead of the festive season," the credit rating agency said in a report.

For example, in September 2021, banks like Kotak Mahindra Bank and Punjab & Sind Bank cut 1-year marginal cost of funds based lending rate (MCLR) on a month-on-month basis by 5 basis points (bps) each.

To attract borrowers, several banks have slashed the home loan interest rates as a special offer in the festival season. For example, State Bank of India, Bank of Baroda and *Kotak Mahindra Bank have reduced their home loan rates* by 45 bps, 25 bps, and 15 bps respectively, the report said.

Similarly, foreign banks have also started to pitch for home loans at lower interest rates. HSBC India reduced home loan interest rates by 1

# Corporate Social Responsibility

The pandemic has brought unforeseen woes for individuals and institutions alike. The past two years have seen families losing their loved ones and people losing their jobs as most companies were downsizing and struggling to even stay afloat...

CareEdge distributed computers to government schools in Virudhunagar district in Tamil Nadu.

### In FY22, your Company made large-scale contributions to the following programmes:

CareEdge contributed Rs 30 lakh to Sri Sathya Sai Health & Education Trust that helped children who had paediatric heart surgeries at Sri Sathya Sai Sanjeevani Centre for Child Heart Care at Nava Raipur (Chhattisgarh) and Palwal (Haryana).

Sri Sathya Sai Heart Hospital of Rajkot, run by Prashanti Medical Services and Research Foundation, has been conducting free cardiac procedures for economically weaker people for 22 years. CareEdge contributed Rs 30 lakh to sponsor 40 adult cardiac procedures.

Donated Rs 14.7 lakh to distribute Health Mix to Anganwadi Children in Virudhunagar, Sivakasi, Vembakottai and Watrap Block of Virudhunagar District, Tamil Nadu.

Online events: Educational Camp (Winter Camp); Women's Day Celebrations; Children with Type-I Diabetes Introduction and Importance of Insulin Pump.

Mid-day Meals: 5,72,917 mid-day meals provided to government and government-aided schools.

Vaccination drives in multiple slums of Mumbai and other housing colonies.

...but it is in moments like these that human solidarity surfaces and reminds us of how important the life and comfort of those around us are. CareEdge walked the extra mile during the year to extend all support to the community and address the concerns of the underprivileged.


CareEdge distributed nutritional health mix to Anganvadi children in Virudhunagar district in Tamil Nadu.

# CARE Advisory Research and Training Limited

CARE Advisory Research and Training Limited (CART) is a wholly-owned subsidiary of your Company that was incorporated on September 6, 2016, and is in the business of Advisory, ESG and Research. CARE Advisory offers (i) advisory and consultancy services in the areas of credit capacity assessments (of State Governments, Government bodies and Corporates), preparation of business improvement plans, TEV studies, enterprise valuations, business and financial restructuring, markets and industry studies, financial modelling, diagnostic studies, project appraisals, feasibility studies, design of credit appraisal systems; (ii) ESG services ranging from ESG Assessments and grading to ESG strategy and advisory offerings; (iii) Industry Research including Industry Research Outlook and Industry Risk Scores on over 50 Sectors and Customised Industry Research; (iv) Grading Services like AIF Grading and MFI Grading to name a few. The past year has seen the business being transformed from a low-ticket, marginal value-add business to a high-ticket, hi-touch client business with best names like ADB, World bank and large international funds becoming our clients.

## Outreach

» CART was a Knowledge Partner at ET Rise Top MSMEs Ranking 2021 - Recognising Micro, Small and Medium Enterprises of India.

» CART took part in BloombergQuint's discussion on: 'ESG is no longer an option but an imperative'.

» CART participated in ET Rise Top MSMEs Conversations. The discussion was on 'Small Business Revitalization: Can we find a new path to fund MSMEs?'

» 'Building a USD 5 trillion Economy - The National Infrastructure Pipeline in India' – The webinar was jointly conducted by CART and EMIS.

» CART collaborated with auctusESG to conduct a webinar on 'India Inc's Tryst with ESG'. The discussion was on India's ESG story and the ESG performance of India Inc.



# CARE Risk Solutions Private Limited

CARE Risk Solutions Private Limited (CRSPL), a wholly-owned subsidiary of CARE Ratings, has over 15 years of global experience in providing cutting-edge Risk & Compliance solutions to banks and financial institutions. Our exceptional product and immaculate implementation framework have helped us partner with the best names in Financial Technology globally and regionally with a presence in more than 10 countries and with over 80+ implementations. During the year, we added six new customers and got traction in Bahrain and Vietnam.

Your Company once again featured and improved its ranking 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. Further, CRSPL Solutions has won Best Risk Management Implementation: Best Adoption of Tools & Governance for your work with Sathapana Bank PLC, Cambodia by IBS Intelligence.


## Outreach

Kiran Surve, CEO, CARE Risk Solutions headed an exclusive roundtable conversation on the theme 'Adoption of Cloud Tech in Financial Services'. This was part of the 'Cloud Conversation Series' by CNBCTV18.com and Microsoft. CARE Risk Solutions was featured as one of the winners at RiskTech Awards (improved ranking from the previous year). Chartis Research's flagship ranking, and report is a comprehensive independent study of the world's major players in risk and compliance technology.

# 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 recognised by the Bank of Mauritius as an External Credit Assessment Institution (ECAI) from May 9, 2016. In February 2019, CRAF 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%), MCB Equity Fund (6.00%) and SBM (NFC) Holdings Limited (6.00%). This experienced mix of shareholders enables the Company to have stronger brand recognition in the African continent. During the financial year under review (FY22), the Company assigned ratings to more than 40 corporates of Mauritius, including renowned ones such as The Mauritius Commercial Bank Ltd., Bank One, CIEL, CIM, Ascencia, SBM Factors, Alteo, MUA and ENL. In FY22, CRAF assigned credit ratings to bank facilities and bond issues aggregating to around Mur 75 billion (Mur 55 billion in FY21). `


CARE Ratings (Africa) team with Director and CEO of CRAF, Mr. Saurav Chatterjee (second from right).

# CARE Ratings Nepal Limited

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 viz issuer rating, bank loan rating, fund quality management rating, grading etc. in the Republic of Nepal. CRNL has executed 84 new rating assignments during FY22. Nepal, being a tourist-based economy, has seen two successive years of subdued economic growth attributed to a well-known reason, pandemic.

The impact of travel restrictions was felt with the biggest drop in tourist arrivals in the country and the same impacted most businesses adversely. Despite having all the challenges, CRNL maintained its track record of revenue growth. Growth in revenue was supported by greater outreach activities, creating awareness among investors etc which led to an increase in client base.


CARE Ratings Nepal Ltd. team with the CEO of CRNL, Achin Nirwani (second from right).

# People

If there is one lesson that the pandemic has taught us, it is that people form the core of any institution. Without the efforts and commitment of the staff, success in any form is unimaginable. Throughout the year, whether it was the seamless adaptation to a work-from-home setup or providing ample support in times of health adversity, CareEdge put its best foot forward. Our HR division took extra care in organising in-house events to keep the morale high and creating a healthy environment for all in sync with our aim of becoming one of the best places to work at.

Following are some of the major initiatives  of FY22:

» CareDivas – Celebrating the women at CareEdge Rewards & Recognition - Honouring the commitment of our staffers.

» Employee Assistance – Extending a helping hand to manage medical expenses.

» Training Framework – Helping staffers upskill.

» Festive Spirits – Celebrating with the CareEdge family.

# Rebranding

In sync with our legacy of being one of the leading rating agencies to now presenting ourselves as a technology-backed knowledge hub, your Company rebranded itself to not only put forth a fresh image but also bring consistency to the Group. CARE Group is now 'CareEdge'.



# Directors' Report

Your Directors are pleased to present the Twenty-Ninth (29th) Annual Report of your Company along with the Audited Financial Statements for the year ended March 31, 2022.

### Onwards and Upwards

From the second wave of the Covid-19 pandemic to the consequent restrictions, FY22 was tough on many fronts. We are glad to inform you that your Company stood up to the challenges and ensured a comfortable environment for all its personnel and did its best to offer support to the outside community. The year also saw your Company undergo a major rebranding exercise, which not only provides a futuristic appeal to the Company but also allows synchronisation of the subsidiaries with the parent.

### Economic Backdrop-FY22

Though the second wave came with a high mortality rate, the pandemic's impact on the economy was relatively low in FY22. The easing of lockdowns and pickup in economic activities in the second half of the financial year, aided by the pent-up demand, helped the Indian economy record a GDP growth of 8.7% (y-o-y). It should, however, be noted that the growth was also due to the low base of the lockdown-hit FY21. When compared to the pre-pandemic level of FY20, the rise was only 1.5%.

Despite some relief with government policy support and consumption demand recovery, the economy still had to go through difficult times. From capacity utilisation levels in the manufacturing sector falling to a low of 60% in Q1 FY22 to average CPI inflation reaching closer to the RBI's upper band at 5.5%, many industries felt the heat of commodity price hikes and supply-chain disturbances.

In line with the rising inflation levels, the yields on government securities were also elevated during the year. The upward pressure on yields increased in the second half of FY22 due to elevated crude oil prices amid the Russia-Ukraine rift, coupled with the anticipation of accelerated policy rate hikes by major central banks. The yield on benchmark 10-year G-Sec gained nearly 50 bps to move closer to the 7% mark.

Credit offtake from banks improved, with bank credit witnessing a growth of 9.6% (y-o-y) in FY22. Retail credit has continued to be the key driver and saw a growth of 12.4% (y-o-y) in March 2022 due to arisen demand in other personal loans, housing, and vehicle loans that were driven by low-interest rates and higher discounts.

The industry segment registered a credit growth of 7.1% y-o-y in March 2022 from a contraction of 0.4% a year ago. Borrowings by large enterprises accounted for nearly 77% of total industrial borrowing, but the credit growth to large enterprises was at a low of 0.9% (y-o-y). Medium and micro-enterprises registered robust growth in credit offtake driven by ECLGS (Emergency Credit Line Guarantee Scheme). Services sector credit growth accelerated to 8.9% in March 2022 compared with 3% a year ago, owing to robust credit offtake in trade, transport operators and NBFCs.

There was a sharp drop in the long-term borrowings from the debt capital markets even as fundraising through the short-term issues was higher. Bond issuances in FY22 aggregated to Rs 5.77 lakh crore, 24% lower compared with the previous year. Lower issuances can be attributed to a sharp rise in yields and heightened competition from banks. Nearly 75% of the issuances during the year were by banks and NBFCs. 35% of the issuances during the fiscal have been raised by public sector undertakings.

Commercial paper issuances in FY22 were higher due to attractive short-term rates amid a huge liquidity surplus. In FY22, the CP issuances totalled Rs 20.19 lakh crore, which is a 16% increase over FY21. The finance sector, including financial services, banking and housing finance had the highest share (at 56.5%) of commercial paper issuances in FY22.

Overall, FY22 remained a difficult year, even while policy support from the government and RBI helped the economy recover. While many growth indicators showed signs of improvement, inflation remained a cause of concern. Geopolitical conflicts and monetary policy tightening by major central banks added to the economic uncertainties towards the end of the year.

### Looking Ahead-FY23

The current year is set against a backdrop of slowing global growth, high commodity prices, high consumer price inflation, rising interest rates and volatile financial markets. In midst of the global turmoil, the Indian economy is relatively better placed. Economic growth indicators have been recording a gradual improvement in the last few months, with the services sector specifically showing a healthy rebound. However, there still are many challenges for the Indian economy.

The manufacturing sector is struggling with high raw material /labour costs and rising interest rates. Domestic consumption demand is showing a feeble improvement, while exports could slow as global growth falters. Inflation too remains high, at around 7%. The silver lining is that inflation appears to have peaked at the current levels and is expected to inch below 6% by the end of the fiscal year.

Progress of the monsoon will be a critical factor influencing rural demand. However, with the employment situation improving, consumption demand is likely to pick up momentum in the coming months. The Government's commitment to investment in FY23 will be supportive of economic growth. The private sector investment demand is also expected to improve with rising capacity utilisation levels. However, the high commodity prices and economic uncertainties would be a dampener for investor sentiments. Credit demand in the economy is showing strong improvement in the last few months and the momentum is expected to gather strength in the coming months.

FY23 will be a year of cautious optimism coming on the back of two years of pandemic-induced pain. While the economy is showing improvement, we need to be cautious of the global economic environment that can worsen going forward. Even while the Indian economy has relatively better macro fundamentals and healthy corporate/ bank balance sheets at the current juncture, we need to be cautious of the global turmoil.

### Way Forward

Keeping a close eye on the challenges faced, your Board took several decisions to boost the performance of your Company further:

- Roping in the right talent at key positions;
- Reviewing and toning-up processes;
- Revisiting the brand strategy and presenting a fresh look;
- Augmenting the capital base of some subsidiaries and taking them ahead in sync with the Group strategy; and
- Adopting advanced technologies in varied functions to minimise the scope of any human error and to improve operational efficiency.

We have successfully managed to ensure a seamless work experience – whether it was working from the office model or working remotely. The employees have shown impeccable commitment to enhancing our products and services and this gives us the confidence that we are only going to achieve greater success in future.

### Financial Performance

Your Company's Financial Performance for the year ended March 31, 2022, is summarised below:

**Summary of Financial Performance (Standalone)**

(Rs in crore)

| | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Income from Operations | 219.27 | 219.66 |
| Other Income | 28.36 | 32.12 |
| **Total Income** | **247.63** | **251.78** |
| Total Expenditure | 140.65 | 139.05 |
| **Profit Before Tax (PBT)** | **106.98** | **112.73** |
| Provision for Tax | 22.51 | 26.90 |
| **Profit After Tax (PAT)** | **84.47** | **85.83** |
| Other comprehensive income/ (loss) | 7.81 | 2.04 |
| **Total comprehensive income for the period** | **92.28** | **87.87** |
| **Appropriations** | | |
| Interim Dividend | 20.62 | 32.41 |
| Final Dividend | 17.68 | 7.36 |
| **Total (Dividend Outflow)** | **38.30** | **39.77** |
| Transferred to General Reserve* | - | - |

* Rs 21.08 crore transferred from share options outstanding reserve (ESOP reserve) to General Reserve

The total income for the financial year for FY22 was Rs 247.63 crore, 1.65% less than FY21, while the other income stood at Rs 28.36 crore, 11.71% lower than the previous year. Revenue from operations fell slightly to Rs 219.27 crore in FY22, primarily due to certain reversals of provision last year that was not there in the current year. The ratings income rose by 4% in FY22.

Your Company's total expenditure in the financial year was Rs 140.65 crore, 1.16% higher than the previous year, due to an increase in ESOP expenses by Rs 2.72 crore and technology cost of Rs 3.20 crore. Salary expenses at Rs 106.76 crore in FY22 were 3.42% more than the previous year. At Rs 84.47 crore, FY22 net profit fell marginally as compared to the previous year due to a reduction in other income and an increase in expenses.

### Returns to Shareholders

#### a) Dividend

During the year, your Company paid an interim dividend of Rs 7/- per equity share amounting to a pay-out of Rs 20.62 crore. The Board has recommended a final dividend of Rs 10/-per equity share amounting to a pay-out of Rs 29.65 crore for FY 2021-22, for approval of members at the ensuing Annual General Meeting. The dividend recommended is in accordance with your Company's Dividend Distribution Policy and would be paid in compliance with the applicable rules and regulations. The Dividend Distribution Policy is available on the website of the Company at https://www.careratings.com/Uploads/newsfiles/Policies/11072022114343_Dividend_Distribution_Policy_(11-7-22).pdf

Your Company has adopted a slightly conservative dividend policy to consider investing retained earnings in future growth.

**b) Buyback of Equity Shares**

The Board of Directors at its meeting held on July 20, 2022, approved a proposal for buyback of up to 23,68,000 fully paid-up equity shares of the face value of Rs 10/- (Rupees Ten only) each (representing 7.99% of the total issued and paid-up equity share capital of the Company) at a price of Rs 515/- (Rupees Five Hundred Fifteen only) per equity share, payable in cash for an aggregate amount not exceeding Rs 1,21,95,20,000/- (Rupees One Hundred Twenty One Crore Ninety Five Lakhs and Twenty Thousand only) which is 19.30% and 19.39% of the fully paid-up equity share capital and free reserves as per the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2022, respectively, in accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended and the Companies Act, 2013 and the rules made thereunder.

The buyback is subject to the approval of the shareholders by means of a special resolution through a postal ballot, the results of which will be declared on or before Saturday, September 3, 2022.

**Transfer to Reserves**

On account of Employee Stock Options Plans (ESOPs) lapsing due to non exercising of the ESOPs (2013 scheme), Rs 21.08 crore was transferred from the Share options outstanding reserve (ESOP Reserve) to the General Reserve of the Company during the said period. Apart from the above, no other amount has been transferred to any reserves during the year under review.

**Organisational Developments**

In April 2022, when Mr. Ajay Mahajan resigned as the MD and CEO, Mr. Mehul Pandya, Executive Director – Business Development, was appointed as the Interim CEO with effect from June 01, 2022.

Further, with effect from July 29, 2022, Mr. Mehul Pandya was appointed as an Additional Director designated as Managing Director and CEO of the Company for a term of five years, subject to the approval of the shareholders of the Company.

A new CEO was appointed for our subsidiary CRSPL.

At the senior management level, your Company has hired professionals from the industry with a long and established track record in their respective fields. With these new appointments, the management team is all set to 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 four headings: 1) Business Operations; 2) Group Approach; 3) Outreach and 4) Human Resources.

**1) Business Operations: Strengthening Coverage**

Your Company continued to focus on large and mid-corporates in FY22. Despite a challenging operating environment marked by muted credit growth, a fall in capital market issuances and deleveraging, your Company did well to retain its position as the second-largest rating agency in India by a clear margin. Focus on high-growth sectors, aggressive outreach to various categories of investors, renewed efforts to further strengthen our key client coverage and a strong emphasis on incentives linked to clear outcomes aided the performance. Reorganisation of rating operations and implementation of various productivity enhancement measures helped your Company to service various business segments efficiently. Similarly, continuous efforts to identify the root cause of the error and effective handling of the same using the latest technology inputs have enabled us to reduce errors in operations.

On the structured finance front, your Company registered a sharp improvement in volumes in FY22 as compared to FY21. Effective outreach to various investor segments highlighting the superior performance of the rated transactions, strengthening of operations and key client management led to improved performance. Your Company continued to add new clients from the BFSI segment to the structured finance vertical enabling them to diversify the funding avenues as well as access funds at competitive rates.

**Strong External Rating Supervision Committee**

The External Rating Supervision Committee, which is a supervisory body for doing a post-facto review of criteria and processes and suggesting means for improvement, has played an important role in sharpening the rating operations.

**Technology: Marching Ahead**

Committed to improving all processes, your Company moved to a tier-IV data centre in Panvel from the in-house data centre along with an upgrade in the hyperconverged compute infrastructure. Not only did it improve our uptime, security, performance, efficiency, and stability, but it has also led to reduction in power consumption for computing and cooling. Your Company reduced the amount of equipment by 60%, which helped it cut real estate space usage and bring down the carbon footprint considerably.

We also installed high-end energy-efficient printers and implemented secure printing, which led to a reduction in the number of printers and power consumption. The printing usage was reduced to around 41%. In our endeavour for a paperless organisation, we have shifted signing of all Rating Committee Minutes signing to e-signing and started maintaining the records electronically during the year.

In FY22, we improved our security posture by implementing a cloud-based security gateway/ Web proxy - Netskope. With this solution, we have the benefits such as a single web access policy for employees irrespective of whether they are working from the office or elsewhere, and restriction of technology services access for employees through official assets only. This solution resulted in savings of around Rs 30 lakh per annum. Also, ITSM solution for process improvement and secured Wi-Fi access implemented at all our offices.

**Usage of Technology in Ratings**

Ratings is a regulated business and most of the processes are standardised across the rating agencies by regulators. However, we believe with the data and technology available today, ratings operations can become more efficient. We are testing Machine Learning (ML) and Natural Language Processing (NLP) to read financial and operational data from publicly available corporate company filings. Although the accuracy of data entry based on ML results has not yet reached our expectations and depends on a lot of variables, we have made sizeable progress in this experiment. We believe in the medium to long term (once machines are properly trained on varied datasets), the lower-end data entry work could be automated to a certain extent and would help improve our efficiency.

We have also been using the ML capabilities for gathering and extracting the relevant data from various sources such as corporate filings, a repository of research reports, news articles, independent blogs and regulatory sites and providing them to the analyst in a simple consumable format for further decision making. This technology was built indigenously and has improved our market surveillance capability and efficiency. We have been able to reduce the time that an analyst uses in trying to find the relevant risk information.

2) **Group Approach**

CareEdge has been on a transformational journey for the last two years and one of the key pillars that we have extensively worked upon in this journey is the 'Group Approach'. With almost three decades of experience in the analytics business and a deep understanding of the operations of various industries and sectors, CareEdge is in a sound position to offer itself as a knowledge hub.

**Leveraging Synergies**

Development and augmentation of product/service offerings are being undertaken across the group. Thus, various entities in the Group have been able to create some cutting-edge products in-house in record time. Some of these products will be launched in due course during the ongoing financial year.

**Partnerships with Purpose**

We aspire to leverage both internal and external knowledge for delivering the best to our customers. In line with that, the companies in the Group are actively engaging in alliances, locally and globally, to provide more sophisticated solutions.

**Determination to Create Something New**

A significant step forward was creating a comprehensive data platform named 'Sirius' (Sirius is the brightest star in the night sky), which is aimed at making research for a Company simpler and more integrated. Sirius integrates data on company financials, operations, industry/sector reports and ESG in one place for analysts to consume and caters to the needs of banks, mutual funds and FPIs. Some of the features built in the platform use advanced analytics such as ML that help us track the controversies arising in companies or industries and their impact. The product would be up for subscriptions in the next few months.

Our subsidiary, CARE Risk Solutions, is also in the process of creating a comprehensive product roadmap.

3) **Outreach: Trending Now**

In accordance with our hybrid work model, CareEdge made special efforts to enhance outreach activities in FY22. From hosting a series of webinars to bringing out top-notch research reports, your Company was quick to adapt to the new ways of functioning.

Attended by executives from the senior management to sector specialists, CareEdge conducted as many as 17 webinars on various industries and the Indian economy between April 2021 and March 2022. The high-profile interactive sessions were attended by prominent industry leaders and sector specialists.

Your Company also associated as a 'Knowledge Partner' with leading institutions such as ET Now for Top MSME Ranking, Outlook Group for Outlook Money Awards, CII and the Indian Federation of Green Energy.

CareEdge brought out 550 sector reports, which were covered by media houses, extensively during the period. Our analysis of the Union Budget for FY23, which was put together by experts and analysts, was one of the most sought-after reports of the year.

To reinvent itself as a tech-driven knowledge hub, CARE Group onboarded a transformational journey as CareEdge on December 7, 2021, with a soft launch ceremony held at the Head Office in Mumbai. The event saw our Managing Director & CEO address the pan-India CareEdge team on the purpose of the rebranding exercise and the vision of the brand going forward. The occasion was graced by some members of our Board of Directors, too.

As part of consistent efforts to enhance visibility, senior leaders of CareEdge were regularly featured in top publications such as The Economic Times, Financial Express, Business Standard and Business Today among others. Our top-level executives also made regular appearances in television discussions throughout the year.

Our subsidiaries, too, put the best foot forward in sync with the Group. Be it hosting webinars or delivering insightful talks, leaders at all companies delivered extensively.

In FY22, our leaders took an active part in various events from diverse sectors to share their thoughts and at the same time enhance the visibility and credibility of our brand.

**Some of the Notable Events of FY22 Include:**

Mehul Pandya, MD & CEO, CARE Ratings was a Keynote Speaker at the ACRAA Conferences on Green Bonds in April 2021, on the Indian Capital Markets in May 2021 and a Commentator at the ACRAA CROs

Roundtable Part-II held on November 26, 2021.

Sachin Gupta, CRO, CARE Ratings was a Keynote Speaker at the ACRAA CROs Roundtable Part-I in October 2021.

CareEdge took part in the "Virtual National Conclave on City Gas Distribution- 2021 3rd Edition", organised by PHD Chambers, May 20, 2021.

Nehal Shah, Head – Compliance, Legal and Secretarial, CARE Ratings participated as a Panelist in a webinar organised by Mint on 'Reshaping the Compliance Landscape in 2022 and Beyond'.

CareEdge at Bloomberg Quint's discussion on: 'ESG is no longer an option but an imperative'. June 5, 2021.

CareEdge team at ET Rise Top MSMEs Conversations on August 27, 2021. The discussion was on 'Small Business Revitalization: Can we find a new path to fund MSMEs?'

Kiran Surve, CEO, CARE Risk Solutions at an exclusive roundtable conversation on the theme 'Adoption of Cloud Tech in Financial Services". This was part of the 'Cloud Conversation Series' by CNBCTV18.com and Microsoft.

**4) Human Resources: People at the Core**

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 2022, there were 491 full-time employees compared with 589 last year, with voluntary attrition at 42% for FY22.

Focus on retention of our workforce is built on approaches such as employee engagement, training interventions, Rewards & Recognition programme and employee connect communication through multiple platforms. We have conducted 46 training programmes under the supervision of subject matter experts in the current year, covering 551 employees with the focus more on e-learning platforms due to the Covid-19 pandemic.

During the year, to ensure the safety and well-being of employees, your Company approved the "Employee Assistance Programme" (EAP) for assisting the employees financially to manage their medical expenses in view of the pandemic.

Few key people initiatives sketched out for the year 2022-23 are:

**a) Employee Experience Sharing platform:**

In the past, organisations used to conduct yearly Employee Engagement Surveys; however, in today's environment, it was imperative to always have an ear to the ground, and throughout the lifecycle of the employee. On this backdrop, we are launching CareEXA (CareEdge Employee Experience Assistant) which is an Artificial Intelligence (AI) powered conversational platform for employee experiences across the employee life cycle in the organisation.

**b) Talent management:**

In a highly skill-driven industry, talent management is the cornerstone of the strategy. The aim is to go structurally beyond the routine thought processes and initiate a fresh approach. One of the approaches identified is for the evaluation of the matrix between Potential and performance, thereby providing a snapshot of the bench strength within the Company, using the 9 Box Potential vs Performance Grid. Critical interventions shall be carved out basis the mapping.

**c) Launch of New Leader Assimilation:**

NLAP (New Leader Assimilation Program) is a time-tested proven tool used by multiple organizations with the objective of:

(1) Shortening the assimilation period for the new leader or manager;

(2) Provides an opportunity to "know" the manager and

(3) Helps build long-term relationships that are built around trust, between the leader/manager and his/her team.

Teams in any department or the direct reports of any leader or manager pass through 4 stages of team building – namely (a) forming, (b) storming, (c) norming and (d) performing.

**Strengthening the Subsidiaries**

As of March 31, 2022, the Company has 4 subsidiaries i.e., CARE Ratings (Africa) Private Limited, CARE Ratings Nepal Limited, CARE Advisory Research and Training Limited and CARE Risk Solutions Private Limited.

**CARE Ratings (Africa) Private Ltd (CRAF)**

The first credit rating agency to be licensed by the Financial Services Commission of Mauritius, CARE Ratings (Africa) Private Ltd in FY22 rated the first Green Bond issue and Money market Instrument Issue of Mauritius. CRAF's revenue grew to MUR 35.2 million in FY22 vis-à-vis MUR 24.8 million in FY21 on account of an increase in the total volume of debt rated with contributions coming from both new assignments and surveillance exercises. CRAF reported a Profit Before Tax of MUR 20.1 million in FY22 vis-à-vis MUR 12.0 million in FY21. Given the strong performance in FY22, positive reserves and cash balance, the directors declared a final dividend of MUR 5,000,000 for FY22.

CRAF is now planning to expand its presence in other geographies of Africa, principally in the countries falling under the Southern African Development Community (SADC). The focus of the company is to leverage upon the experience of the CareEdge group in the Indian & Mauritius markets and utilise the same for popularising the concept of credit rating in the capital market ecosystem of Africa through training, and advisory and strong technology-enabled analysis.

**CARE Ratings Nepal Ltd (CRNL)**

With a wide range of rating services viz issuer rating, bank loan rating, fund quality management rating, grading etc. in the Republic of Nepal, CARE Ratings Nepal Ltd executed 84 new rating assignments during FY22. Though the economy of the country took a substantial hit due to the pandemic and businesses suffered subsequently, CRNL maintained its track record of revenue growth with the total income increasing by

7.2% to Rs 5.13 cr in FY22 and PAT by 4.50% to Rs 2.24 cr, which was supported by greater outreach activities, creating awareness among investors etc. The company laid stress on increasing in client base in the year.

**CARE Advisory Research and Training Ltd (CART)**

On a transformational journey to position itself as a knowledge and technology-driven institution, CARE Advisory Research and Training (CART) took steps to build an Advisory, ESG and Research Business in FY22. The focus on ESG has only gained traction over the last few years and with it the emphasis on non-financial reporting. The growing alignment of investors, regulators and corporates towards ESG is a testament to its importance in investment philosophy and comprehensive risk assessment. SEBI's mandated Business Responsibility and Sustainability Reporting for listed entities are being made mandatory from FY23 onwards is an example of this shift. In the last year, CART has scaled up its offerings in ESG with services relating to ESG Assessments and ESG Strategy, Roadmap and Reporting. CART has also developed India's first tech-enabled, on-demand, comprehensive data platform that brings together company, industry and ESG insights. It got empanelled with the Association of Mutual Funds in India (AMFI) as an ESG Rating provider for AMCs.

CART has been offering services in the field of infrastructure project evaluation and independent viability and feasibility studies, and corporate advisory (business plan preparation, financial improvement plan, financial appraisal). 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 in addition to providing Industry Research Outlook and Industry Risk Scores on over 50 Sectors.

In FY22, total revenue increased to Rs 7.41 crore from Rs 5.37 crore in FY21.

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

With over 15 years of global experience in risk and compliance, CARE Risk Solutions Private Ltd. (CRSPL) now has a presence in more than 10 countries. In FY22, the company added six new customers and got traction in Bahrain and Vietnam. Under a new CEO, Mr. Kiran Surve, CRSPL is expanding its product and service offerings. The new business lines are as follows:

- Re-engineering the current product suite with technology, incorporating Analytics, better user experience & adding new products like fraud management;
- Building services around data and analytics with tie-ups with industry leaders;
- Offering banking solutions with Microsoft Azure, building products like a digital lending platform;
- Strategic Centre of Excellence (CoEs) by setting up offshore development centre in Pune for Salesforce and Snowflakes etc.

During the year, looking at the developments in Sri Lanka, CRSPL made certain provisions as a prudent measure, thereby leaving the residual exposure (net of provisions) to the country at Rs 2.36 crore. CRSPL is hopeful of recovery once the situation improves in Sri Lanka.

For the year FY22, CRSPL witnessed a decrease in revenue from Rs 16.12 crore in FY21 to Rs 13.45 crore.

**Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013 ("the Act")**

The details of loans, guarantees and investments covered under Section 186 of the Act 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 2021-22 with Related Parties as defined under Section 188 of the Act and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI 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 contract/ arrangement/transaction referred to in Section 188 of the Act with related parties which could be considered material. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Act in Form AOC-2 is not applicable.

Details of transactions with related parties as required under IND AS-24 are set out in Notes to Accounts-Note No. 36 of the Standalone Financial Statements forming part of this Annual Report.

As required under Regulation 23 (1) of the SEBI 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 https://www.careratings.com/Uploads/newsfiles/Policies/11072022043426_Party_transaction_Policy.pdf

**Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year**

There are no applications made or any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.

**Details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the banks or financial institutions along with the reasons thereof**

There are no instances of one-time settlements during the financial year.

**Directors and Key Managerial Personnel**

During the year under review, Mr. Najib Shah was appointed as a Chairperson of the Board of Directors of the Company effective May 8, 2021.

During the year under review, your Company has appointed Ms. Nehal Shah as Company Secretary and Compliance Officer and Mr. Jinesh Shah as Chief

Financial Officer of the Company with effect from June 12, 2021.

During the year under review, Mr. Adesh Kumar Gupta (DIN-00020403) was re-appointed as an Independent Director of the Company for a second term of three years from the conclusion of 28th Annual General Meeting up to the conclusion of 31st Annual General Meeting of the Company to be held for the Financial Year 2023-24, who shall not be liable to retire by rotation.

Pursuant to the recommendation of the Nomination and Remuneration Committee, Ms. Shubhangi Soman (DIN-09476059) was appointed as an Additional Director (designated as Non-Executive, Non- Independent Director) of the Company with effect from January 28, 2022. Her appointment was further approved by the Shareholders of the Company vide Ordinary Resolution passed through Postal Ballot on March 23, 2022, the results of which were declared on March 24, 2022.

Later, Mr. Ajay Mahajan (DIN-05108777) resigned as the Managing Director and CEO of the Company effective close of business hours on May 31, 2022. The Board of Directors at their Meeting held on April 26, 2022, approved the appointment of Mr. Mehul Pandya as an Interim CEO of the Company effective June 1, 2022, pursuant to the resignation of Mr. Ajay Mahajan as MD and CEO.

Further with effect from July 29, 2022, Mr. Mehul Pandya was appointed as Additional Director designated as Managing Director and CEO of the Company for a term of five years, subject to the approval of the shareholders of the Company.

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

The term of office of Mr. Najib Shah, Ms. Sonal Gunvant Desai, Dr. M. Mathisekaran and Mr. Ananth Narayan Gopalakrishnan, Non-Executive Independent Directors shall conclude at the ensuing Annual General Meeting. A confirmation from all these 4 Independent Directors has been received that they fulfill the criteria of independence and are independent of the Company`s management pursuant to the requirements of the Act and SEBI Listing Regulations as accompanied by other disclosures.

The Board, as per the recommendation of the Nomination and Remuneration Committee, recommends their re-appointment to shareholders for a second term of 3 (Three) years i.e., from the conclusion of 29th Annual General Meeting up to the conclusion of 32nd Annual General Meeting for the Financial year 2024-25. All these 4 Independent Directors are not debarred from holding the office of Director pursuant to any SEBI Order.

### Declaration by Independent Directors

The Independent Directors of the Company have submitted their declaration of independence as required under Regulation 25(8) of SEBI Listing Regulations and Section 149(7) of the Act confirming that they meet the criteria of independence under Section 149(6) of the Act and Regulation 16 (1)(b) of SEBI Listing Regulations.

The Board is of the opinion that the Independent Directors fulfil 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 and they hold the highest standards of integrity.

### Number of Meetings of the Board of Directors

The Board of Directors met seven (7) times during the Financial Year ended 2021-22 on April 15, 2021, May 8, 2021, June 12, 2021, August 3, 2021, August 28, 2021, October 29 and 30, 2021 and January 28, 2022. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report. The intervening gap between two consecutive Board Meetings did not exceed 120 days.

### 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 Act and Regulation 22 of the SEBI Listing Regulations to report their genuine concerns and to provide adequate safeguards against the 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/11072022120006_Whistle_Blower_Policy_(11-7-22).pdf

### 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 - I** to this Report and is also available on the website of the Company at https://www.careratings.com/Uploads/newsfiles/Policies/02022022115812_Nomination_and_Remuneration_Policy_.pdf

### Annual Evaluation of Performance of the Board

Pursuant to the provisions of the Act and SEBI Listing Regulations, 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 2021-22 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 is evaluated after taking inputs from the Directors on various aspects, including inter alia degree of fulfilment of key responsibilities, board structure and composition, establishment and delineation of responsibilities to various committees, the effectiveness of board processes, information and functioning.

The Committees of the Board were evaluated after taking inputs from the Committee members based on criteria such as degree of fulfilment 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 Directors on March 22, 2022, where they reviewed the performance of the Board and its Committees and the quality, quantity and timeliness of the flow of information between the Company, Management and the Board was assessed.

### Committees of the Board

As of March 31, 2022, the Board has the following committees:

i) Audit Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders` Relationship Committee;

iv) Corporate Social Responsibility Committee;

v) Risk Management Committee;

vi) Rating Sub-committee; and

vii) Strategy and Investment Committee.

### Rating Sub-committee

Securities & Exchange Board of India, with a view to enhance the governance norms for Credit Rating Agencies (CRAs), had recommended the constitution of a committee of the Board of Directors of the CRA titled "Rating Sub-committee" (RSC). Accordingly, CARE Ratings had constituted a RSC in FY20.

The purpose of this sub-committee is to ensure the independence of the rating function. The Chief Rating Officer of CARE Ratings (who presides over the entire rating analytical function) reports to the RSC. This committee is responsible for approving the operating guidelines and policies for rating including the rating code of conduct, policy on the management of conflict of interest etc. Apart from this, the RSC also reviews the compliance status with respect to SEBI CRA Regulations, IOSCO Code of Conduct, internal audit of rating operations and steps taken by the company to continuously improve its rating processes.

The RSC has over the last 2 years provided valuable inputs to strengthen the rating process as well as the analytical capabilities. Under their guidance, the rating performance as measured by Default and Transition statistics has improved significantly.

A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report.

### Strategy and Investment Committee

Further, in view of pursuing a growth path, your Company has also formed a Strategy and Investment Committee ("SIC") on April 15, 2021. The SIC consists of Mr. V. Chandrasekaran, Mr. Adesh Kumar Gupta, Mr. Ananth Narayan Gopalakrishnan and Ms. Shubhangi Soman.

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 Ratings 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. In line with the strategy of diversification of business, the Board approved an equity infusion of Rs 33.5 crore in CRSPL for strengthening the product profile and sales franchise; and an equity infusion of Rs 10 crore in CART to strengthen the advisory, consulting and ESG businesses.

### 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 Act 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 the 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 the 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.

### Statutory Auditor and Report by Statutory Auditors

B S R & Co. LLP (Firm Registration No. 101248W/W -100022) were appointed as the Statutory Auditors of the Company for a period of five years up to the conclusion of the 33rd Annual General Meeting of the Company.

The Notes on the 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.

The disclosure relating to fees paid to Statutory Auditors have been made in Corporate Governance Report annexed to this Report.

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

During the year under review, there have been no instances of fraud reported by the Auditors under Section 143(12) of the Act and rules framed thereunder either to the Company or the Central Government.

**Secretarial Audit Report**

The Board of Directors of your Company has appointed A. K. Jain & Co., Company Secretaries to conduct the Secretarial Audit of the Company for FY 2021-22. The Secretarial Audit Report is appended to this Report as **Annexure - II**.

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

**Maintenance of Cost Records and Cost Audit**

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

**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 the possible extent to conserve the resources as required under Section 134(3)(m) of the Act 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 and hence are not provided.

**Foreign Exchange Earnings and Outgo**

During the year under review, the Company has earned a foreign exchange equivalent to Rs 198.10 Lakhs and spent a foreign exchange equivalent to Rs 167.93 Lakhs.

**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, 2022, and the date of this report other than those disclosed in this report.

**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.

**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 Regulations with the Stock Exchanges, is annexed as **Annexure - III** to this report.

**Particulars of Employees**

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

The information required pursuant to Section 197 of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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@careedge.in

**Business Responsibility Report**

A Business Responsibility Report as per Regulation 34(2) of the SEBI Listing Regulations, detailing the various initiatives taken by the Company on the environmental, social and governance front is provided as **Annexure – V** 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 Act and Regulation 33 of the SEBI Listing Regulations, 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- VI** to this Report.

Pursuant to provisions of Section 136 of the Act, the financial statements of the subsidiaries, as required, are available on the Company's website and can be accessed at https://www.careratings.com/subsidaries.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/11072022115757_Policy_Determining_material_subsidiaries_(11-7-22).pdf

**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 the Securities and Exchange Board of India. The Report on Corporate Governance as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations 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 Regulations, a Certificate by the Managing Director affirming the compliance with Code of Conduct and a Certificate of Non-disqualification of Directors provided by the Practicing Company Secretary form part of the Corporate Governance Report which has been appended as **Annexure-VII**.

### Annual Return

Pursuant to the provisions of Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014 and Section 134(3)(a) of the said Act, the Annual Return containing details as of March 31, 2022, is available on the Company's website on: https://www.careratings.com/financial-reports.aspx

### Share Capital

There was no change in Authorised Share Capital during the Financial Year ended March 31, 2022. The Authorised Share Capital of the Company is Rs 35,00,00,000/- (3,50,00,000 Equity Shares of the face value of Rs 10/- each).

During the Financial Year ended March 31, 2022, the Company has allotted 185,333 equity shares on account of the exercise of Stock Options under Employee Stock Option Scheme, 2020, the details of which are given below-

| Sr. no. | Date of Allotment | No. of Equity Shares allotted |
|---|---|---|
| 1 | December 21, 2021 | 175,267 |
| 2 | March 17, 2022 | 10,066 |

In view of this, the paid-up share capital as on March 31, 2022, was Rs 29,64,65,470 which consisted of 2,96,46,547 equity shares of Rs 10/- each.

### Employees Stock Option Schemes

As required in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the disclosure relating to CARE Ratings Limited ESOP Schemes is available on the Company`s website at: https://www.careratings.com/financial-reports.aspx

### Details relating to Deposits covered under Chapter V of the Act

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

### Update on Certain Matters:

The following are the update on certain matters:

A. SEBI had conducted adjudication proceedings in relation to the credit rating assigned to one of the Company's customers and imposed a penalty of Rs 1 crore under Section 15HB of the SEBI Act, 1992. Aggrieved by the penalty, the Company filed an appeal before the Hon'ble Securities Appellate Tribunal (SAT). SAT on hearing the facts, surrounding circumstances and justification provided by the Company, reduced the penalty to Rs 10 lakhs. SEBI filed an appeal before the Hon'ble Supreme Court of India against the order of SAT; the Hon'ble Supreme Court dismissed SEBI's appeal. The Company has paid the reduced penalty of Rs 10 Lakhs to SEBI.

B. SEBI initially imposed a penalty of Rs 25 lakhs and subsequently enhanced it to Rs 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 of date.

C. 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 institute an Independent Inquiry into a matter relating to the former Chairman and former MD & CEO. Accordingly, Justice (Retd.) B.N. Srikrishna, former Judge of the Hon'ble Supreme Court of India was appointed to conduct an Independent Inquiry.

   Justice (Retd.) B.N. Srikrishna concluded the Inquiry and issued the final reports concluding that the charge against Mr. Rajesh Mokashi (erstwhile MD and CEO) and Mr. S.B. Mainak (erstwhile Chairman) of interference with the rating process and influencing the ratings is not established. The Reports were forwarded to SEBI and the same was also intimated to the Stock Exchanges.

### Change in Nature of Business

During the Financial Year 2021-22, there was no change in the nature of business of the Company.

### 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 on the Company's premises through various interventions and practices. We always aim to create and provide an environment that is free from discrimination and any form of harassment including sexual harassment.

Your Company has a policy on the Prevention of Sexual Harassment at the Workplace that aims to prevent 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 the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 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, 2022, the ICC did not receive any complaint pertaining to sexual harassment.

### 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 complies with Regulation 21 of SEBI Listing Regulations and the detailed composition is provided in the Corporate Governance Report. The Company has a Risk Management framework to identify and evaluate internal and external risks faced by your Company.

The risk management framework defines the risk identification and its management across the enterprise at various levels including documentation and reporting. The framework helps in understanding trends, exposure and potential impact analysis on a Company's business to minimise the adverse impact of any type of risk on the business objectives.

### Corporate Social Responsibility: Growing Together

As a part of your Company's initiatives under Corporate Social Responsibility (CSR) in FY22, we released payments amounting to Rs 2.37 crore (P.Y.: Rs 1.74 crore) in areas of healthcare, and education, community development, mid-day meals, nutritional food to Anganwadi children.

The Board has constituted a CSR Committee in accordance with Section 135 of the Act. The CSR Policy has been devised based on the recommendations made by the CSR Committee. The brief outline of the 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 – VIII** 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/11072022114916_CSR_Policy_(11-7-22).pdf

### Material Non-Listed Indian Subsidiary

There was no material (non-listed) Indian subsidiary of your Company as of March 31, 2022.

### Directors' Responsibility Statement

As required under Section 134 (5) of the Act, the Board of Directors, to the best of their knowledge and ability confirm that:

1. In the preparation of the annual accounts for the financial year ended March 31, 2022, 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 the 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 the financial year ended March 31, 2022, 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.

### Compliance of the Secretarial Standards 1 & 2 Issued by the Institute of the Company Secretaries of India

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

### Acknowledgements

The Directors are thankful to the Members for their confidence and continued support. 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/-** | **Sd/-** |
| **Najib Shah**<br>**Chairman**<br>**DIN:08120210** | **Mehul Pandya**<br>**MD & CEO**<br>**DIN:07610232** |

**Place: Mumbai**
**Date: July 29, 2022**

ANNEXURE - I

# 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 erstwhile Listing agreement, the Board of Directors at its 114th 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 Regulation 19 / 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 appointment and remuneration of directors, KMP, Senior Management Personnel and other employees and Board diversity.

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 specify the manner for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board, by the Committee or by any an independent external agency and review its implementation and compliance;
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) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates.;
3) Formulation of criteria for evaluation of Independent Directors and the Board;
4) Devising a policy on Board diversity;
5) 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.
6) 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.
7) Recommend to the board, all remuneration, in whatever form, payable to senior management.

## 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 CARE Ratings Limited.

**"Directors"** mean Directors appointed to the Board of a 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 Directors"** means a director referred to in Section 149 (6) of the Companies Act, 2013 and rules made thereunder and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

**"Key Managerial Personnel"** means

- the Chief Executive Officer or the Managing Director, or the Manager;
- the Company Secretary;
- the Whole-time director;
- the Chief Financial Officer;
- such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- Such other officer as may be prescribed.

**"Senior Management Personnel"** mean 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 chief executive officer/managing director/ whole time director/manager (including chief executive officer/manager, in case they are not part of the board) including the functional heads and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Nomination and Remuneration 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 Executive 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.

e) The Company shall not appoint or continue the employment of any person as Non-Executive Director who has attained the age of seventy-five years. Provided that the term of the person holding this position may be extended beyond the age of seventy-five 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-five 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 neither has identified promoter nor any nominee director or any director holding any substantial shareholding in the Company. In view of being professionally managed company, any person who fulfils the criteria of Independence as prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, can be appointed as an Independent Director.

### 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 on the Board of the Company.

### 5. Term / Tenure

a) **Managing Director/Whole-time Director/ Executive Director:** The Company shall appoint or re-appoint any person as its Managing Director or Wholetime 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 however shall always be subject to such approvals as per the applicable provisions of such act- 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 will be entitled for sitting fees for attending the Board and Committee Meetings 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.

**B. 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 in case of appointment as Independent Directors, the Independent Directors shall be issued 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;

j) Considering any other matters, as may be requested by the Board.

**C. 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 reasonableness and sufficient to attract / retain / 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.

d) Considering any other matters as may be requested by the Board.

**D. REVIEW AND AMENDMENT**

a) On the recommendation of the Committee, 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.

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

**ANNEXURE - II**

## FORM NO. MR-3
# SECRETARIAL AUDIT REPORT

For The financial year ended on March 31, 2022
[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, 4th 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 physically and 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 31st March, 2022 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 31st March, 2022 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, 2018 **(Not Applicable to the Company during the Audit Period);**

  d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

  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, 2018 **(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. |
|---|---|
| - | The Nomination & Remuneration Committee of the Board has allotted during the audit period, 1,85,333 (One Lac Eighty Five thousand Three Hundred and Thirty Three) Equity Shares of Rs 10/- each to the Eligible Employees of the Company under the CARE Employee Stock Option Scheme 2020 on various dates. |

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

**Sd/-**
**Ashish Kumar Jain**
**Proprietor**
**FCS: 6058. CP: 6124**
**Peer Review Certificate No.1485/2021**
**UDIN: F006058D000710300**

**Place: Mumbai**
**Date: July 29, 2022**

**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 4th 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.

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

**Sd/-**
**Ashish Kumar Jain**
**Proprietor**
**FCS: 6058. CP: 6124**
**Peer Review Certificate No.1485/2021**
**UDIN: F006058D000710300**

**Place: Mumbai**
**Date: July 29, 2022**

**ANNEXURE - III**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

There's no denying that the past year and the one before that have been difficult – not only for the country but globally. From the second wave of Covid-19 and the unprecedented stress it brought along to the consequent economic downturn, it is all still fresh in our minds. But in sync with the philosophy that in the middle of difficulty, lies the opportunity, our people have exhibited phenomenal courage and managed to find opportunities to evolve and work around the limitations. And as the curbs were lifted gradually, pent-up demand helped the economy register a GDP growth of 8.7% in FY22.

"Don't wait for the right opportunity, create it." – George Bernard Shaw

### BUILDING THE PILLARS OF SUCCESS

Last year, your Company identified four pillars– Group Approach, Technology, Talent and Rebranding – to build on and despite all the pandemic, an ailing economy, and a difficult business environment, we have made significant progress.

**Group Approach:** CareEdge has been on a transformational journey for the last two years and one of the key pillars that we have extensively worked upon in this journey is the 'Group Approach'. With almost three decades of experience in the analytics business and a deep understanding of the operations of various industries and sectors, CareEdge is in a sound position to offer itself as a knowledge hub.

**Technology:** From moving to a new data centre for improved uptime, security, performance, efficiency, and stability to implementing a cloud-based security gateway/Webproxy Netskope for higher levels of security and privacy, your Company actively invested in technological upgrades.

**Talent:** Your Company has put special focus on bringing in the right talent for specific roles. Whether it is getting the required experience for heading the ship or roping in fresh talent to nurture and build a better future, the past year has seen many fresh faces at CareEdge.

**Rebranding:** In sync with our legacy of being one of the leading rating agencies to now presenting ourselves as a technology-backed knowledge hub, your Company rebranded itself to not only present a fresh image but also bring consistency to the Group.

"There are no secrets to success. It is the result of preparation, hard work and learning from failure." – Colin Powell

### RATINGS

While CARE Ratings continues to be the second-largest credit rating agency in India, the transformation journey for the core rating business revolved around:

d) Enhancing the analytics;

e) Higher outreach;

f) Bringing technology to the fore for superior analysis; and

g) Improving the product offerings/segments.

The turnaround witnessed in some of the sectors post unlocking of the economy during FY21 became broad-based during FY22. The improvement in the financial position of the companies resulted in an improvement in the credit outlook for many of the sectors during FY22. At the same time, the capital expenditure plans remained subdued. These factors resulted in deleveraging in some of the major sectors during FY22 and were also reflected in the 24% fall in issuances in debt capital markets and muted credit growth for banks. Though this challenging operating environment had the potential to impact the rating revenue, the business team through various strategic initiatives taken during the year successfully overcame this challenging environment. Focus on high-growth sectors, aggressive outreach to various categories of investors, renewed efforts to further strengthen our key client coverage and a strong emphasis on incentivising performance were some of the key strategic initiatives leading to improved performance.

The overall rating revenue for the company stood at Rs 218.60 crore for FY22 as against Rs 210.35 crore in FY21. The rating revenue has grown by 4% during FY22 as compared to FY21 aided by strong performance in the initial rating revenue.

### CARE RATINGS (AFRICA) PRIVATE LIMITED

CARE Ratings (Africa) Private Limited (CRAF) continued its impressive performance during the financial year under review. The company assigned ratings to more than 40 corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd, Bank One, CIEL, CIM, Ascencia, SBM Factors, Alteo, MUA and ENL. In FY22, CRAF assigned ratings to bank facilities and bond issues aggregating to around MUR 75 billion (MUR 55 billion in FY21). CRAF also assigned credit ratings to almost 36% higher debt in FY22 as compared to FY21. There has been an increase in awareness about the concept of Credit Rating among Banks and Corporates and a clear understanding of the benefits of such Ratings.

CRAF's total income grew by 42% in FY22 and PBT increased by 57%.

### CARE RATINGS NEPAL LIMITED

CARE Ratings Nepal Limited. (CRNL), reported strong operational performance with 84 new rating assignments executed during FY22. Nepal, being a tourist-based economy has seen two successive years of subdued economic growth due to the pandemic. The impact of travel restrictions was felt with the biggest drop in tourists' arrivals and the same impacted most of the businesses adversely. Despite having all the challenges, CRNL maintained its track record of revenue growth with a 7.2% growth in total income that was driven by greater and focused outreach activities.

Currently, CRNL is facing challenges with increasing competition as a new credit rating agency started operations in the last financial year and change in regulatory norms of carrying out surveillance once in two years that might impact the revenue and profitability going forward. The challenges are further exacerbated by the change in policy rates and reserve ratios by the Nepal Rastra Bank for financial institutions which put restrictions on the financing and constricting business volumes for financial institutions leading to almost negligible growth in advances of banks in 9MFY22 (referring to Nepalese FY; 9 months period ending mid-April 22). However, changes in the risk weight of the loans based on ratings and the risk-based pricing adopted by the few financial institutions provide some breathing space in this environment which is getting tougher for business prospects.

### CARE ADVISORY RESEARCH AND TRAINING LIMITED

CARE Advisory Research and Training Limited (CART) is in the business of Advisory, ESG and Research. CARE Advisory offers (i) advisory and consultancy 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, feasibility studies, design of credit appraisal systems; (ii) ESG services ranging from ESG Assessments and grading to ESG strategy and advisory offerings (iii) Industry Research including Industry Research Outlook and Industry Risk Scores on over 50 Sectors and Customised Industry Research; (iv) Grading Services like AIF Grading and MFI Grading to name a few.

The past year has seen the business being transformed from being a low-ticket, marginal value-add business to a high-ticket, hi-touch client business with best names like ADB, World bank and large international funds becoming our clients. It also got empanelled by the Association of Mutual Funds in India (AMFI) as an ESG Rating Provider for AMCs. The company's total income reported a growth of 35% during the year.

### CARE RISK SOLUTIONS PRIVATE LIMITED

CARE Risk Solutions Private Limited, (CRSPL) has over 15 years of global experience in providing cutting-edge Risk & Compliance solutions to banks and financial institutions. Our exceptional product and immaculate implementation framework have helped us to partner with the best names in Financial Technology globally and regionally with a presence in more than 10 countries and with over 80+ implementations. During the year, we added more new customers and got traction in Bahrain and Vietnam.

We are happy to inform you that CARE Risk Solutions has again featured & improved its ranking 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.

For the year FY22, CRSPL witnessed a drop in total income of 15%.

> "Far and away, the best prize that life offers is the chance to work hard at the work worth doing." – Theodore Roosevelt

### TECHNOLOGICALLY SOUND

Your Company made substantial technological changes in FY22. The shifting to a tier-IV data centre in Panvel from the in-house one will not only provide better uptime, security, and performance but also help us significantly reduce the organisation's carbon footprint. Moreover, the installation of high-end energy-efficient printers has also led to a reduction in the number of printers and power (from 67 to 32).

Your Company is implementing Disaster Recovery (DR) automation for all critical applications and building a cutting-edge rating workflow system that will have inbuilt AI and ML and help the analysts make superior decisions. We are also migrating our Finance ERP to Oracle Fusion on the cloud, which would allow better functionality and reporting.

Your Company is also in the process of building a new website for the Group -- rich with content and a user-friendly interface. The project is nearing completion and will be rolled out soon.

> "If you really look closely, most overnight success took a long time." – Steve Jobs

### WE THE PEOPLE

The pandemic has been an eye-opener for everyone in terms of work-life balance. Your Company ensured a smooth work-from-home methodology for all the personnel when the second wave of Covid hit us and did its best to help anyone who was impacted. CareEdge is committed to ensuring a healthy work environment and ensuring our employees get the best. As the pandemic receded, your Company ensured a systemic return-to-office process in sync with government guidelines. From top-level hires to mid-level to freshers, consistent focus on roping in a quality workforce has been our key focus area in FY22. We are also cognizant of rewarding the efforts our employees put in to add to the success stories of your Company.

CareEdge has in the past year made additional efforts at building a healthier culture with frequent social events and webinars for employees. Our HR policies undergo constant updates to ensure that they match or better the policies as applicable in the business. The Company had 491 employees associated with it as of March 31, 2022.

"Without passion, you don't have energy. Without energy, you have nothing." – Warren Buffett

## BRAND POWER

In over 29 years since its inception, CARE Ratings has established itself as one of India's leading credit rating agencies. There was a perception, both internally and externally, that our core abilities are beyond what the brand gets credit for. From the market environment and competition perspective, there was a need to make our brand future-ready and align it with our new vision and strategy. Apropos, we commissioned a leading brand communication agency to chalk out our new brand map. The mandate was to think about the brand and architecture from the first principle. A new ambition for the brand, entailing creativity, a narrative of capability and a wider business footprint powered by technology. The brand name 'CARE' was infused with 'Edge' for sharpness & conviction. Hence the new brand name CareEdge. With this transformation, CareEdge will give us a Group impetus. It will be used as the mother brand to create that much-required relationship and synergy with our subsidiaries.

"I feel that luck is preparation meeting opportunity." – Oprah Winfrey

## DEVELOPMENTS ON THE REGULATORY FRONT

CARE Ratings has been at the forefront of advocacy and participated in meetings with the regulators. SEBI had mandated that there should be a separation of the ratings business from the non-ratings business. This and the various other measures initiated by the regulator(s) are aimed at enhancing the standards of the credit rating industry. With various technology-led initiatives, CareEdge is committed to ensuring appropriate control tools/mechanisms that shall help in remaining compliant with all regulations.

Towards the end of the financial year, SEBI came up with the amendments to the Issue of Capital and Disclosure Requirements (ICDR), 2018 to allow the credit rating agencies to act as the Monitoring Agency for the issue proceeds.

"Action is the foundational key to all success." – Pablo Picasso

## OPPORTUNITIES

The second wave of the pandemic kept India on the edge in FY22. However, owing to rapid adaptation and learnings from the first wave, the economy relatively faced a lesser impact.

The Indian economy recorded a GDP growth of 8.7% (y-o-y) in FY22. The high growth was mainly because of the low base of FY21, which was hit hard by the strict lockdowns. In FY22, the GDP recorded a marginal growth of 1.5% when compared to the pre-pandemic level of FY20.

## THREATS

The main threats to operations are identified and mitigation measures are put in place. Some of these are elaborated below:

## 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 enhancing skills and creating a healthy environment for everyone so that we attract and retain the right talent.
- The Ratings Operations manual provides a rigorous SOP to be adhered to while executing an assignment with periodic audits to ensure compliance.
- Our comprehensive Code of Conduct addresses 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.
- CARE Ratings has in place a comprehensive IT security policy to address risks involving significant security breaches, and 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. Despite the complete shift to work from home (WFH) during the second wave of the pandemic and intermittently during the year due to an increase in the number of

infections across the geographies, we completed all our rating assignments 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 and this affects growth in the ratable universe. Last year, for example, there was a time when there was a sharp fall in output growth in the economy and it, in turn, hurt investment as well as growth in bank credit to industry and services.

**Mitigants**

We have taken the Group approach where we build other enterprises where business is delinked with the ratings business. As other businesses witness traction, the Group can sustain external impacts.

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 seven rating agencies in the rating space, there are challenges in 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.

To address issues on reputation related to our ratings, we have streamlined the process further to ensure that there is more robustness in our processes. We have been meeting with all major investors and making presentations to them on our business model and approach. This, we believe, is a continuous process and will bear fruition over a period.

### MARKET INTELLIGENCE RISK

Market Intelligence risk includes the ability to have a superior prognosis in detecting the declining ability of companies to service their debt and sending the signal well in advance. This is something that 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 working towards strengthening our market intelligence systems to ensure that we are ahead of the curve.

### MARKET RISK (INVESTMENT)

We run the risk of our investment portfolio being affected by changes in interest rates as we do have a 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 Ratings' software interface maps the entire workflow in the rating process, affixing responsibility of various stakeholders and capturing 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 monitoring compliance with 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 our processes are robust so that we are ringfenced well in every respect. As such, all legal and regulatory risks which could potentially impact the company are close monitored by the compliance and legal functions in coordination with the other functions/ departments with the aim to mitigate them effectively. Further, periodic audits are undertaken to validate the compliance controls in the organization to ensure the robustness of the designed controls.

We are committed to 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 Ratings' rating business is driven by regulatory requirements or requires accreditation, recognition or approval from government authorities. CARE Ratings 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 the IRB approach is approved by RBI.

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

In your Company's Board of Directors, the majority are independent Directors who bring with them rich experience in finance, economics, regulatory affairs and the 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 Ratings 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 the 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 the 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.

"Every problem is a gift. Without problems, we would not grow." – Anthony Robbins

### FINANCIAL PERFORMANCE

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

(Rs in crore)

| Details | For the year ended | | Growth |
|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | (in %) |
| Revenue from operations | 247.63 | 248.45 | (0.33%) |
| Other income | 27.19 | 31.29 | (13.11%) |
| **Total Income (A)** | **274.82** | **279.74** | **(1.76%)** |
| **Expenses** | | | |
| Employee costs | 126.41 | 119.86 | 5.47% |
| Depreciation, amortization & impairment | 7.92 | 7.80 | 1.49% |
| Finance costs | 0.46 | 0.62 | (24.89%) |
| Other costs | 41.40 | 32.81 | 26.17% |
| **Total Expenses (B)** | **176.19** | **161.09** | **9.37%** |
| **Profit Before Tax (A-B)** | **98.63** | **118.65** | **(16.87%)** |
| Taxes | 21.80 | 27.68 | (21.24%) |
| **Profit After Tax** | **76.83** | **90.97** | **(15.54%)** |

As can be seen in the table, the total income for the Group decreased by 1.76%. With total expenses increasing by 9.37%, profit before tax decreased by 16.87%. Employee cost, which is the largest component, increased by 5.47%.

The table below gives some important ratios for the CareEdge Group of companies.

| Ratios | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Debtors Turnover (in times) | 14.48 | 11.63 |
| Current Ratio (in times) | 11.01 | 10.32 |
| Inventory Turnover | NA | NA |
| Interest Coverage Ratio | NA | NA |
| Debt Equity Ratio | NA | NA |
| Operating Profit Margin (%) | 32.23% | 38.55% |
| PAT Margin (%) | 27.96% | 32.52% |
| Return on Net worth (%) | 11.60% | 15.20% |

- Trade Receivable reduced from Rs 21.36 crore to Rs 16.64 crore, i.e., by 22%, resulting in an increase in debtors turnover ratio from 11.63 times to 14.48 times.
- Current ratio increased because of increase in current assets and decrease in current liabilities.
- Operating profit margin and net profit margin decreased to 32.23% and 27.96% respectively in FY22.
- Return on net worth was impacted on account of the performance of CARE Ratings' subsidiary companies

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

| Details | March 31, 2022 | March 31, 2021 | Growth % |
|---|---|---|---|
| Property, plant, equipment etc | 123.21 | 111.04 | 10.96% |
| Less accumulated depreciation | 27.38 | 22.82 | 19.98% |
| Less Impairment on intangible assets | 0.21 | - | 100.00% |
| Net Block | **95.62** | **88.22** | **8.38%** |
| Depreciation as % Total income | 2.80% | 2.79% | 0.01% |
| Accumulated depreciation as % gross block | 22.22% | 20.55% | 1.67% |

Net block of the group increased by 8.38% due to higher capitalisation in FY22.

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

| Details | March 31, 2022 | March 31, 2021 | Growth % |
|---|---|---|---|
| **Non-Current Investments** | | | |
| Investments in Equity instruments (Unquoted) | 24.93 | 15.79 | 57.88% |
| Investment in Tax-Free Bonds | 19.07 | 19.44 | (1.90%) |
| **(A) Total** | **44.00** | **35.23** | **24.89%** |
| **Current Investments & Treasury** | | | |
| Investment in Mutual Funds & Bonds (Quoted) | - | 204.55 | (100.00%) |
| Cash and Cash Equivalents | 17.63 | 12.09 | 45.82% |
| Fixed Deposits | 516.96 | 277.93 | 86.00% |
| **(B) Total** | **534.59** | **494.57** | **8.09%** |
| **Grand Total (A) + (B)** | **578.59** | **529.80** | **9.21%** |

Total investments for the Group were higher at Rs 578.59 crore in FY22. Of this, Rs 516.96 crore was in fixed deposits and Rs 19.07 crore was in tax-free bonds.

The Group's trade receivables are presented below:

(Rs in Crore)

| Details | March 31, 2022 | March 31, 2021 | Growth % |
|---|---|---|---|
| Ratings & other services (Net) | 13.64 | 16.73 | (18.47%) |
| Non-Ratings | 3.00 | 4.63 | (35.21%) |
| **Total** | **16.64** | **21.36** | **(22.10%)** |

The challenging conditions brought about by the pandemic notwithstanding, the business development team has put significant focus on the recovery of rating fees all through the year, thereby reducing the receivables. Total receivables decreased from Rs 21.36 crore to Rs 16.64 crore in FY21. The decrease was higher in percentage in terms of the non-ratings business. As such, the receivables position presented an improved scenario.

**OUR VIEW ON FY23**

The first few months of FY23 have shown improvement in India's economic growth, even in midst of global and domestic challenges. The global economic environment is volatile and uncertain with slowing growth, high inflation and tightening of monetary policy. While the Indian economy is relatively better placed in midst of these global challenges, the economy cannot remain unscathed from these global developments.

Inflation is the biggest global challenge that will have a strong bearing on the Indian economy in FY23. With high prices across all commodities including food, metals and energy, inflation in India has been hovering above RBI's upper band of 6%. While the inflationary pressure started due to high crude oil and commodity prices, it has become broad-based in the last few months. We expect CPI inflation to average around 6.5% in FY23. RBI has started hiking the repo rate and we expect the repo rate to be hiked to around 6% in FY23. Interest rates in the debt market will increase, with a 10-year G-Sec yield likely to move towards 7.5-7.75% in FY23.

High inflation will have a dampening impact on consumer spending that has shown a slow recovery post the pandemic. However, overall consumer spending is likely to improve in FY23 supported by pent-up demand and improvement in the employment situation. Higher demand should in turn help improve the capacity utilisation level (from 74.5% touched in Q4 FY22). Given the deleveraging that has happened in the last few months, the private sector is showing an increase in intent to invest. However, the current uncertain economic environment could deter the private investors, thus delaying the pickup in the capex cycle in the economy. However, a strong capex budgeted by the Government for FY23 should be supportive of overall investment in the economy.

On the external front, India's exports will feel the pinch of slowing global growth. With imports remaining high due to high commodity prices, the current account deficit is expected to widen to 3.1% of GDP. On the capital account front, FII flows will remain volatile as US Fed continues to hike the rate. Hence, India's Balance of Payment (BoP) is expected to move to negative territory in FY23 and there will continue to be weakening pressure on the currency.

Overall, we expect the economy to record a GDP growth of 7.1% even while inflation and the external economic environment remain causes of concern. With economic growth prospects showing improvement, the bank credit growth is likely to improve in FY23. The growth in bank credit will be mainly led by the retail loans and services sector. Credit demand from large industries will also show an improvement but will be relatively muted. The Corporate Bond market will also see an improvement with corporate debt issuances improving in FY23.

FY23 will see a modest recovery in the Indian economy. However, we will have to be mindful of challenges in the form of high commodity prices, high inflation, higher interest rates and slowing global growth.

**ANNEXURE - IV**

## Details pertaining to remuneration of Directors and Key Managerial Personnel (KMP) 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) Rules, 2014

**1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 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 2021- 22 (Amt in Rs) | Remuneration of Director/ KMP for financial year 2020-21 (Amt in Rs) | % increase/ (decrease) in Remuneration in the financial year 2021-22 | Ratio of Remuneration of each Director/ to median remuneration of employees |
|---|---|---|---|---|---|
| 1. | Mr. Najib Shah<br>Non-Executive Independent Director | 13,00,000 | 16,80,000 | (22.6%) | 1.32:1 |
| 2. | Mr. V. Chandrasekaran<br>Non-Executive Director | 12,00,000 | 17,80,000 | (32.6%) | 1.22:1 |
| 3. | Mr. Adesh Kumar Gupta<br>Non-Executive Independent Director | 14,50,000 | 19,30,000 | (24.9%) | 1.47:1 |
| 4. | Ms. Sonal Gunvant Desai<br>Non-Executive Independent Director | 14,50,000 | 14,80,000 | (2.0%) | 1.47:1 |
| 5. | Dr. M Mathisekaran<br>Non-Executive Independent Director | 10,00,000 | 12,30,000 | (18.7%) | 1.01:1 |
| 6. | Mr. Ananth Narayan Gopalakrishnan<br>Non-Executive Independent Director | 14,50,000 | 17,30,000 | (16.2%) | 1.47:1 |
| 7. | Ms. Shubhangi Soman<br>Non-Executive Director (w.e.f. January 28, 2022) | NA | NA | NA | NA |
| 8. | Mr. Ajay Mahajan#<br>Managing Director & CEO | 9,24,58,077 | 4,60,50,731 | 100.8% | 93.96:1 |
| 9. | Mr. Mehul Pandya$<br>Executive Director | 1,70,81,106 | 1,25,17,814 | 36.5% | 17.36:1 |
| 10. | Ms. Nehal Shah<br>Company Secretary & Compliance Officer (w.e.f. June 12, 2021) | 91,63,095 | NA | * | 9.31:1 |
| 11. | Mr. Jinesh Shah<br>Chief Financial Officer (w.e.f. June 12, 2021) | 57,20,139 | NA | * | 5.81:1 |

* Not determinable

# Mr. Ajay Mahajan (DIN-05108777) resigned as Managing Director and CEO effective from the close of business hours on May 31, 2022.

$ Mr. Mehul Pandya (DIN-07610232) has been appointed as Managing Director and CEO effective July 29, 2022.

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 2021-22. The sitting fees paid to the Non-Executive and the Independent Directors were Rs 1,00,000/- for attending each Board meeting and Rs 50,000 for attending each Committee Meeting.

3) **The percentage increase in the median remuneration of employees for the Financial Year 2021-22:**

The median remuneration of employees of the Company during the financial year 2021-22 was Rs 984,000/-. The percentage increase in the median remuneration of employees in the financial year is 23% compared to last financial year 2020-21.

The steep change in median remuneration is on account of reduction in manpower at lower compensation.

4) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average increase in remuneration for FY 2022 over FY 2021 was 10.24% for employees, excluding the KMP's. In comparison, the average increase in remuneration of KMP's during the same period was 8.75%

5) **The number of permanent employees on the rolls of the Company:**

As of March 31, 2022, there were 491 full time employees compared with 592 last year with around 86% of the staff management professionally qualified in the areas of management, CA, CS, legal, economics, engineering etc. holding professional or post graduate degrees.

6) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

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 - V**

# 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$^{th}$ Floor, Godrej Coliseum, Somaiya Hospital Road,<br>Off Eastern Express Highway,<br>Sion East, Mumbai - 400022 |
| 4. | Website | : | www.careedge.in |
| 5. | Email id | : | Investor.relations@careedge.in |
| 6. | Financial Year reported | : | 2021-22 |
| 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) | : | (i) Ratings: Providing credit ratings including Debt ratings, Bank Loan Ratings, Issuer Ratings, Securitisation Ratings and Expected Loss Ratings.<br>(ii) Economic and Industrial Research (available to all on website) |
| 9. | Total number of locations where business activity is undertaken by the Company: - | : | The Company currently operates with 8 branches across all over India. |
| | a) Number of International Locations | | The Company undertakes overseas operation through its subsidiary companies in Mauritius and Nepal.<br>The Company has its registered office and corporate office in Mumbai and operates, directly and/or through its two wholly owned subsidiaries in Mumbai |
| | b) Number of National Locations | | 8 (Branches) |
| 10. | Market Served by the Company – Local/State/ National / International | : | Domestic: India (National)<br>International: Mauritius and Nepal |

**Section B: Financial Details of the Company**

| | | | |
|---|---|---|---|
| 1. | Paid up Capital: | : | Rs 29.64 crore. |
| 2. | Total Turnover (Rs): | : | Rs 219.27 crore. |
| 3. | Total Profit after taxes (FY22) (Rs): | : | Rs 84.47 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 2.37 crore – 100 % of the prescribed CSR expenditure of Rs 2.37 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 VIII forming part of Directors Report |

**Section C: Other Details**

| | | | |
|---|---|---|---|
| 1. | Does the Company have any Subsidiary Company/ Companies? | : | Yes. The Company has 4 subsidiaries:<br>• CARE Risk Solutions Private Limited<br>• CARE Advisory Research and Training Limited<br>• CARE Ratings (Africa) Private Limited<br>• 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 -<br>• Director Identification Number (DIN)<br>• Name<br>• Designation | : | <br>05108777<br>Ajay Mahajan*<br>Managing Director and CEO |
| 2. | (a) Details of BR Head<br>• DIN Number (if applicable)<br>• Name<br>• Designation<br>• Telephone number<br>• Email id | : | No director has yet been nominated.<br>-<br>Mehul Pandya**<br>Executive Director<br>022 – 67543456<br>mehul.pandya@careedge.in |

*Mr. Ajay Mahajan ceased to be Managing Director and CEO of the Company w.e.f May 31, 2022.
** Mr. Mehul Pandya has been appointed as Managing Director and CEO of the Company w.e.f July 29, 2022.

**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 | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | 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 https://www.careratings.com/pdf/aboutus/IOSCOCode-24Jul18.pdf | | | | | | | | |
| 4 | Has the policy being approved by the Board?<br>If yes, has it been signed by MD/ owner /CEO/ appropriate Board Director? | Approved at desired level as required by law | Approved at desired level as required by law | Approved at desired level as required by law | Approved at desired level as required by law | Approved at desired level as required by law | Approved at desired level as required by law | - | Approved at desired level as required by law | Approved at desired level as required by law |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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? | The following policies are available on the Company's website www.careedge.in<br>1) CARE's Code of Conduct for Directors, Rating Committee Members and Employees of CARE. (https://www.careratings.com/code-of-conduct.aspx#management)<br>2) Whistle Blower Policy (https://www.careratings.com/Uploads/newsfiles/Policies/11072022120006_Whistle_Blower_Policy_(11-7-22).pdf)<br>3) Corporate Social Responsibility Policy (https://www.careratings.com/Uploads/newsfiles/Policies/11072022114916_CSR_Policy_(11-7-22).pdf)<br>4) No Gift policy (https://www.careratings.com/Uploads/newsfiles/Policies/11072022115649_No_Gift_Policy_(11-7-22).pdf) | | | | | | | | |
| 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 and monitoring of the 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 www.careedge.in |

**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. | 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 behaviour or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. We have No Gift Policy to demonstrate the Company's values and commitment to provide equal treatment to all individuals or organizations that we deal with for our business. CARE Group personnel are prohibited from accepting gifts from clients, prospective clients, business partners, vendors, any third parties or persons connected with any form of business dealings with CareEdge. The Company has many Channels of communications, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns. |
| | Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others? | Yes, it is 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 establish 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.<br><br>In the financial year 2021-22, 1 complaint with respect to Non-receipt of Dividend warrant was 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.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

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 Mediclaim, 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 31.03.2022**

   491

2. **Please indicate the Total number of employees hired on temporary basis / Contractual / casual basis as on 31.03.2022**

   34 Contractual Employees

3. **Please indicate the Number of permanent women employees as on 31.03.2022**

   188

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 personnel.

**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 redressal mechanism in place where any stakeholder can send an email to 'investor.relations@careedge.in' 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. 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 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), Association of Indian Rating Agencies (AIRA), 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 help 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 Rs 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 VIII 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 measurable.

**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.careedge.in 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 - VI**

# 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**

## PART "A": SUBSIDIARIES

| | | | |
|---|---|---|---|
| 1 | **Name of the Subsidiary** | **CARE Risk Solutions Private Limited** | |
| | **Date since when subsidiary was acquired** | **November 22, 2011** | |
| | **Reporting period for the subsidiary concerned, if different from the holding Company`s reporting period** | **April 1, 2021 to March 31, 2022 (Same as that of Holding Company)** | |
| | | **As on March 31, 2022** | **As on March 31, 2021** |
| | Share Capital | 15,79,77,300 | 8,01,35,000 |
| | Reserves and Surplus | (13,20,39,000) | (3,58,79,222) |
| | Total Assets (Non-Current Assets + Current Assets) | 24,55,31,602 | 22,75,26,619 |
| | Total Liabilities (Non-Current Liabilities + Current Liabilities) | 21,95,93,619 | 18,32,70,841 |
| | Details of Investments (excluding investments in subsidiary company) | - | - |
| | Turnover | 13,45,10,000 | 16,11,95,708 |
| | Profit/(Loss) before Tax | (11,78,85,574) | 2,05,85,180 |
| | Provision for Taxation Tax Expenses (Deferred Tax) | (2,08,91,915) | (20,54,588) |
| | Profit/(Loss) after the Tax | (9,69,93,659) | 2,26,39,769 |
| | Proposed / Interim Dividend (including Dividend Tax) | - | - |
| | % of shareholding | 100% | 100% |

| | | | |
|---|---|---|---|
| 2. | **Name of the Subsidiary** | **CARE Advisory Research and Training Limited** | |
| | **Date since when subsidiary was acquired** | **September 6, 2016** | |
| | **Reporting period for the subsidiary concerned, if different from the holding Company`s reporting period** | **April 1, 2021 to March 31, 2022 (Same as that of Holding Company)** | |
| | | **As on March 31, 2022** | **As on March 31, 2021** |
| | Share Capital | 4,09,54,500 | 4,09,54,500 |
| | Reserves and Surplus | (30,94,722) | 1,41,52,682 |
| | Total Assets (Non-Current Assets + Current Assets) | 5,94,62,824 | 7,19,03,128 |
| | Total Liabilities (Non-Current Liabilities + Current Liabilities) | 2,16,02,435 | 1,67,95,946 |
| | Details of Investments (excluding investments in subsidiary company) | - | - |
| | Turnover | 7,40,68,037 | 5,36,75,438 |
| | Profit/(Loss) before Tax | (1,71,52,516) | (45,56,916) |
| | Provision for Taxation Tax Expenses (Deferred Tax) | (7,71,015) | (10,67,471) |
| | Profit/(Loss) for the Year | (1,79,23,531) | (34,89,445) |
| | Proposed / Interim Dividend (including Dividend Tax) | - | - |
| | % of shareholding | 100% | 100% |

| | | | |
|---|---|---|---|
| 3. | **Name of the Subsidiary** | **CARE Ratings (Africa) Private Limited** | |
| | **Date since when subsidiary was acquired** | **December 12, 2014** | |
| | **Reporting period for the subsidiary concerned, if different from the holding Company`s reporting period** | **April 1, 2021 to March 31, 2022** **(Same as that of Holding Company)** | |
| | | **As on March 31, 2022** | **As on March 31, 2021** |
| | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | MUR Rs 1.6415/MUR | MUR Rs 1.7569/MUR |
| | Share Capital | 2,63,01,565 | 2,63,01,565 |
| | Reserves and Surplus | 5,09,63,516 | 3,07,51,698 |
| | Total Assets (Non-Current Assets + Current Assets) | 8,54,88,393 | 6,78,44,260 |
| | Total Liabilities (Non-Current Liabilities + Current Liabilities) | 1,15,49,772 | 1,07,90,997 |
| | Details of Investments (excluding investments in subsidiary company) | - | - |
| | Turnover | 5,99,63,296 | 4,49,27,719 |
| | Profit/(Loss) before Tax | 3,42,77,426 | 2,17,95,819 |
| | Provision for Taxation Tax Expenses (Deferred Tax) | (60,44,411) | 37,36,578 |
| | Profit/(Loss) after the Tax | 2,82,33,015 | 1,80,59,240 |
| | Proposed / Interim Dividend (including Dividend Tax) | 65,66,108 | - |
| | % of shareholding | 78% | 78% |

| | | | |
|---|---|---|---|
| 4. | **Name of the Subsidiary** | **CARE Ratings Nepal Limited** | |
| | **Date since when subsidiary was acquired** | **February 5, 2018** | |
| | **Reporting period for the subsidiary concerned, if different from the holding Company`s reporting period** | **April 1, 2021 to March 31, 2022** **(Same as that of Holding Company)** | |
| | | **As on March 31, 2022** | **As on March 31, 2021** |
| | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | **NPR** **1 Rs = 1.60 NPR** | **NPR** **1 Rs = 1.60 NPR** |
| | Share Capital | 3,12,50,000 | 3,12,50,000 |
| | Other Equity | 4,44,60,925 | 2,84,69,373 |
| | Total Assets (Non-Current Assets + Current Assets) | 9,98,02,807 | 8,14,64,960 |
| | Total Liabilities (Non-Current Liabilities + Current Liabilities) | 2,40,91,882 | 2,17,45,587 |
| | Details of Investments (excluding investments in subsidiary company) | - | - |
| | Turnover | 4,44,70,854 | 4,04,47,279 |
| | Profit/(Loss) before Tax | 2,94,69,222 | 2,86,43,200 |
| | Provision for Taxation Tax Expenses including Deferred Tax | 70,19,588 | 71,60,800 |
| | Profit/(Loss) after the Tax | 2,24,49,634 | 2,14,82,400 |
| | Proposed / Interim Dividend (including Dividend Tax) | 65,78,948 | 65,78,948 |
| | % of shareholding | 51% | 51% |

1. Names of subsidiaries which are yet to commence operations : Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

# 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. Name of associates or joint ventures which are yet to commence operations: Not Applicable
2. Name of associates or joint ventures which have been liquidated or sold during the year: Not Applicable

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

**Sd/-**
**Najib Shah**
**Chairman**
**(DIN-08120210)**
**Date: July 29, 2022**
**Place: Mumbai**

**Sd/-**
**Mehul Pandya**
**Managing Director and CEO**
**(DIN-07610232)**
**Date: July 29, 2022**
**Place: Mumbai**

**Sd/-**
**Adesh Kumar Gupta**
**Chairman-Audit Committee**
**(DIN-00020403)**
**Date: July 29, 2022**
**Place: Mumbai**

**Sd/-**
**Jinesh Shah**
**Chief Financial Officer**
**M. No.-117833**
**Date: July 29, 2022**
**Place: Mumbai**

**Sd/-**
**Nehal Shah**
**Company Secretary**
**M. No.- A18077**
**Date: July 29, 2022**
**Place: Mumbai**

**ANNEXURE - VII**

# 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 Ratings Limitd (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 ("the Board") of CARE has the obligations for the stewardship of the Company. Accordingly, the Board 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, 2022 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 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 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, 2022 are as follows:**

As on March 31, 2022, 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 Eight (8) Directors, of whom Five (5) are Non-Executive Independent Directors, Two (2) of them are Non- Executive & Non-Independent Directors and One (1) of them is an Executive Director. The Board has two women directors on the Board including one 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. The profiles of Directors can be found on https://www.careratings.com/board-of-directors.aspx

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 ("the Act"), rules made therein and the 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 required under the provisions of the Act read with rules made there under, the Listing Regulations 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 and (vi) Rating Sub Committee.

None of the Directors is a member of more than Ten (10) Board-level committees or Chairperson of more than Five (5) such committees across all public companies in which he/she is a Director (here Committees mean Audit Committee and Stakeholders` Relationship Committee only) as required under Regulation 26 of the Listing Regulations. Further, none of the Non-Executive Independent Directors serve as an Independent Director in more than Seven (7) listed entities and the Managing Director is not Independent Director in more than Three (3) listed entities as required under Regulation 17A 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. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022 have been made by the Directors.

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field are considered by the Nomination and Remuneration Committee, for appointment as an Independent Director on the Board. The Board considers the recommendations of the Nomination and Remuneration Committee and takes appropriate decision.

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. In terms of Regulation 25 (8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may reasonably anticipated that could impair or impact their ability to discharge their duties.

Pursuant to a notification dated October 22, 2019 issued by the MCA, all Independent Directors have completed the registration with the Independent Director databank.

Details of Directors for the financial year 2021-22 is as under:

| Category | Name of Director | DIN | Date of Appointment |
|---|---|---|---|
| Non-Independent & Non-Executive Director | Mr. V. Chandrasekaran | 03126243 | 15-Nov-17 |
| | Ms. Shubhangi Soman* | 09476059 | 28-Jan-22 |
| Non-Executive Independent Director | Mr. Adesh Kumar Gupta | 00020403 | 22-May-18 |
| | Ms. Sonal Gunvant Desai | 08095343 | 30-Mar-19 |
| | Mr. Najib Shah | 08120210 | 17-July-19 |
| | Dr. M. Mathisekaran | 03584338 | 19-Aug-19 |
| | Mr. Ananth Narayan Gopalakrishnan | 05250681 | 19-Aug-19 |
| Executive Director (Managing Director) | Mr. Ajay Mahajan# | 05108777 | 15-Apr-20 |

* Ms. Shubhangi Soman was appointed as a Non-Executive Non-Independent Director on the Board w.e.f. January 28, 2022.

# Mr. Ajay Mahajan resigned as Managing Director and CEO effective from the close of business hours on May 31, 2022.

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

**1.2. Familiarization program for independent directors**

The Company has conducted the familiarization 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 functionaries 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/10082022063621_Familiarisation_Programme_for_Non-Executive_and_Independent_Directors_(10-8-22).pdf

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

During the year, as per the recommendation of Nomination and Remuneration Committee, the Board at its Meeting held on January 28, 2022 has appointed Ms. Shubhangi Soman (DIN:09476059) as an Additional Director (Non-Executive Non-Independent Director) of the Company and later, her appointment as a Non-Executive Non-Independent Director was approved by the Members of the Company through Postal Ballot, the results of which was declared on Thursday, March 24, 2022.

Later, Mr. Ajay Mahajan (DIN-05108777) resigned as the Managing Director and CEO of the Company effective close of business hours on May 31, 2022. The Board of Directors at their Meeting held on May 28, 2022 had approved appointment of Mr. Mehul Pandya as an Interim CEO of the Company effective June 1, 2022 pursuant to resignation of Mr. Ajay Mahajan as MD and CEO.

Further with effect from July 29, 2022, Mr. Mehul Pandya (DIN-07610232) was appointed as an Additional Director designated as Managing Director and CEO of the Company for a term of 5 years, subject to approval of the members of the Company.

At the ensuing Annual General Meeting ("AGM"), in accordance with the provisions of the Act, Mr. V. Chandrasekaran, (DIN-03126243), Non- Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Further, the term of appointment of Mr. Najib Shah, Ms. Sonal Gunvant Desai, Mr. Ananth Narayan Gopalakrishnan and Dr. M. Mathisekaran as an Independent Director expires at the ensuing AGM. It is proposed to re-appoint all these Independent Directors for another term of (3) three years from 29$^{th}$ AGM to 32$^{nd}$ AGM.

Detailed profile of all Directors to be appointed/re-appointed at the AGM in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the AGM.

### 1.4. Board Procedure

A detailed agenda of the meeting is circulated in advance to each Director of Board and Committees 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 in advance to the Board and Committee members. The Board members, in consultation with the Chairperson, may also bring up any other matter for the consideration of the Board.

### 1.5. Meetings of the Board

The Board of Directors met 7 times during the financial year 2021-22 on April 15, 2021, May 8, 2021, June 12, 2021, August 3, 2021, August 28, 2021, October 29 & 30, 2021 and January 28, 2022. The maximum gap between two Board Meetings was not more than one hundred and twenty days.

**Details of attendance as on March 31, 2022**

| Name of the Directors | No. of Board meetings held during the tenure of the director | No. of meetings attended | AGM Held on September 14, 2021# | Number of Directorships in other Companies | | Number of Committee positions held in Audit/ Stakeholders` Relationship Committee in other Public Companies | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Public | Private | Chairman | Member | |
| Mr. Najib Shah | 7 | 7 | Yes | - | 2 | - | - | - |
| Mr. V. Chandrasekaran | 7 | 7 | Yes | 6 | 1 | 5 | 2 | • Grasim Industries Limited- Non-Executive Independent Director<br>• Tamilnadu Newsprint & Papers Limited- Non-Executive Independent Director and<br>• Tata Investment Corporation Limited- Non-Executive Independent Director |
| Mr. Adesh Kumar Gupta | 7 | 7 | Yes | 4 | 1 | 1 | 4 | • Zee Entertainment Enterprises Limited- Non-Executive Non-Independent Director;<br>• Vinati Organics Limited-Non-Executive Independent Director;<br>• India Pesticides Limited- Non-Executive Independent Director and<br>• Grasim Industries Limited- Non-Executive Independent Director |
| Ms. Sonal Gunvant Desai | 7 | 7 | Yes | 2 | 1 | - | 2 | Sharda Cropchem Limited Non-Executive Independent Director |
| Dr. M Mathisekaran | 7 | 7 | Yes | 1 | - | - | - | - |
| Mr. Ananth Narayan Gopalakrishnan | 7 | 7 | Yes | 4 | - | 1 | 3 | Yes Bank Limited-Non-Executive Non-Independent Director |
| Ms. Shubhangi Soman* | - | - | - | - | - | - | - | - |
| Mr. Ajay Mahajan** | 7 | 7 | Yes | 2 | 0 | - | - | - |

# was held through video conference

* Ms. Shubhangi Soman was appointed as an Additional Director under the category Non- Executive Non- Independent Director at the Board meeting held on January 28, 2022. Her appointment as Non- Executive Non – Independent Director was further approved by Members of the Company passed through Postal Ballot on March 23, 2022, the results of which were declared on March 24, 2022.

** Mr. Ajay Mahajan resigned as Managing Director and CEO effective from the close of business hours on May 31, 2022.

As on March 31, 2022, the Board confirms that in the opinion of Board, the Independent Directors fulfill the condition specified by Listing Regulations and are independent of management.

**1.6. 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.

**1.7. 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.

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

None of the Directors of the Company or Key Managerial Personnel (KMP) of the Company are related inter-se.

**1.9. Code of Conduct (Code of Ethics) for Director and Senior Management**

The Board had laid down Code of Conduct for all Directors of the Board and the Senior Management of your Company. The same has been posted on the website of the Company i.e. www.careedge.in

All the Directors of the Board and the Senior Management Personnel of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2022. A declaration to this effect, signed by the Managing Director & CEO forms part of this Report.

**(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 to create an effective and well-rounded board. The capabilities and experiences sought in the directors are outlined here:

i. **Taxation -** Expertise in understanding various taxation laws and application of the same in the context of the business.

ii. **Finance & Investments -** Expertise in understanding and management of complex financial functions and processes, deep knowledge of investments, finance and treasury for financial health of the Company.

iii. **Leadership and Board Experience -** Leadership skill includes ability to appropriately represent the Company, set appropriate Board and organization culture and take decisions in the interest of the Company. Board experience in terms of being director on the Board of other companies.

iv. **Risk Management -** Ability to identify key risks for the business in a wide range of areas including providing guidance for mitigating the same.

v. **Global Business Perspective -** Has exposure to global business practices or deep understanding of diverse business environments, economic conditions, cultures and broad perspective on global market opportunities etc.

vi. **Technology -** Has expertise with respect to business specific technologies. Has experience and adds perspective on the future ready skills required by the organization such as E-Commerce, Digital, and Sustainability etc.

vii. **Business Strategy -** 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.

viii. **Industry and Market Expertise -** In case of Industry expertise, the person 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.

In case of Market expertise, the person 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.

ix. **Governance -** Has an understanding of the law and application of corporate governance principles in a commercial enterprise of similar scale.

x. **People and 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.

**(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:**

| Skillsets | Najib Shah | V. Chandrasekaran | Adesh Kumar Gupta | Sonal Desai | M. Mathisekaran | Ananth Narayan Gopalakrishnan | Shubhangi Soman |
|---|---|---|---|---|---|---|---|
| Taxation | Y | Y | Y | Y | - | - | Y |
| Finance & Investments | Y | Y | Y | Y | Y | Y | Y |
| Leadership and Board Experience | Y | Y | Y | Y | Y | Y | Y |
| Risk Management | Y | Y | Y | Y | Y | Y | Y |
| Global business perspective | Y | Y | Y | Y | Y | Y | Y |
| Technology | - | - | Y | Y | - | - | - |
| Business Strategy | Y | Y | Y | Y | Y | Y | Y |
| Industry and Market Expertise | Y | Y | Y | - | Y | Y | - |
| Governance | Y | Y | Y | Y | Y | Y | Y |
| People and Talent Understanding | 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 which acts a link between the management, external and internal auditors and the Board of Directors of the Company, is responsible for overseeing the Company`s financial reporting process by providing direction to audit function and monitoring the scope and quality of Internal and Statutory Audits. The Audit Committee of the Company has been constituted in compliance with the provisions of Section 177 of the Act read with Regulation 18 of the Listing Regulations.

The Audit Committee as on March 31, 2022, comprised of Three (3) members i.e. Mr. Adesh Kumar Gupta- Non-Executive Independent Director as Chairman and Ms. Sonal Gunvant Desai- Non-Executive Independent Director and Mr. Ananth Narayan Gopalakrishnan, Non-Executive Independent Director as members. The qualifications and expertise of the Committee members are in line with the requirements of the Listing Regulations read with Section 177 of the Act. The Chairperson of the Committee is an Independent Director.

Later, Ms. Shubhangi Soman, Non-Executive Non-Independent Director was inducted as the member of the Committee effective May 28, 2022.

Mr. Adesh Kumar Gupta, Chairman of Audit Committee attended the Annual General Meeting of the Company which was held on September 14, 2021.

#### (B) Terms of reference

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

1. 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;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing and monitor the auditor's independence and performance, and effectiveness of audit process;

5. 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.
6. Reviewing, with the management, the quarterly financial statements / results of all the group entities before submission to the board for approval;
7. 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;
8. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
9. 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 and prevention of Sexual Harassment 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.
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**(C) Meetings of the Audit Committee**

The Audit Committee met Five (5) times during the financial year 2021-22 on April 15, 2021, June 12, 2021, August 03, 2021, October 29, 2021 and January 28, 2022. The time gap between any two meetings was less than 120 days as prescribed under the Listing Regulations.

| Details of attendance | | |
|---|---|---|
| **Name of Directors** | **No. of Committee Meetings held** | **No. of Meetings attended** |
| Mr. Adesh Kumar Gupta | 5 | 5 |
| Ms. Sonal Gunaunt Desai | 5 | 5 |
| Mr. Ananth Narayan Gopalakrishnan | 5 | 5 |

The Company Secretary of your Company is the Secretary to the Audit Committee.

**2.2. Nomination and Remuneration Committee**

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

The Nomination and Remuneration Committee has been constituted in compliance with the provisions of Section 178 of the Act read with Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee ("NRC") as on March 31, 2022, comprised of Three (3) members i.e. Ms. Sonal Gunaunt Desai-Non-Executive Independent Director as Chairperson and Mr. Najib Shah- Non-executive Independent Director and Mr. V. Chandrasekaran, Non- Executive Director as members.

During the year, Mr. Najib Shah was appointed as the Chairman of the Company effective May 8, 2021. Accordingly, he stepped down as the Chairman of NRC with effect from said date, but however, continued as a member of NRC. The Board appointed Ms. Sonal Gunvant Desai, Non-Executive Independent Director as a Chairperson of the NRC w.e.f. June 12, 2021.

The Company Secretary of your Company is the Secretary to the NRC.

**(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) 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 specify the manner for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board, by the Committee or by any an independent external agency and review its implementation and compliance;

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.

5) 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;

6) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a. use the services of an external agencies, if required;

   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c. consider the time commitments of the candidates.;

7) Formulation of criteria for evaluation of Independent Directors and the Board;

8) Devising a policy on Board diversity;

9) 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.

10) 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.

11) Recommend to the board, all remuneration, in whatever form, payable to senior management.

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

The Committee met Five (5) times during the financial year 2021-22 on April 15, 2021, June 12, 2021, July 17, 2021, October 18, 2021 and January 20, 2022.

| | Details of attendance | |
|---|---|---|
| **Name of Directors** | **No. of Committee Meetings held** | **No. of Meetings attended** |
| Ms. Sonal Gunvant Desai | 5 | 5 |
| Mr. V. Chandrasekaran | 5 | 5 |
| Mr. Najib Shah | 5 | 5 |

**(D) Remuneration/Sitting Fees paid to Directors**

During the Financial year 2021-22, your Company paid remuneration to its Managing Director and CEO in accordance with the remuneration approved by the Members at the Annual General Meeting held on September 14, 2021 and the remuneration paid was within the limits envisaged under the applicable provisions of the Act. The remuneration paid to the Managing Director and CEO was approved by the Board and the NRC before seeking the approval of the Members.

**Criteria of making payments to Non-Executive Directors:**

Sitting fees: Rs 100,000/- for attending each Board Meeting and Rs 50,000/- for attending each committee meeting

**Remuneration/Sitting Fees paid to Directors-**

| Sr. No. | Name of the Director | Amount (in Rs) |
|---|---|---|
| 1. | Mr. Najib Shah (Non-Executive Independent Director) | 13,00,000 |
| 2. | Mr. V. Chandrasekaran (Non-Executive Non-Independent Director) | 12,00,000 |
| 3. | Mr. Adesh Kumar Gupta (Non-Executive Independent Director) | 14,50,000 |
| 4. | Ms. Sonal Gunvant Desai (Non-Executive Independent Director) | 14,50,000 |
| 5. | Dr. M Mathisekaran (Non-Executive Independent Director) | 10,00,000 |
| 6. | Mr. Ananth Narayan Gopalakrishnan (Non-Executive Independent Director) | 14,50,000 |
| 7. | Ms. Shubhangi Soman (Non-Executive Non-Independent Director) | - |
| 8. | Mr. Ajay Mahajan (Managing Director & CEO)* | As mentioned below |

* Mr. Ajay Mahajan (DIN-05108777) resigned as Managing Director and CEO effective from the close of business hours on May 31, 2022.

The details of the remuneration to Mr. Ajay Mahajan, Managing Director and CEO is as follows:

| Particulars | Amount (in Rs) |
|---|---|
| Salary & Allowance | 3,62,13,760 |
| Variable Pay (for FY 2021-22) | 76,82,914 |
| Provident Fund Contribution | 7,50,000 |
| Perquisite Value – Stock Option (ESOP)* | 4,59,66,759 |
| Leave Encashment | 13,13,392 |
| Leave travel Allowance | 5,31,252 |
| **Total** | **9,24,58,077** |

* Mr. Ajay Mahajan, Managing Director and CEO was granted 500,000 (Five Lakh) stock options under

Employee Stock Option Scheme 2020. The Exercise period for stock options would be two years from the date of vesting, in line with the ESOS Scheme 2020 and as approved by the Members at the Annual General Meeting held on September 08, 2020.

On December 21, 2021, 166,667 equity shares of the Company were allotted to Mr. Ajay Mahajan pursuant to exercise of stock options at an exercise price of Rs 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 Director 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. The results of such evaluation are presented to the Board of Directors.

**2.3. Stakeholders Relationship Committee**

**(A) Composition of Stakeholders Relationship Committee**

The Stakeholders Relationship Committee of the Company was constituted by the Board in compliance of the provisions of Section 178 of the Act read with Regulation 20 of the Listing Regulations to look into the redressal of shareholders`/investors` complaints, such as transfer of securities, non-receipt of dividend, notice, Annual Reports and all other securities holder related matters.

The Stakeholders Relationship Committee as on March 31, 2022 comprised of three members i.e. Dr. M Mathisekaran, Non-Executive Independent Director as Chairperson, Mr. Ananth Narayan Gopalakrishnan, Non-Executive Independent Director and Mr. Ajay Mahajan, Managing Director and CEO as members. The Company Secretary of your Company is the Secretary to the Stakeholders` Relationship Committee.

Later, in view of resignation of Mr. Ajay Mahajan, Managing Director and CEO, the Board at its meeting held on May 28, 2022 had reconstituted the Committee and Ms. Shubhangi Soman, Non-Executive Non-Independent Director and Mr. Najib Shah, Non-Executive Independent Director were appointed as members of the Committee effective May 28, 2022 and Mr. Ananth Narayan Gopalakrishnan, Non-Executive Independent Director and Mr. Ajay Mahajan ceased to be members of the Committee effective May 28, 2022.

Mr. Haresh Swaminathan (Qualified Company Secretary) acted as the Interim Compliance Officer of the Company with effect from March 3, 2021 till June 12, 2021.

During the year, Ms. Nehal Shah was appointed as the Company Secretary and Compliance Officer by the Board of Directors at their meeting held on June 12, 2021. Ms. Nehal Shah, Company Secretary acts as the Compliance Officer of the Company. 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 once (1) during the financial year 2021-22 on March 08, 2022.

| Details of attendance | | |
|---|---|---|
| **Name of Directors** | **No. of Committee Meeting held** | **No. of Meetings attended** |
| Dr. M Mathisekaran | 1 | 1 |
| Mr. Ananth Narayan Gopalakrishnan | 1 | 1 |
| Mr. Ajay Mahajan | 1 | 1 |

**(D) Details of shareholders complaints during Financial Year ended March 31, 2022 are as follows:**

The Company has received 1 (One) complaint from the shareholder during the financial year ended March 31, 2022. The details are as follows-

| No | Description | Complaints received | Complaints attended | Complaints pending |
|---|---|---|---|---|
| 1. | Non-receipt of Dividend Warrant | 1 | 1 | 1 |
| 2. | Non-receipt of Electronic Credits | NIL | NIL | NIL |
| 3. | Non-receipt of Annual Report | NIL | NIL | NIL |
| 4. | Non-receipt of Securities | NIL | NIL | NIL |
| 5. | Non-receipt of Refund Order | NIL | NIL | NIL |
| 6. | Non-receipt of Refund Order (Complaint received through SEBI/NSE/BSE) | NIL | NIL | NIL |
| | **TOTAL** | **1** | **1** | **1** |

**2.4. Corporate Social Responsibility Committee**

**(A) Composition of Corporate Social Responsibility Committee**

The Committee as on March 31, 2022 comprised of four members i.e., Dr. M. Mathisekaran, Non-Executive Independent Director as Chairman, Ms. Sonal Gunvant Desai, Non-Executive Independent Director, Mr. V. Chandrasekaran, Non-Executive Director and Mr. Ajay Mahajan - Managing Director and CEO as members.

In view of resignation as Managing Director and CEO of the Company, Mr. Ajay Mahajan ceased to be a member of the Committee effective May 28, 2022.

**(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. Formulate and recommend to the Board an Annual Action Plan covering following that are in line with the CSR Policy of the Company:
   - The list of CSR projects or programmes that are approved to be undertaken in the area of Schedule VII;
   - Manner of the execution of such projects;
   - Modalities of utilization of funds and implementation of schedule for the projects
   - Monitoring and reporting mechanism for the projects or programmes; and
   - Details of need and impact assessment, if any, for the project undertaken by the Company.
3. Recommend the amount of CSR expenditure to be incurred on the activities referred in clause (2) for approval of the Board.
4. Put monitoring mechanisms in place to track the progress of each project.
5. Undertake such other duties and responsibilities as specified under the Act and the CSR Rules.

**(C) Meetings & attendance of the Corporate Social Responsibility Committee**

The Committee met twice (2) during the financial year 2021-22 on September 03, 2021 and February 07, 2022.

| 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 Gunvant Desai | 2 | 2 |
| Mr. Ajay Mahajan | 2 | 2 |

## 2.5. Risk Management Committee

### (A) Composition of Risk Management Committee

Risk Management Committee has been constituted in compliance with Regulation 21 of the Listing Regulations. The Committee as on March 31, 2022 comprised of Three (3) members i.e. Ms. Sonal Gunvant Desai, Non-Executive Independent Director as Chairperson, Dr. M Mathisekaran, Non-Executive Independent Director and Mr. Ajay Mahajan, Managing Director and CEO as members.

Later, the Board at its meeting held on May 28, 2022 had reconstituted the Committee in view of resignation of Mr. Ajay Mahajan, Managing Director and CEO. Accordingly, Mr. Ananth Narayan Gopalakrishnan, Non-Executive Independent Director was inducted as a Member and Chairperson of the Committee and Mr. V. Chandrasekaran, Non-Executive Non-Independent Director was inducted as a member of the Committee and Mr. Ajay Mahajan, Managing Director and CEO and Ms. Sonal Gunvant Desai, Non-Executive Independent Director ceased to be members of the Committee with effect from May 28, 2022.

### (B) Terms of Reference

The terms of reference of the Committee approved by the Board is as follows:

1. Formulate a detailed risk management policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   b. Measures for risk mitigation including systems and processes for internal control of identified risks.
   c. Business continuity plan.
2. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

   Further, it shall periodically review and evaluate the Company's policies and practices with respect to risk assessment and risk management and annually present to the full board a report summarising the committee's review of the Company's methods for identifying, managing, and reporting risks and risk management deficiencies
5. Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. The Risk Management Committee may form and delegate authority to subcommittees when appropriate. It shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
8. The Risk Management Committee shall make regular reports to the Board, including with respect to risk management and minimization procedures.
9. The Risk Management Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.
10. The Risk Management Committee shall have access to any internal information necessary to fulfill its oversight role. The Risk Management Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
11. The role and responsibilities of the Risk Management Committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.

### (C) Meetings & attendance of the Risk Management Committee

The Committee met twice (2) during the financial year 2021-22 on October 21, 2021 and March 09, 2022.

**Details of attendance**

| Name of Directors | No. of Meetings held | No. of Meetings attended |
|---|---|---|
| Ms. Sonal Gunvant Desai | 2 | 2 |
| Dr. M. Mathisekaran | 2 | 2 |
| Mr. Ajay Mahajan | 2 | 2 |

## 2.6. Rating Sub-Committee

### (A) Composition of Rating Sub-Committee

Securities & Exchange Board of India (SEBI), with a view to enhance the governance norms for Credit Rating Agencies (CRAs) had recommended constitution of a committee of the Board of Directors of the CRA titled "Rating Sub-committee" (RSC).

The purpose of this sub-committee is to ensure independence of the rating function. The Chief Rating Officer of CARE Ratings (who presides over the entire rating analytical function) reports to the RSC.

This committee is responsible for approving the operating guidelines and policies for rating including the rating code of conduct, policy on management of conflict of interest, etc.

Apart from this, the RSC also reviews the compliance status with respect to SEBI CRA Regulations, IOSCO Code of Conduct, internal audit of rating operations and steps taken by the Company to continuously improve its rating processes.

The RSC has over the last 2 years provided valuable inputs to strengthen the rating process as well as the analytical capabilities. Under their guidance, the rating performance as measured by Default and Transition statistics has improved significantly.

### (B) Terms of Reference

1. The Ratings Sub-Committee shall:

a. Approve the following
   - i. Operating Guidelines and Policies for Rating
   - ii. Ratings code of conduct
   - iii. Policy on management of Conflict of Interest
   - iv. Policy for dealing with Conflict of Interest in investment / trading by CARE, Access Persons and other employees
   - v. Whistle- blower policy for ratings

b. Review the following
   - Compliance Status of Iosco Code of Conduct
   - Internal Audit reports on
     - Semi-annual SEBI mandated Audit (which incorporates Compliance Officer's observation) for the comments of Board
     - Any other audit conducted on the Ratings business
   - Report on Chairperson's review of Rating Committee decisions
   - Report on breaches, complaints (including SCORES) and incidents
   - Report on compliance with CRA regulations
   - Report on findings of SEBI inspection and action taken report
   - Report on any other action taken by SEBI against CRA
   - Report on regulatory developments and their implications
   - Bi-annual update on the performance of the ratings – default and transition statistics, criteria updates, knowledge sharing opinion pieces etc. presented by the Chief Rating Officer
   - Report by the CRO that all required disclosures have been made on a timely basis along with reasons for deviations
   - Sharp rating changes study as mandated per SEBI circular and place the same before the Board for review.
   - Constitution/reconstitution of Rating Committee (s)
   - Steps taken by the company to improve its analytical capabilities and market acceptability.
   - Latest developments in the CRA industry including relative placement of CARE's ratings.

2. The Rating Sub-Committee shall not certify, clear and approve any ratings/rating decisions. This will remain the responsibility of the rating committees.

3. The Ratings Sub-Committee shall have authority to investigate into any matter in relation to the items specified in sub-section 1 (b) (vii) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

4. The Ratings Sub-Committee shall recommend the appointment of the Chief Rating Officer to the NRC/Board.
5. The CRO will have the responsibilities as per Section E of this Charter.
6. The minutes of the Committee shall be placed before the Board.

**(C) Meetings & attendance of the Rating Sub-Committee**

The Committee met six (6) times during the financial year 2021-22 on May 13, 2021, July 29, 2021, August 12, 2021, November 30, 2021, January 18, 2022 and March 22, 2022.

| Details of attendance | | |
|---|---|---|
| **Name of Directors** | **No. of Meetings held** | **No. of Meetings attended** |
| Mr. Ananth Narayan Gopalakrishnan | 6 | 5 |
| Mr. Adesh Kumar Gupta | 6 | 6 |
| Mr. Najib Shah | 6 | 6 |

**2.7. Independent Directors Meeting**

As on March 31, 2022, the Company had Five (5) Independent Directors i.e. Mr. Najib Shah, Mr. Adesh Kumar Gupta, Ms. Sonal Gunvant Desai, Dr. M. Mathisekaran and Mr. Ananth Narayan Gopalakrishnan on its Board.

Regulation 25 (3) of the Listing Regulations and Section 149 (8) read with Schedule IV of the Act and the rules made thereunder mandate that the Independent Directors of the Company shall hold atleast one meeting in a year, without the presence of non-independent directors and members of the Management.

Accordingly, during the financial year 2021-22, one meeting of the Independent Directors was held on March 22, 2022. The meeting was attended by Mr. Najib Shah, Mr. Adesh Kumar Gupta, Ms. Sonal Gunvant Desai, Dr. M Mathisekaran and Mr. Ananth Narayan Gopalakrishnan 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:

| Financial Year | Venue | Date and Time | No. of special resolutions passed | Special Resolutions Passed |
|---|---|---|---|---|
| 2020-21 | The Company conducted AGM through VC/ OAVM pursuant to the MCA Circular dated April 08, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 and as such there is no requirement to have a venue for the AGM | September 14, 2021 at 3.30 p.m. | 2 | 1) Approval of remuneration payable to Mr. Ajay Mahajan (DIN: 05108777) as the Managing Director and Chief Executive Officer (CEO) of the Company;<br>2) Re-appointment of Mr. Adesh Kumar Gupta (DIN: 00020403), as an Independent Director of the Company to hold office for a second term |
| 2019-20 | 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 at 3.30 p.m. | 4 | 1) Appointment and approval of remuneration payable to Mr. Ajay Mahajan (DIN:05108777) as the Managing Director & CEO;<br>2) Grant of Employee Stock Options to the employees of the Company under CARE Employee Stock Option Scheme 2020;<br>3) Grant of Employee Stock Options to the employees of the Subsidiary Companies of the Company under CARE Employee Stock Option Scheme 2020 and<br>4) Grant of Employee Stock Options equal to or more than 1% of the issued capital of the Company to the identified employees. |
| 2018-19 | Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 | September 30, 2019 at 2.00 p.m. | - | - |

**4. Resolution passed through Postal Ballot:**

During the financial year 2021-22, the Company approached the Members through postal ballot for one ordinary resolution and no special resolution was passed.

**Person who conducted the Postal Ballot exercise i.e. Scrutinizer of Postal Ballot:**

Mr. Ashish Kumar Jain, Proprietor of A. K. Jain & Co., Practicing Company Secretary, was appointed as the Scrutinizer for carrying out the postal ballot in a fair and transparent manner.

**Procedure for Postal Ballot:**

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules and General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021 and General Circular No.20/2021 dated December 8, 2021 ("the MCA Circulars"), the Company sent Notice of Postal Ballot along with Explanatory Statement, setting out material facts and reason for the resolution, to Members/ beneficiaries who have registered their email address with the Company or depositories/depository participants.

Further, the communication of assent/dissent of the Members take place through the remote e-voting system. Physical copies of the postal ballot Notice along with postal ballot forms and pre-paid business reply envelopes were not sent to the Members for this Postal Ballot.

For this purpose, the Company has engaged the services of National Securities Depository Limited and the Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules. Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members were requested to cast their vote through e-voting facility before the close of business hours on the last date of e-voting. The Scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer. The results were also displayed on website of the Company, www.careedge.in, besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

**Whether any Special Resolution is proposed to be conducted through Postal Ballot:**

The Company has sent Notice of Postal Ballot to the Members of the Company as on Cut-off date i.e. Friday, July 22, 2022 to obtain approval of the Shareholders of the Company for the Buy-back of Equity Shares of the Company.

**5. 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 practices and procedures of fair disclosure of unpublished price sensitive information in compliance with the said Regulations. The said Code is also available on the website of the Company i.e. www.careedge.in

**6. Other policies**

Your Company had adopted the necessory policies as required under Listing Regulations. These policies have been uploaded on the website of the Company i.e. www.careedge.in

**7. Disclosure Requirements:**

**a) Related party disclosures:**

All transactions entered into during the financial year 2021-22 with Related Parties as defined under the 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 Act 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 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.careedge.in

**b) Details of non-compliance, penalties and strictures imposed on any matter related to capital markets during the last three years:**

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 the Stock Exchanges, 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.

c) **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 Act and Regulation 22 of the Listing Regulations. This Policy 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. Further, no member of staff has been denied access to the Audit Committee. The policy has been uploaded on the website of the Company at www.careedge.in

8. **Details of compliance with mandatory requirements and adoption of non-mandatory Corporate Governance requirements of Listing Regulations:**

Your Company has complied with all the mandatory requirements of Listing Regulations and has also adopted the following non-mandatory requirements of the Listing Regulations:

i. **The Board:**

The Company arranges for reimbursements of expenses incurred by Non-Executive Chairperson of the Company for his official duties.

ii. **Shareholders` right:**

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.

iii. **Unmodified Opinion:**

The Statutory Auditors have expressed an unmodified opinion on the Company's financial statements for the financial year 2021-22.

iv. **Reporting of Internal Auditor:**

The internal auditors of the Company directly report to Audit Committee.

9. **Means of communication**

Your Company's corporate website www.careedge.in provides comprehensive information to the members. The quarterly and annual financial results are published in English and Marathi daily newspapers i.e. Business Standard, Financial Express and Navshakti respectively. The quarterly and annual financial results and the press releases issued are also available on your Company's website www.careedge.in. 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 website of the Company. The disclosures as required under Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 are uploaded on the website of the Company. The shareholding pattern is updated every quarter and is displayed on the website of the Company.

10. **Dividend**

In the financial year 2021-22, the Company had declared one Interim Dividend of Rs 7/- (Rupees Seven only) per equity share. Further, the Board of Directors recommended a Final Dividend of Rs 10/- (Rupees Ten only) per equity share subject to the approval of the Members at the ensuing Annual General Meeting.

11. **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 dividend remained 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 any amendments thereto, 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 IEPF Rules, Rs 5,52,982/- of unpaid/unclaimed dividends and 22 shares were transferred during the financial year 2021-22 to the Investor Education and Protection Fund.

The Company has appointed a Nodal Officer under the provisions of IEPF Rules, the details of which are available on the website of the Company at www.careedge.in.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 14, 2021 on the Company's website at www.careedge.in and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in/. The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2022 shall be updated on or before November 25, 2022.

**12. 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.

**13. Management discussion and analysis report:**

The Management Discussion and Analysis Report has been annexed to the Directors' Report.

**14. Details of utilization of funds raised through Preferential Allotment/Qualified Institutional Placement:**

During the financial year 2021-22, the Company has not raised any capital through preferential allotment of shares or through qualified institutional placement.

**15. 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 Directors' Report and will be sent to the Stock Exchanges at the time of filing of the Annual Report.

**16. CEO & CFO certification**

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 for financial year 2021-22 has been obtained and the same was reviewed by the Board of Directors.

A copy of the certificate is annexed to this report as **Annexure VIIA**.

**17. 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.

**18. 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.

**19. Certificate from Company Secretary in practice regarding disqualification of directors:**

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, 2022 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 2021-22 is annexed to this report as **Annexure VIIB**.

**20. Recommendations of Board/Committees:**

During the financial year 2021-22, the recommendations/opinion suggested by the members on respective subject matters during the Committee/Board Meetings were thoroughly discussed and broadly reviewed by the members and were unanimously approved.

**21. Fees paid to Auditors:**

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 2021-22 are as under:

| Sr. No. | Services provided | Amount (Rs in Lacs) |
|---|---|---|
| 1 | Audit Fees | 42.00 |
| 2 | Tax Audit Fees | 3.45 |
| 3 | Other services | 3.74 |
| 4 | Reimbursement of Expenses | 0.42 |
| | **Total** | **49.61** |

**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 the Listing 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 |
| Explanatory statement to be annexed for every special business to be transacted at General Meeting | 17(A) | 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), (2A) | Yes |
| Composition and role of Risk Management Committee | 21(1),(2), (3),(4) | Yes |

**II. Annual Affirmations**

| Particulars | Regulation Number | Compliance status (Yes/No/NA) refer note below |
|---|---|---|
| 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 Obligations 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 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 requirement of Corporate Governance specified under Listing Regulations.

**24. General Shareholders Information**

| | | |
|---|---|---|
| **a) Annual General Meeting** | Monday, September 26, 2022 | |
| Time | 3:00 p.m (IST) | |
| Venue | The Company is conducting meeting through VC/ OAVM pursuant to the MCA Circular dated May 5, 2022 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) Financial Year** | April 01, 2021 to March 31, 2022 | |
| <u>Quarterly results will be declared as per the following tentative schedule:</u> | | |
| Financial reporting for the quarter ending June 30, 2022 | | On or before August 14, 2022 |
| Financial reporting for the quarter ending September 30, 2022 | | On or before November 14, 2022 |
| Financial reporting for the quarter ending December 31, 2022 | | On or before February 14, 2023 |
| Financial reporting for the quarter and year ending March 31, 2023 | | On or before May 30, 2023 |
| **c) Dates of Book Closure/ Record Date** | Wednesday, September 14, 2022 | |
| **d) Dividend Payment Date** | Final dividend on equity shares for the year ended March 31, 2022 as recommended by the Directors, if approved by the Members at the Annual General Meeting will be paid on or before Tuesday, October 25, 2022. | |

| | | |
|---|---|---|
| **e)** | **Listing on Stock Exchange** | The Company got listed on December 26, 2012. The shares of your Company are listed on:<br>a. BSE Limited<br>P.J. Towers, Dalal Street, Mumbai 400 001, Maharashtra, India<br>b. National Stock Exchange of India Limited<br>Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India<br>The Annual Listing fees for the financial year 2021-22 have been paid to BSE Limited and National Stock Exchange of India Limited. |
| **f)** | **Stock Code** | BSE Limited: 534804<br>National Stock Exchange of India Limited: CARERATING<br>ISIN: INE752H01013 |
| **g)** | **Registrar and Share Transfer Agent** | KFin Technologies Limited<br>Unit: CARE Ratings Limited<br>Selenium Building, Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 032.<br>Tel. No. 040 – 67162222, Fax No. 040 – 23001153<br>Email: einward.ris@kfintech.com,<br>Website: www.kfintech.com<br>Contact Person: Mr. Ganesh Chandra Patro and Mr. Anandan K. |
| **h)** | **Share Transfer System** | 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.<br>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. |

**i) Top 10 equity shareholders of the Company as on March 31, 2022:**

| Sr. No. | Name | Total Shares | % to Equity |
|---|---|---|---|
| 1 | LIFE INSURANCE CORPORATION OF INDIA | 29,02,136 | 9.78 |
| 2 | CRISIL LIMITED | 26,22,431 | 8.84 |
| 3 | PARI WASHINGTON INDIA MASTER FUND, LTD. | 15,66,456 | 5.28 |
| 4 | PHAEACIAN ACCENT INTERNATIONAL VALUE FUND | 11,32,614 | 3.82 |
| 5 | PARI WASHINGTON INVESTMENT FUND | 8,89,899 | 3.00 |
| 6 | GOLDMAN SACHS FUNDS - GOLDMAN SACHS INDIA EQUITY P | 7,22,018 | 2.43 |
| 7 | INDIA INSIGHT VALUE FUND | 7,02,000 | 2.36 |
| 8 | NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA MULTI CAP FUND | 5,50,751 | 1.85 |
| 9 | ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/CADITYA BIRLA SUN LIFE BALANCED ADVANTAGE FUND | 5,47,551 | 1.84 |
| 10 | RUSSELL INVESTMENTS LIMITED | 5,31,000 | 1.79 |

**ii) Market Price Data high / low during each month from April 2021 to March 2022:**

| PERIOD – 2021-22 | BSE | | NSE | |
|---|---|---|---|---|
| | HIGH | LOW | HIGH | LOW |
| April 2021 | 526.45 | 410.00 | 526.40 | 414.00 |
| May 2021 | 615.75 | 495.00 | 616.00 | 493.90 |
| June 2021 | 759.00 | 566.00 | 759.80 | 565.45 |
| July 2021 | 791.15 | 680.00 | 791.00 | 688.50 |
| August 2021 | 783.25 | 639.00 | 783.40 | 640.05 |
| September 2021 | 744.70 | 664.05 | 744.00 | 664.00 |
| October 2021 | 734.00 | 668.10 | 733.30 | 667.05 |
| November 2021 | 692.45 | 605.00 | 692.00 | 603.40 |
| December 2021 | 659.50 | 564.20 | 660.05 | 556.65 |
| January 2022 | 653.00 | 565.30 | 654.85 | 569.00 |
| February 2022 | 589.00 | 490.00 | 584.95 | 445.30 |
| March 2022 | 556.00 | 495.20 | 554.80 | 494.55 |

**J) Distribution Schedule and Shareholding Pattern as on March 31, 2022:**

| Sr. No | No. of Equity Shares | No of Shareholders | | No. of Shares | | % of Equity Capital | |
|---|---|---|---|---|---|---|---|
| | | Physical | Demat | Physical | Demat | Physical | Demat |
| 1 | 1-5000 | 2 | 66,850 | 281 | 37,82,469 | 0.00 | 12.76 |
| 2 | 5001- 10000 | 1 | 2,037 | 684 | 15,16,165 | 0.00 | 5.11 |
| 3 | 10001- 20000 | 0 | 889 | 0 | 12,88,588 | 0.00 | 4.35 |
| 4 | 20001- 30000 | 0 | 302 | 0 | 7,58,881 | 0.00 | 2.56 |
| 5 | 30001- 40000 | 0 | 145 | 0 | 5,18,073 | 0.00 | 1.75 |
| 6 | 40001- 50000 | 0 | 92 | 0 | 4,25,093 | 0.00 | 1.43 |
| 7 | 50001- 100000 | 0 | 136 | 0 | 9,61,948 | 0.00 | 3.24 |
| 8 | 100001& Above | 0 | 155 | 0 | 2,03,94,365 | 0.00 | 68.79 |
| | **Total** | **3** | **70,606** | **965** | **2,96,45,582** | **0** | **100** |

**K) Shareholding Pattern as on March 31, 2022**

| Sr. No. | Category | No. of Shares Held | Percentage (%) |
|---|---|---|---|
| I | PROMOTERS | - | - |
| II | NON-PROMOTERS | | |
| a) | ALTERNATIVE INVESTMENT FUND | 10,91,894 | 3.68 |
| b) | BANKS | 12 | 0.00 |
| c) | CLEARING MEMBERS | 80,547 | 0.27 |
| d) | EMPLOYEES | 3,60,445 | 1.22 |
| e) | FOREIGN PORTFOLIO - CORP | 76,31,736 | 25.74 |
| f) | FOREIGN PORTFOLIO INVESTORS | 278 | 0.00 |
| g) | HUF | 4,10,576 | 1.38 |
| h) | INDIAN FINANCIAL INSTITUTIONS | 5,855 | 0.02 |
| i) | BODIES CORPORATES | 50,72,659 | 17.11 |
| j) | MUTUAL FUNDS | 10,98,302 | 3.70 |
| k) | NBFC | 150 | 0.00 |
| l) | NATIONALISED BANK | 537 | 0.00 |
| m) | NON RESIDENT INDIANS | 7,42,708 | 2.51 |
| n) | NRI NON-REPATRIATION | 2,13,927 | 0.72 |
| o) | RESIDENT INDIVIDUALS | 96,34,608 | 32.50 |
| p) | QIB | 32,00,418 | 10.80 |
| q) | TRUSTS | 1,01,747 | 0.34 |
| r) | IEPF | 148 | 0.00 |
| | **TOTAL** | **2,96,46,547** | **100.00** |

| | | |
|---|---|---|
| L) | **Dematerialization of Shares and Liquidity** | 29,645,582 equity shares which constitutes 99.997% of the paid-up capital as on March 31, 2022 of your Company are held in electronic mode. |
| M) | **Registered Office & Address for Correspondence** | CARE Ratings Limited<br>4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai– 400 022<br>Tel No: 022 - 67543456<br>Fax No: 022 – 67543457 |
| N) | **Plant location** | In view of the nature of the Company's business viz. providing rating services, the Company operates from the following mentioned offices in India. |

| | |
|---|---|
| **Ahmedabad**<br>32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015<br>Tel: +91-79-4026 5656 | **Andheri**<br>A Wing - 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road, Chakala, Andheri (East), Mumbai-400 093<br>Tel No.: +91-22-6837 4400 |
| **Bengaluru**<br>Unit No. 205 -208, 2nd Floor, Prestige Meridian 1, No. 30, M. G. Road, Bengaluru, Karnataka 560 001<br>Tel: +91-80-46625555 | **Chennai**<br>Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai – 600 002<br>Tel: +91-44-2849 7812 / 0811 |
| **Hyderabad**<br>401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad - 500 029<br>Tel: +91-40-4010 2030 | **Coimbatore**<br>T-3, 3rd Floor, Manchester Square, Puliakulam Road, Coimbatore - 641 037<br>Tel: +91-422-4332399 / 4502399 |
| **Kolkata**<br>3rd Floor, Prasad Chambers, (Shagun Mall Bldg.), 10A, Shakespeare Sarani, Kolkata - 700 071<br>Tel: +91-33- 4018 1600 | **New Delhi**<br>13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055.<br>Tel: +91-11-4533 3200 |
| **Pune**<br>9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.<br>Tel: +91-20- 4000 9000 | |

| | | |
|---|---|---|
| O) | **Email** | care@careedge.in |
| P) | **Investor Complaints ID** | investor.relations@careedge.in |
| Q) | **Website** | www.careedge.in |
| R) | **Compliance Officer** | Ms. Nehal Shah<br>Company Secretary & Compliance Officer (With effect from June 12, 2021)<br>CARE Ratings Limited<br>4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East),<br>Mumbai – 400 022<br>Tel No: 022 - 67543456,<br>Fax No: 022 – 67543457 |
| S) | **Green Initiative** | 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.<br>To enable the Company to send its Annual Report, Notice of AGM and other documents for the financial year ended March 31, 2022 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. |

**T) CARE share price vs. NSE NIFTY**

| Month | CARE Close Price (Rs) (NSE) | NSE NIFTY |
|---|---|---|
| April 2021 | 500.80 | 14631.10 |
| May 2021 | 587.45 | 15582.80 |
| June 2021 | 707.25 | 15721.50 |
| July 2021 | 726.15 | 15763.05 |
| August 2021 | 677.30 | 17132.20 |
| September 2021 | 667.05 | 17618.15 |
| October 2021 | 685.90 | 17671.65 |
| November 2021 | 629.05 | 16983.20 |
| December 2021 | 619.25 | 17354.05 |
| January 2022 | 574.55 | 17339.85 |
| February 2022 | 537.00 | 16793.90 |
| March 2022 | 510.45 | 17464.75 |

**U) CARE share price vs. BSE SENSEX**

| Month | CARE Close Price (Rs) BSE) | BSE SENSEX |
|---|---|---|
| April 2021 | 499.50 | 48782.36 |
| May 2021 | 587.60 | 51937.44 |
| June 2021 | 706.50 | 52482.71 |
| July 2021 | 726.45 | 52586.84 |
| August 2021 | 677.40 | 57552.39 |
| September 2021 | 667.30 | 59126.36 |
| October 2021 | 687.55 | 59306.93 |
| November 2021 | 629.25 | 57064.87 |
| December 2021 | 618.85 | 58253.82 |
| January 2022 | 573.60 | 58014.17 |
| February 2022 | 537.10 | 56247.28 |
| March 2022 | 512.10 | 58568.51 |

**V) The Company has not received any complaint during the financial year ended March 31, 2022 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 pending as on April 1, 2021 | Nil |
| No. of Complaints filed during the year | Nil |
| No. of Complaints disposed of during the year | Nil |
| No. of Complaints pending as on March 31, 2022 | Nil |

**W) Outstanding GDRs/ ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

Your 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, 2022.

**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.

**ANNEXURE - VIIA**

## CEO & CFO CERTIFICATE

**Pursuant to Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,
**The Board of Directors,**
**CARE Ratings Limited**

We, Ajay Mahajan, Managing Director & Chief Executive Officer (CEO) and 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 financial year ended 31st March 2022 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) 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 that 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

(1) significant changes in the internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and

(4) 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 & Chief Executive Officer**

**Sd/-**
**Jinesh Shah**
**Chief Financial Officer**

**Place: Mumbai**
**Date: May 28, 2022**

**ANNEXURE - VIIB**

## 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, 4th 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, 4th 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 and 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) 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 March 31, 2022 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 | Dr. Mathisekaran Madasamy | 03584338 | 19/08/2019 |
| 4 | Ms. Sonal Gunvant 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 Mohanlal Mahajan | 05108777 | 15/04/2020 |
| 8 | Mrs. Shubhangi Sanjay Soman | 09476059 | 28/01/2022 |

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**
**Peer Review Certificate No.1485/2021**

**Place: Mumbai**
**Date: July 29, 2022**

**FCS: 6058, CP: 6124**
**UDIN:F006058D000710256**

**ANNEXURE - VIIC**

## 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, Mehul Pandya, 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.careedge.in

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, 2022.

**For CARE RATINGS LIMITED**

**Sd/-**
**Mehul Pandya**
**Managing Director & CEO**

**Place: Mumbai**
**Date: July 29, 2022**

**ANNEXURE - VIID**

# INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

**TO THE MEMBERS OF CARE RATINGS LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated 12 October 2021.
2. We have examined the compliance of conditions of Corporate Governance by CARE Ratings Limited ("the Company"), for the year ended 31 March 2022, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

**Management's Responsibility**

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

**Auditors' Responsibility**

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2022.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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**

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We 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.

**Restriction on use**

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Sd/-**
**Ajit Viswanath**
*Partner*
Membership No: 067114
UDIN: 22067114ANUWHB1594

Place: Mumbai
Date: July 29, 2022

**ANNEXURE - VIII**

# ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

   **Primary theme:** To contribute towards promotion of financial 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 providing assistance and infrastructure to local bodies, government offices, schools and public places.

   To support children and adults in cardiac surgeries for unprivileged section of society.

   The CSR Policy of the Company is available on the website – www.careedge.in

2. **Composition of CSR Committee** (as on March 31, 2022):

| 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) | 2 | 2 |

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/17082022063338_Composition_of_CSR_Committee_and_CSR_projects_approved_by_BOD_FY_ended_March_31_22.pdf

   - **CSR Policy:**

     https://www.careratings.com/Uploads/newsfiles/Policies/11072022114916_CSR_Policy_(11-7-22).pdf

   - **CSR projects approved:**

     https://www.careratings.com/Uploads/newsfiles/QuickLinks/17082022063338_Composition_of_CSR_Committee_and_CSR_projects_approved_by_BOD_FY_ended_March_31_22.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 Rs) | Amount required to be set- off for the financial year, if any (in Rs) |
|---|---|---|---|
| | | N.A. | |

6. Average net profit of the Company as per section 135(5): Rs 1,18,57,55,537 /-

7. (a) Two percent of average net profit of the Company as per section 135(5): Rs 2,37,15,111/-

   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: N.A

   (c) Amount required to be set off for the financial year, if any: N.A

   (d) Total CSR obligation for the financial year (7a+7b- 7c): Rs 2,37,15,111/-

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

| Total Amount Spent for the Financial Year 2021-22 (in Rs) | Amount Unspent (in Rs) | | | | |
|---|---|---|---|---|---|
| | 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 |
| Rs 1,98,12,869/- | Nil | Nil | PM CARES Fund | Rs 39,02,242/- | July 28, 2022 |

(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 Rs). | Amount spent in the current financial Year (in Rs). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs). | Mode of Implementation - 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:

| Sl. 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 (amt in Rs) | Mode of implementation- Direct (Yes/No) | Mode of implementation – Through implementing agency. | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | Mid-Day Meal Program | Child Welfare | No | Andhra Pradesh | Vishakapattam | 27,50,000/- | No | Akshaya Patra Foundation (Mid day Meal) | CSR00000286 |
| 2. | Cardiac surgeries for Children and Adults | Healthcare | No | Gujarat | Ahmedabad | 30,00,000/- | No | Prashanti medical services and research foundation | CSR00007410 |
| 3. | Distribution of Health Mix to Anganwadi Childern in Virudhunagar, Sivakasi, Vembakottai and Watrap Block of Virudhunagar District Tamilnadu | Healthcare | No | Tamilnadu | Virudhnagar | 14,79,807/- | No | Kamaraja Educational Trust | CSR00005096 |

| Sl. 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 (amt in Rs) | Mode of implementation- Direct (Yes/No) | Mode of implementation – Through implementing agency. | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State. | District. | | | Name. | CSR registration number. |
| 4. | Distribution of Computers in Ten Government Schools of Virudhunagar District Tamil Nadu | Promotion of Education | No | Tamilnadu | Virudhnagar | 20,35,304/- | No | Kamaraja Educational Trust | CSR00005096 |
| 5. | To provide Totally Free of Cost care to 20 children with congenital Heart diseases at Sri Sathya Sai Sanjeevani Centres for Child heart Care | Health Care | Yes | Maharashtra | Navi Mumbai | 22,50,000/- | No | Sri Sathya Sai Health & Education Trust | CSR00001048 |
| 6. | Vaccination drive in Mumbai slum area and various society in Mumbai and Provide healthcare facilities. | Health Care | Yes | Maharashtra | Mumbai | 29,00,000/- | No | Dr. Gautam Bhansali Golden Hour Foundation | CSR00005226 |
| 7. | To provide a shelter to these children, where they can relate to each other, communicate with doctors and counselors, avail of personalized medical attention and generally learn to cope with the challenges of life despite the illness. | Health Care | Yes | Maharashtra | Mumbai | 6,97,758/- | No | Juvenile Diabetes Foundation | CSR00015963 |
| 8 | Education and Community Development of urban and rural areas | Promotion of Education | No | Maharashtra | | 47,00,000/- | No | Seva Sahyog Foundation | CSR00000756 |
| | | | | | **Total** | **1,98,12,869/-** | | | |

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

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Rs 1,98,12,869/-**

(g) Excess amount for set off, if any: **Not Applicable**

| Sr. No. | Particular | Amount (in Rs) |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per Section 135(5) | **Rs 2,37,15,111/-** |
| (ii) | Total amount spent for the Financial Year | **Rs 1,98,12,869/-** |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | **NIL** |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | **NIL** |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | **NIL** |

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 Rs) | Amount spent in the reporting Financial Year (in Rs) | 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 Rs) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer | |
| NIL | | | | | | | |

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

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

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: July 29, 2022**
**Place: Mumbai**

**Sd/-**
**Sonal Gunvant Desai**
**Member**

**Date: July 29, 2022**
**Place: Mumbai**

# INDEPENDENT AUDITORS' REPORT

**To the Members of CARE Ratings Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the standalone financial statements of CARE Ratings Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

**Revenue recognition**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company's revenue from operations primarily comprises of income from providing rating services to customers. Refer note 26 for the details of the revenue from operations for the current financial year.<br><br>Application of Ind AS 115 "Revenue from Contracts with Customers" (Ind AS 115) is complex and involves application of judgement in relation to identification of distinct performance obligations, determination of transaction price and appropriateness of the basis used to measure revenue over a period.<br><br>Due to the significance of the item to the financial statements, complexities involved, and management judgement involved in relation to the recognition and measurement of revenue over a period of time, this matter has been identified as a key audit matter for the current year's audit. | Our audit procedures included the following:<br><br>- Obtained an understanding of the revenue related business process, and assessed the appropriateness of the revenue recognition policies adopted by the Company.<br><br>- Tested the design and implementation and operating effectiveness of internal controls relating to the process of revenue recognition.<br><br>- On selected samples of contracts we performed the following procedures:<br><br>a) Reviewed the terms and conditions in the contracts.<br><br>b) Evaluated the identification of the performance obligations for the respective contract.<br><br>c) Evaluated the appropriateness of the transaction price considered for revenue recognition, determined by the management.<br><br>d) Evaluated the appropriateness of management's assessment of manner of satisfaction of performance obligations and consequent recognition of revenue.<br><br>e) Evaluated the reasonableness of the estimates involved in the recognition of revenue from initial rating and surveillance services.<br><br>- Evaluated the appropriateness and adequacy of the disclosures made in the standalone financial statements for the revenue recorded during the year. |

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

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 financial statements that give a true and fair view of the state of affairs, profit/loss 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 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 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; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 financial statements.

As part of an 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 financial statements, whether due to fraud or error, 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 with reference to financial statements 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 financial statements 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 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

**Other Matter**

The standalone financial statements of the Company for the year ended March 31, 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on June 12, 2021.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) 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 standalone balance sheet, 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 dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 1 April 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' 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:

   a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 32B to the standalone financial statements.

   b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   d) i) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 51 to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 51 to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

As stated in note 43 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Ajit Viswanath**
*Partner*
Membership No: 067114
UDIN: 22067114ANUWHB1594

Mumbai
May 28, 2022

## Annexure A to the Independent Auditor's Report – March 31, 2022

(Referred to in our report of even date)

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 2 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(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 (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. a) The Company is a service company, primarily rendering rating related services to corporate and non-corporate customers. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made investments in firms, limited liability partnerships or any other parties nor has it granted any loans or advances in the nature of loans, secured or unsecured, to firms or limited liability partnerships. Further, the Company has not provided guarantee or security to companies, firms, limited liability partnership or any other parties during the year. The Company has made an investment in equity shares of a company (by way of conversion of existing investment in Optionally Convertible Redeemable Preference Shares of the same company) and has granted loans to a company and other parties, in respect of which the requisite information is as below.

a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

| Particulars | Guarantees | Security | Loans (Rs. In Lacs) | Advances in nature of loans |
|---|---|---|---|---|
| Aggregate amount during the year | | | | |
| - Subsidiaries* (CRSPL) | - | - | 592.40 | - |
| - Joint ventures* | | | | |
| - Associates* | | | | |
| - Others (Employee loans) | - | - | 35.52 | - |
| Balance outstanding as at balance sheet date | | | | |
| - Subsidiaries* (CRSPL) | - | - | 932.40 | - |
| - Joint ventures* | | | | |
| - Associates* | | | | |
| - Others (Employee Loans) | - | - | 46.60 | - |

*As per the Companies Act, 2013

b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of 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, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the following cases where there is no stipulation of schedule of repayment of principal and payment of interest and accordingly we are unable to comment on the regularity of repayment of principal and payment of interest:

| Name of the entity | Amount | Remarks |
|---|---|---|
| Loan to Care Risk Solutions Private Limited (CRSPL) | Rs. 592.40 Lacs | There is no stipulation of schedule of repayment of principal or payment of interest |

Further, the Company has not given any advance in the nature of loan to any party during the year.

d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given except in the case of loans aggregating Rs. 532.40 Lacs given to CRSPL where schedule of repayment of principal and payment of interest have not been stipulated and accordingly, we are unable to comment on the amount overdue for more than ninety days . Further, the Company has not given any advances in the nature of loans to any party during the year.

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

| | All Parties | Promoters | Related Parties |
|---|---|---|---|
| Aggregate of loans/advances in nature of loan | | | |
| - Repayable on demand (A) | | | |
| - Agreement does not specify any terms or period of Repayment (B) | | | Rs. 592.40 Lacs |
| Total (A+B) | | | Rs. 592.40 Lacs |
| Percentage of loans/advances in nature of loan to the total loans | | | 100% |

iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with. The Company has not provided any guarantee or security and to that extent the relevant provisions of Section 185 and 186 of the Act are not applicable.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

vii. a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of the dues | Amount (Rs. in lakhs) | Period to which it relates | Forum |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 39.55 | A.Y. 2012-13 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 16.06 | A.Y. 2013-14 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 2.95 | A.Y. 2014-15 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 65.94 | A.Y. 2017-18 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 177.23 | A.Y. 2018-19 | 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, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

ix. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiariesas defined under the Act. The Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.

f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

x. a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

xi. a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

b) We have considered the internal audit reports of the Company issued till date for the period under audit.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

xvi. a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

xvii. The Company has not incurred cash losses in the current and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in annual report is expected to be made available to us after the date of this auditor's report.

xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Ajit Viswanath**
*Partner*
Membership No: 067114
UDIN: 22067114ANUWHB1594

Mumbai
May 28, 2022

## Annexure B to the Independent Auditors' report on the standalone financial statements of CARE Ratings Limited for the year ended 31 March 2022

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

We have audited the internal financial controls with reference to financial statements of CARE Ratings Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to 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 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").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 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 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 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 financial statements.

### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 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 financial statements.

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Ajit Viswanath**
*Partner*
Membership No: 067114
UDIN: 22067114ANUWHB1594

Mumbai
May 28, 2022

# Standalone Balance Sheet

**as at March 31, 2022**

Rs in lakh

| Particulars | Note Number | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property plant and equipment | 2 | 7,794.32 | 6,965.62 |
| Right-of-use assets | 46 | 365.12 | 588.52 |
| Intangible assets | 3 (a) | 35.38 | 80.68 |
| Intangible assets under development | 3 (b) - 3 (d) | 652.02 | 374.04 |
| **Financial assets** | | | |
| Investments (non-current) | 4 | 7,051.21 | 6,124.40 |
| Loans | 5 | 957.09 | 438.97 |
| Other financial assets | 6 | 1,216.03 | 76.83 |
| Other assets | 7 | 36.99 | 8.28 |
| **Total Non-current assets** | | **18,108.16** | **14,657.34** |
| **Current Assets** | | | |
| **Financial assets** | | | |
| Investments (current) | 8 | - | 20,454.61 |
| Trade receivables | 9 | 1,360.54 | 1,668.52 |
| Cash and cash equivalents | 10 | 1,196.18 | 587.86 |
| Bank balances other than cash and cash equivalents | 11 | 5,931.28 | 26,288.86 |
| Loans | 12 | 21.91 | 35.68 |
| Other financial assets | 13 | 43,159.08 | 145.65 |
| Contract assets | 14 | 38.71 | 25.09 |
| Current tax asset (Net) | 15 | 724.57 | 932.27 |
| Other assets | 16 | 321.13 | 329.37 |
| **Total current assets** | | **52,753.39** | **50,467.91** |
| **Total assets** | | **70,861.55** | **65,125.25** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 17 | 2,964.65 | 2,946.12 |
| Other equity | 18 | 62,058.29 | 55,381.51 |
| **Total Equity** | | **65,022.94** | **58,327.63** |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease liabilities | 46 | 183.04 | 403.18 |
| Provisions | 19 | 1,078.81 | 1,003.48 |
| Deferred tax liabilities (net) | 20 | 606.20 | 1,049.54 |
| **Total non-current liabilities** | | **1,868.05** | **2,456.20** |
| **Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease liabilities | 46 | 238.97 | 245.72 |
| Trade payables | 21 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 0.70 | 4.30 |
| Total outstanding dues of other than micro enterprises and small enterprises | | 285.92 | 328.67 |
| Other financial liabilities | 22 | 1,556.27 | 1,092.02 |
| Contract liabilities | 23 | 1,234.31 | 1,601.07 |
| Other liabilities | 24 | 417.93 | 618.90 |
| Provisions | 25 | 236.45 | 450.73 |
| **Total current liabilities** | | **3,970.56** | **4,341.42** |
| **Total equity and liabilities** | | **70,861.55** | **65,125.25** |

Significant Accounting Policies 1

The accompanying notes are an integral part of the standalone financial statements.

As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.:
101248W/W-100022

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

**[Ajit Viswanath]**
Partner
Membership No. 067114

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

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

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

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

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Standalone Statement of Profit and Loss

**for the year ended March 31, 2022**

Rs in lakh

| Particulars | Note Number | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 26 | 21,927.29 | 21,966.45 |
| Other income | 27 | 2,836.12 | 3,211.57 |
| **Total Income** | | **24,763.41** | **25,178.02** |
| **Expenses** | | | |
| Employee benefit expenses | 28 | 10,676.40 | 10,323.88 |
| Finance costs | 29 | 39.64 | 56.68 |
| Depreciation and amortisation expense | 30 | 698.82 | 708.90 |
| Other expenses | 31 | 2,650.64 | 2,815.47 |
| **Total Expenses** | | **14,065.50** | **13,904.93** |
| **Profit before tax** | | **10,697.91** | **11,273.09** |
| **Tax expense** | | | |
| Current tax | 38 (A) | 2,831.73 | 2,318.45 |
| Deferred tax | 38 (A) | (581.06) | 371.93 |
| **Total tax expense** | | **2,250.67** | **2,690.38** |
| **Profit after tax** | | **8,447.24** | **8,582.71** |
| **Other Comprehensive Income** | | | |
| A (i) Items that will not be reclassified to profit or loss | | 918.61 | 272.74 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (137.72) | (68.64) |
| B (i) Items that will be reclassified to profit or Loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **Other comprehensive income for the year** | | **780.89** | **204.10** |
| **Total Comprehensive Income for the year** | | **9,228.13** | **8,786.81** |
| **Earnings per equity share (Face Value Rs 10/- each)** | | | |
| - Basic | 37 | 28.62 | 29.13 |
| - Diluted | 37 | 28.47 | 29.08 |

Significant Accounting Policies 1

The accompanying notes are an integral part of the standalone financial statements.

As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

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

**[Ajit Viswanath]**
Partner
Membership No. 067114

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

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

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

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

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Standalone Cash Flow Statement

**for the year ended March 31, 2022**

Rs in lakh

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Profit before tax** | **10,697.91** | **11,273.09** |
| Adjustments for | | |
| Interest income | (2,426.68) | (1,645.78) |
| Dividend income from equity securities | (158.93) | - |
| Income due to royalty | (40.29) | (33.82) |
| Notional income on fair value of security deposits | (9.71) | (10.08) |
| Unrealized gain on fair valuation of investments through profit and loss | (108.76) | (1,380.09) |
| Provision for bad debts | (20.38) | (934.69) |
| Bad debts written off | 18.65 | 460.17 |
| Loss / (gain) on sale of property, plant and equipment | 1.98 | 5.76 |
| Share based payment expenses | 629.01 | 356.91 |
| Finance costs on lease liabilities | 39.64 | 56.68 |
| Depreciation and amortization expenses | 698.82 | 708.90 |
| **Operating Profit before working capital changes** | **9,321.27** | **8,857.05** |
| **Movements in working capital** | | |
| Decrease/(Increase) in financial assets | 59.50 | 2,433.58 |
| Decrease/(Increase) in other assets | (24.56) | 7.26 |
| Decrease/(Increase) in contract assets | (13.62) | 5.04 |
| Decrease/(Increase) in other current assets | 8.24 | (165.71) |
| (Decrease)/Increase in financial liabilities | 293.85 | 194.70 |
| (Decrease)/Increase in contract liabilities | (366.76) | (829.41) |
| (Decrease)/Increase in other liabilities and provisions | (339.92) | (163.82) |
| **Total movement in working capital** | **(383.27)** | **1,481.64** |
| Taxes paid | (2,624.03) | (2,091.86) |
| **Net cash from operating activities (1)** | **6,313.97** | **8,246.83** |
| **Cash flows from investing activities** | | |
| Interest received | 2,416.91 | 1,628.16 |
| Dividend received | 158.93 | - |
| Royalty income | 40.29 | 33.82 |
| Investment in fixed deposits | (23,775.52) | (15,875.81) |
| Interest on loan to subsidiary | 46.64 | 34.66 |
| Proceeds from Sale of property plant and equipment | 18.14 | 27.06 |
| Acquisition of property, plant & equipment and capital advances | (1,404.02) | (438.60) |
| Loan to subsidiary | (532.40) | - |
| Acquisition of other investment | (0.53) | (3,350.00) |
| Redemption of investments | 20,784.62 | 14,160.23 |
| **Net cash from investing activities (2)** | **(2,246.93)** | **(3,780.48)** |
| **Cash flows from financing activities** | | |
| Dividend and dividend tax paid | (3,829.96) | (3,977.27) |
| Proceeds from exercise of share options | 644.32 | - |
| Repayment of lease liability | (233.43) | (237.24) |
| Payment of interest on lease liability | (39.64) | (56.68) |
| **Net cash from financing activities (3)** | **(3,458.71)** | **(4,271.19)** |
| **Net increase / (decrease) in Cash and cash equivalents (1+2+3)** | **608.32** | **195.16** |
| **Cash and cash equivalents at the beginning** | **587.86** | **392.70** |
| **Cash and cash equivalents at the end** | **1,196.18** | **587.86** |
| **Cash and cash equivalents comprise of: (Refer note 10)** | | |
| Cash on hand | 0.46 | 0.69 |
| Cheques in hand | - | - |
| **Other bank balances** | | |
| On current account | 402.02 | 286.45 |
| Prepaid cards | 0.47 | 0.26 |
| Deposit accounts | 793.23 | 300.46 |
| **Total** | **1,196.18** | **587.86** |

Note – The Company does not have any borrowings except for lease liabilities. Refer note 46 for disclosure of the movement in lease liabilities.

Significant Accounting Policies 1

The accompanying notes are an integral part of the standalone financial statements.

As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.:
101248W/W-100022

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

**[Ajit Viswanath]**
Partner
Membership No. 067114

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

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

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

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

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Standalone Statement Of Changes In Equity

**for the year ended March 31, 2022**

**A. Equity Share Capital**

**For the year ended March 31, 2022**

Rs in lakh

| Balance as at April 01, 2021 | Changes in Equity Share Capital during the year | Balance as at March 31, 2022 |
|---|---|---|
| 2,946.12 | 18.53 | 2,964.65 |

**For the year ended March 31, 2021**

Rs in lakh

| 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 |

# Standalone Statement Of Changes In Equity

**for the year ended March 31, 2021**

**B. Other Equity**

**For the year ended March 31, 2022**

Rs in lakh

| Particulars | Reserves and Surplus | | | | | Other comprehensive income | Total Equity |
|---|---|---|---|---|---|---|---|
| | Share options outstanding account | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Equity instruments through other comprehensive income | |
| **Balance as at April 01, 2021** | **2,467.61** | **22.50** | **6,517.63** | **20,043.12** | **26,080.47** | **250.18** | **55,381.51** |
| Profit for the year (1) | - | - | - | - | 8,447.24 | - | 8,447.24 |
| **Other comprehensive income/ (loss) for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Remeasurement gain/(loss) on defined benefit plan (2) | - | - | - | - | 5.21 | - | 5.21 |
| Fair value gain on investments measured through other comprehensive income (3) | - | - | - | - | - | 913.40 | 913.40 |
| Tax impact on (2 and 3) (4) | - | - | - | - | (1.31) | (136.41) | (137.72) |
| **Total Comprehensive Income/(loss) for the year (1+2+3+4)** | **-** | **-** | **-** | **-** | **8,451.14** | **776.99** | **9,228.13** |
| **Contribution by and Distribution to Owners** | | | | | | | |
| Dividends | - | - | - | - | (3,829.96) | - | (3,829.96) |
| Employee stock option exercised | (226.14) | - | 851.93 | - | - | - | 625.79 |
| Employee stock option granted/ charge for this period | 652.80 | - | - | - | - | - | 652.80 |
| Employee stock option lapsed during the period | (2,107.61) | - | - | 2,107.61 | - | - | - |
| **Balance as at March 31, 2022** | **786.66** | **22.50** | **7,369.56** | **22,150.73** | **30,701.65** | **1,027.17** | **62,058.29** |

# Standalone Statement Of Changes In Equity

**for the year ended March 31, 2021**

Rs in lakh

| Particulars | Reserves and Surplus | | | | | Other comprehensive income | |
|---|---|---|---|---|---|---|---|
| | Share options outstanding account | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Equity instruments through other comprehensive income | Total Equity |
| **Balance as at April 01, 2020** | **2,351.56** | **22.50** | **6,517.63** | **19,799.18** | **21,419.49** | **101.61** | **50,211.97** |
| Profit for the year (1) | - | - | - | - | 8,582.71 | - | 8,582.71 |
| **Other comprehensive income/ (loss) for the year** | - | - | - | - | - | - | - |
| Remeasurement gain/(loss) on defined benefit plan (2) | - | - | - | - | 74.20 | - | 74.20 |
| Fair value gain on investments measured through other comprehensive income (3) | - | - | - | - | - | 198.54 | 198.54 |
| Tax impact on (2 and 3) (4) | - | - | - | - | (18.67) | (49.97) | (68.64) |
| **Total Comprehensive Income/(loss) for the year (1+2+3+4)** | **-** | **-** | **-** | **-** | **8,638.24** | **148.57** | **8,786.81** |
| **Contribution by and Distribution to Owners** | | | | | | | |
| Dividends | - | - | - | - | (3,977.26) | - | (3,977.26) |
| Employee stock option granted/charge for this period | 359.99 | - | - | - | - | - | 359.99 |
| Employee stock option lapsed during the period | (243.94) | - | - | 243.94 | - | - | - |
| **Balance as at March 31, 2021** | **2,467.61** | **22.50** | **6,517.63** | **20,043.12** | **26,080.47** | **250.18** | **55,381.51** |

# Standalone Statement Of Changes In Equity

**for the year ended March 31, 2022**

The description of the nature and purpose of each reserve within equity is as follows:

**a. Share options outstanding account**

The Company has share options scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 39 for further details of this plan.

**b. Capital redemption reserve**

Capital redemption reserve represents nominal value of shares credited at the time of buyback of shares.

**c. 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.

**d. General reserve**

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.

**e. Retained earnings**

Retained earnings are the profits that the Company has earned till date after appropriation of profits.

**f. Equity instruments through other comprehensive income**

This represents the accumulated fair value gain or loss recognised in relation to equity investments designated as fair value through other comprehensive income.

Significant Accounting Policies 1

The accompanying notes are an integral part of the standalone financial statements.

As per our attached Report of even date

| | | | |
|---|---|---|---|
| **For B S R & Co. LLP**<br>Chartered Accountants<br>Firm registration No.:<br>101248W/W-100022 | **For and on behalf of the Board of Directors of CARE Ratings Limited** | | |
| **[Ajit Viswanath]**<br>Partner<br>Membership No. 067114 | **[Najib Shah]**<br>Chairman<br>DIN No. - 08120210 | **[Ajay Mahajan]**<br>Managing Director & CEO<br>DIN No- 05108777 | **[Adesh Kumar Gupta]**<br>Independent Director<br>DIN No. - 00020403 |
| | **[Jinesh Shah]**<br>Chief Financial Officer<br>M No.- 117833 | **[Nehal Shah]**<br>Company Secretary<br>M No.- A18077 | |
| Mumbai<br>Date: May 28, 2022 | Mumbai<br>Date: May 28, 2022 | | |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note: 1**

**Company Overview and Significant Accounting Policies**

**1.1 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**

**2.1 Basis of preparation**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable. The standalone financial statements were approved for issue by the Board of Directors on May 28, 2022. There are no subsequent events that impacts the standalone financial statement.

The standalone financial statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Fair value of Plan assets as reduced by defined benefit obligations;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Equity settled share based payments measured at fair value on grant date.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

**2.2 Summary of significant accounting policies**

**a. Use of estimates**

The preparation of the standalone 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. Actual results may differ from these estimates.

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 standalone financial statements are included in the following notes:

**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 unamortised depreciable amount is charged over the remaining useful life of the assets.

**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 judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

**Revenue**

The Company recognizes the revenue measured at the fair value of consideration received or receivable.

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.

**Defined benefit plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation 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

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Share based payment**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation 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.

**b. Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless 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.
- A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**c. Foreign currencies**

The Company's standalone financial statements are presented in Rs, which is also the functional currency and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

**d. Fair value measurement**

The Company measures financial instruments, such as investments in mutual funds and equity shares at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

**e. Revenue recognition**

**i) Revenue from contract with customer**

The Company earns revenue primarily from rendering rating and other related services.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. The terms of payment typically for such arrangements are generally payable within 30-60 days of presentation of invoice.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time (similar to percentage completion method), the performance obligation is considered to be satisfied at a point in time (similar to completed contract method).

- **Recognising revenue over time:** For each performance obligation satisfied over time the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict the Company's performance in transferring control of services promised to the customer (i.e. the satisfaction of an entity's performance obligation). The Company uses input method to measure the

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

progress achieved towards satisfaction of the performance obligation.

- **Recognising revenue at a point in time:** Revenue is recognised on satisfaction of the respective performance obligation. Factors which are considered in determining whether the performance obligation is satisfied completely include applicable contractual terms, milestones indicative of satisfactory completion of performance obligation, history of client acceptance for similar products etc.

**Contract assets**

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as trade receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. In other cases this is classified as a non financial asset.

**Contract liabilities**

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues

**ii) Other income**

**Interest income**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly 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 recognised 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.

**f. Taxes**

***Current income tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**g. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Advances paid towards acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under other noncurrent assets

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.

The Company has established the estimated range of useful lives for different categories of PPE as follows:

| Category of assets | Useful life (in years) |
|---|---|
| Furniture and Fixtures | 10 |
| Office Equipments | 5 |
| Computers | 3 |
| Vehicles | 8 |
| Electrical Installations | 10 |
| Buildings | 30-60 |

Depreciation on additions is being provided on a pro rata basis from the date of such additions.

Depreciation on sale or disposal is provided on a pro rata basis till the date of such sale or disposal.

The Company reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**h. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognized in profit or loss as incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The Company has determined the useful life for software as 3 years.

**i. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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.

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.

**i) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**ii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**j. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**k. Provisions, contingent liabilities and contingent assets**

Provisions are recognised 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.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

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 recognised in standalone financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**l. Employee Benefits**

*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans (provident fund, superannuation fund etc.)*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans (gratuity)*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits (leave encashment)*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

**m. Earnings per share**

The basic Earnings per equity 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 equity 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.

**n. Share based payments**

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in liability towards recharge arrangements with the Parent, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards.. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

**o. 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

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

reviewed by the Company's management to make decisions for which discrete financial information is available.

**p. Financial Instruments**

*Financial Assets*

a) Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

b) Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

c) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

d) Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) the Company has transferred substantially all the risks and rewards of the asset, or

b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

f) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

*Financial Liabilities*

a) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

b) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

c) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

e) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

IV. Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**r. Recent pronouncements**

On 23 March 2022, MCA has notified amendments in the Companies (Indian Accounting Standards) Amendment Rules, 2022, which are applicable from 1 April 2022. Key amendments under the notification are as under:

i) Amendment to Ind AS 16 – Property, plant and equipment

ii) Amendment to Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

iii) Amendment to Ind AS 103 – Reference to Conceptual Framework

iv) Amendment to Ind AS 16 – Proceeds before intended use

v) Amendment to Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

vi) Amendment to Ind AS 109 – Annual Improvements to Ind AS (2021)

vii) Amendment to Ind AS 106 – Annual Improvements to Ind AS (2021)

The Company is in the process of evaluating the impact of these amendments.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 2: Property, Plant and Equipment**

Rs in lakh

| Description of Assets | Gross block | | | | Accumulated depreciation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2021 | Additions during the year | Deductions during the year | As at March 31, 2022 | As at April 01, 2021 | For the year | On deletions/ disposals during the year | As at March 31, 2022 | As at March 31, 2022 | As at March 31, 2021 |
| **Tangible Assets*** | | | | | | | | | | |
| Furniture and fixtures | 266.49 | 388.14 | (56.65) | 597.99 | 168.92 | 28.66 | (49.84) | 147.74 | 450.25 | 97.57 |
| Office Equipment | 342.50 | 178.63 | (145.60) | 375.52 | 249.86 | 37.93 | (135.42) | 152.37 | 223.15 | 92.65 |
| Computers | 553.54 | 323.65 | (37.68) | 839.52 | 299.63 | 187.37 | (36.53) | 450.47 | 389.05 | 253.91 |
| Vehicles | 24.63 | 24.20 | - | 48.83 | 8.59 | 4.85 | - | 13.44 | 35.39 | 16.03 |
| Electrical Installations | 81.05 | 105.06 | (9.80) | 176.31 | 48.16 | 10.36 | (9.80) | 48.72 | 127.59 | 32.89 |
| Buildings | 7,014.65 | 224.13 | - | 7,238.78 | 542.08 | 127.81 | - | 669.89 | 6,568.89 | 6,472.57 |
| **Total Tangible Assets** | **8,282.86** | **1,243.81** | **(249.72)** | **9,276.95** | **1,317.24** | **396.98** | **(231.59)** | **1,482.63** | **7,794.32** | **6,965.62** |

Rs in lakh

| Description of Assets | Gross block | | | | Accumulated 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, 2021 | As at March 31, 2020 |
| **Tangible Assets*** | | | | | | | | | | |
| Furniture and fixtures | 265.41 | 1.08 | - | 266.49 | 142.56 | 26.36 | - | 168.92 | 97.57 | 122.85 |
| Office Equipment | 322.51 | 27.36 | 7.37 | 342.50 | 225.57 | 31.66 | 7.37 | 249.86 | 92.64 | 96.94 |
| Computers | 525.03 | 47.39 | 18.88 | 553.54 | 157.30 | 161.21 | 18.88 | 299.63 | 253.91 | 367.73 |
| Vehicles | 69.12 | - | 44.49 | 24.63 | 12.27 | 8.30 | 11.98 | 8.59 | 16.04 | 56.85 |
| Electrical installations | 81.05 | - | - | 81.05 | 40.09 | 8.07 | - | 48.16 | 32.89 | 40.96 |
| Buildings | 7,014.65 | - | - | 7,014.65 | 416.58 | 125.50 | - | 542.08 | 6,472.57 | 6,598.07 |
| **Total Tangible Assets** | **8,277.77** | **75.84** | **70.75** | **8,282.86** | **994.37** | **361.11** | **38.24** | **1,317.24** | **6,965.62** | **7,283.40** |

*In relation to an ongoing litigation, the Company is required to seek permission of the Hon'ble Madras High Court prior to transfer, sale, disposal etc. of any of its assets.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2022

**Note 3:**

**(a) intangible assets**

(Rs in lakh)

| Description of assets | Gross block | | | | Accumulated Amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2021 | Additions during the year | Write off during the year | As at March 31, 2022 | As at April 01, 2021 | For the year | On deletions during the year | As at March 31, 2022 | As at March 31, 2022 | As at March 31, 2021 |
| Computer software | 301.05 | 8.88 | (16.88) | 293.05 | 220.37 | 54.18 | (16.88) | 257.67 | 35.38 | 80.68 |
| **Total Intangible assets** | **301.05** | **8.88** | **(16.88)** | **293.05** | **220.37** | **54.18** | **(16.88)** | **257.67** | **35.38** | **80.68** |

(Rs in lakh)

| Description of assets | Gross block | | | | Accumulated amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2020 | Additions during the year | Write off during the year | As at March 31, 2021 | As at April 01, 2020 | For the year | On deletions during the year | As at March 31, 2021 | As at March 31,2021 | As at March 31, 2020 |
| Computer software | 263.81 | 37.24 | - | 301.05 | 146.76 | 73.61 | - | 220.37 | 80.68 | 117.05 |
| **Total Intangible assets** | **263.81** | **37.24** | **-** | **301.05** | **146.76** | **73.61** | **-** | **220.37** | **80.68** | **117.05** |

**(b) Intangible assets under development**

(Rs in lakh)

| Description | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Balance at the beginning | 374.04 | 34.14 |
| Additions | 310.48 | 357.79 |
| Capitalised during the year | - | 9.48 |
| Write off during the year | (32.50) | (8.41) |
| **Balance at the end** | **652.02** | **374.04** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**(c) Intangible assets under development Ageing Schedule**

(Rs in lakh)

| As at March 31, 2022 | Intangible assets under development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| Projects in progress | 310.48 | 341.54 | - | - | 652.02 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **310.48** | **341.54** | **-** | **-** | **652.02** |

(Rs in lakh)

| As at March 31, 2021 | Intangible assets under development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| Projects in progress | 341.54 | - | 32.50 | - | 374.04 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **341.54** | **-** | **32.50** | **-** | **374.04** |

**(d) Details of overdue projects under development**

(Rs in lakh)

| Particulars | To be completed in (contract value) | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| IT Application upgradation software | 623.72 | - | - | - | 623.72 |
| | | | | | |
| **Total** | **623.72** | **-** | **-** | **-** | **623.72** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 4: Investments – Non-Current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos | Amount | Nos | Amount |
| **Unquoted:** | | | | |
| Investments measured at cost | - | - | - | - |
| | | | | |
| **Investment in Subsidiaries** | | | | |
| **Equity Instruments:** | | | | |
| Face value of Rs 10 each fully paid: | | | | |
| CARE Risk Solutions Private Limited | 1,57,97,730 | 1,836.26 | 80,13,500 | 1,057.84 |
| CARE Advisory Research and Training Limited | 40,95,450 | 450.00 | 40,95,450 | 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 |
| | | | | |
| **Preference Shares:** | | | | |
| **Investment measured at Fair value through Profit and Loss** | | | | |
| 0.1% Optionally convertible cumulative redeemable preference | | | | |
| Shares | | | | |
| CARE Risk Solutions Private Limited | - | - | 50,00,000 | 728.67 |
| | | | | |
| **Investment measured at Fair value through Other comprehensive income** | | | | |
| Face value of USD 22,600 each fully paid: | | | | |
| ARC Ratings Holdings Limited | 20 | 744.20 | 20 | 422.00 |
| | | | | |
| Face value of RM 1 each fully paid: | | | | |
| Malaysian Rating Corporation Berhad | 20,00,000 | 1,748.20 | 20,00,000 | 1,157.00 |
| Investments in Association of Indian Rating Agencies | | 0.53 | | |
| | | | | |
| **Total unquoted investments** | | **5,144.25** | | **4,180.57** |
| **Quoted:** | | | | |
| **Investment measured at amortized cost** | | | | |
| Tax free bonds* | | 1,906.96 | | 1,943.83 |
| | | | | |
| **Total quoted investments** | | **1,906.96** | | **1,943.83** |
| **Total investments** | | **7,051.21** | | **6,124.40** |
| **Aggregate amount of quoted investments** | | **1,906.96** | | **1,943.83** |
| **Market value of quoted investments** | | **2,160.14** | | **2,213.26** |
| **Aggregate amount of unquoted investments** | | **5,144.25** | | **4,180.57** |
| **Aggregate amount of impairment in value of investment** | | **-** | | **-** |

*This includes accrued interest of Rs 63.92 lacs (Previous year: Rs 91.91 lacs)

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

### Note 5: Loans – Non-current

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured and Considered Good** | | |
| Loan to CARE Risk Solutions Private Limited (Wholly owned subsidiary)* (Refer Note 48) | 932.40 | 400.00 |
| Loans to employees# | 24.69 | 38.97 |
| **Total** | **957.09** | **438.97** |

* This includes Rs Nil accrued interest on loans to subsidiary company (Previous Year = Nil)
\# This includes Rs 6.91 lacs accrued interest on loans to employees (Previous Year = Rs 8.64 lacs)

(Rs in lakh)

| Type of borrower | As at March 31, 2022 | % of total Loans and Advances | As at March 31, 2021 | % of total Loans and Advances |
|---|---|---|---|---|
| **(a) amounts repayable on demand** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| Loan to related party | NA. | NA. | NA. | NA. |
| | | | | |
| **(b) without specifying any terms or period of repayment** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| Loan to related party – CARE Risk Solutions Private Limited (Wholly owned subsidiary)* | 932.40 | 100% | 400.00 | 100% |
| **Total** | **932.40** | **100%** | **400.00** | **100%** |

### Note 6: Other Non-current financial assets

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits with banks (with more than 12 months of original maturity)* | 1,125.62 | - |
| Security deposits - unsecured | 90.41 | 76.83 |
| **Total** | **1,216.03** | **76.83** |

*This includes accrued interest of Rs 3.62 lacs (Previous year: Nil)

### Note 7: Other Non-current assets

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered Good** | | |
| Capital advances | 4.15 | - |
| Others | 32.84 | 8.28 |
| **Total** | **36.99** | **8.28** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 8: Investments – Current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Quoted:** | | |
| **Investment measured at Fair value through Profit and Loss:** | | |
| Investment in various fixed maturity plans of debt mutual funds | - | 18,646.86 |
| **Investment measured at amortized Cost:** | | |
| Tax free bonds | - | 1,807.75 |
| **Total Quoted investments** | **-** | **20,454.61** |
| **Total Unquoted investments** | **-** | **-** |
| **Total current investments** | **-** | **20,454.61** |
| **Aggregate amount of Quoted investments** | **-** | **20,454.61** |
| **Market Value of Quoted investments** | **-** | **20,545.91** |
| **Aggregate amount of Unquoted investments** | **-** | **-** |
| **Aggregate amount of impairment in value of investments** | **-** | **-** |

**Note 9: Trade receivables**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured** | | |
| (a) Trade receivables - Considered good secured; | - | - |
| (b) Trade receivables - Considered good unsecured; | 1,360.54 | 1,668.52 |
| (c) Trade receivables which have significant increase in credit risk; | 46.47 | 66.85 |
| (d) Trade receivables – credit impaired | - | - |
| **Total trade receivables** | **1,407.01** | **1,735.37** |
| Less: Allowance for credit losses (Refer Note 42 (B)) | (46.47) | (66.85) |
| **Total** | **1,360.54** | **1,668.52** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Trade receivables ageing schedule**

(Rs in lakh)

| **Particulars** | **Outstanding for following periods from due date of payment** | | | | | **Total** |
|---|---|---|---|---|---|---|
| **As at March 31, 2022** | **Less than 6 months** | **6 months-1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Provision rate | Nil | Nil | 50%/ 75% | 100% | 100% | |
| (i) Undisputed Trade receivables – considered good | 1,325.50 | 35.04 | - | - | - | 1,360.54 |
| (ii) Undisputed Trade receivables – which have significant increase in credit risk | 32.89 | 13.58 | - | - | - | 46.47 |
| (iii) Undisputed Trade receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade receivables– considered good | - | - | - | - | - | - |
| (v) Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade receivables – credit impaired | - | - | - | - | - | - |
| **Gross trade receivables** | **1,358.39** | **48.62** | **-** | **-** | **-** | **1,407.01** |
| Allowance for bad and doubtful debts | - | - | - | - | - | - |
| **Provision for specific cases** | | | | | | **(46.67)** |
| **Net trade receivables** | | | | | | **1,360.54** |

(Rs in lakh)

| **Particulars** | **Outstanding for following periods from due date of payment** | | | | | **Total** |
|---|---|---|---|---|---|---|
| **As at March 31, 2021** | **Less than 6 months** | **6 months-1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Provision rate | Nil | Nil | 50%/ 75% | 100% | 100% | |
| (i) Undisputed Trade receivables – considered good | 1668.41 | - | 0.11 | - | - | 1668.52 |
| (ii) Undisputed Trade receivables – which have significant increase in credit risk | 66.74 | - | 0.11 | - | - | 66.85 |
| (iii) Undisputed Trade receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade receivables– considered good | - | - | - | - | - | - |
| (v) Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade receivables – credit impaired | - | - | - | - | - | - |
| **Gross trade receivables** | **1735.15** | **-** | **0.22** | **-** | **-** | **1,735.37** |
| Allowance for bad and doubtful debts | - | - | (0.11) | - | - | (0.11) |
| **Provision for specific cases** | | | | | | **(66.74)** |
| **Net trade receivables** | | | | | | **1,668.52** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Further, the Company does not have any trade receivables relating to related parties.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 10: Cash and cash equivalents**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.46 | 0.69 |
| **Balances with Banks** | | |
| On current account | 402.02 | 286.45 |
| **Other Bank Balances** | | |
| Deposit accounts (with original maturity of less than three months)* | 793.23 | 300.46 |
| Prepaid cards | 0.47 | 0.26 |
| **Total** | **1,196.18** | **587.86** |

* - This includes accrued interest of Rs 0.63 lacs (Previous year – Rs 0.81 lacs)

**Note 11: Bank Balances other than Cash and cash equivalents**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unclaimed dividend account | 25.54 | 29.72 |
| Fixed deposits* | 5,905.74 | 26,259.14 |
| **Total** | **5,931.28** | **26,288.86** |

* - This includes accrued interest of Rs 250.19 lacs (previous year – Rs 685.98 lacs)

**Note 12: Loans – Current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured and considered good** | | |
| Loan to employees* | 21.91 | 35.68 |
| **Total** | **21.91** | **35.68** |

* - This includes accrued interest of Rs 0.35 lacs (previous year – Rs 0.87 lacs)

(Rs in lakh)

| Type of borrower | As at March 31, 2022 | % of total Loans and Advances | As at March 31, 2021 | % of total Loans and Advances |
|---|---|---|---|---|
| **(a) amounts repayable on demand** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| Loan to related party | NA. | NA. | NA. | NA. |
| | | | | |
| **(b) without specifying any terms or period of repayment** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| Loan to related party | NA. | NA. | NA. | NA. |
| **Total** | **NA.** | **NA.** | **NA.** | **NA.** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 13: Other current financial assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposits - unsecured | 46.20 | 62.30 |
| Other receivables | 118.98 | 83.34 |
| Deposits with banks (with more than 12 months of original maturity)* | 42,993.90 | - |
| **Total** | **43,159.08** | **145.65** |

* - This includes accrued interest of Rs 1637.99 lacs (previous year – Rs Nil)

**Note 14: Contract assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unbilled revenue | 38.71 | 25.09 |
| Less: Loss allowance | - | - |
| **Total** | **38.71** | **25.09** |

**Note 15: Current tax assets (Net)**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance payment of taxes (Net of Provision for tax Provision FY 2021-22 Rs 53,165.61 lacs P.Y. Provision F.Y. 2020-21 Rs 50,333.88 lacs) | 724.57 | 932.27 |
| **Total** | **724.57** | **932.27** |

**Note 16: Other current assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Prepaid expenses | 219.43 | 272.63 |
| Deposits with statutory authorities | 25.00 | 45.00 |
| Other advances | 76.70 | 11.74 |
| **Total** | **321.13** | **329.37** |

**Note 17: Equity share capital**

(Rs in lakh)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Authorized**<br>Equity shares of Rs 10/- each | 3,50,00,000 | 3,500.00 | 3,50,00,000 | 3,500.00 |
| **Issued, subscribed and fully paid up**<br>Equity shares of Rs 10/- each | 2,94,61,214 | 2,946.12 | 2,94,61,214 | 2,946.12 |
| Opening balance | 2,94,61,214 | 2,946.12 | 2,94,61,214 | 2,946.12 |
| Issued during the year | 1,85,333 | 18.53 | - | - |
| **Total** | **2,96,46,547** | **2,946.65** | **2,94,61,214** | **2,946.12** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**17(a): List of shareholders holding more than 5% of Paid-Up equity Share Capital**

(Rs in lakh)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | % Holding | Nos. | % Holding |
| Life Insurance Corporation of India and LIC P&GS Fund | 29,02,136 | 9.79% | 29,02,136 | 9.85% |
| CRISIL Limited | 26,22,431 | 8.85% | 26,22,431 | 8.90% |
| Pari Washington India Master Fund Limited | 15,66,456 | 5.28% | - | - |
| **Total** | **70,91,023** | **23.92%** | **55,24,567** | **18.75%** |

**17(b): The reconciliation of the number of shares outstanding is set out below:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| | 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) | 1,85,333 | - |
| **Equity Shares at the end of the year** | **2,96,46,547** | **2,94,61,214** |

**17 (c) : Shares held by promoters:**

The Company does not have any promoters holding in any of the period presented.

**17 (d):** The Company does not have a Holding Company

**17 (e):** 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 39.

**17 (f):** 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.

**17 (g):** 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 18: Other Equity**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Capital redemption reserve | 22.50 | 22.50 |
| Securities premium | 7,369.56 | 6,517.63 |
| Share options outstanding account | 786.66 | 2,467.61 |
| General reserve | 22,150.73 | 20,043.12 |
| Retained earnings | 30,701.66 | 26,080.47 |
| Equity instruments through other comprehensive income | 1,027.17 | 250.18 |
| **Total Other Equity** | **62,058.29** | **55,381.51** |

Note – Refer statement of changes in equity for description of the nature and purpose of each reserve.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 19: Provisions - non-current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity (refer note 34) | 345.42 | 64.19 |
| Provision for compensated absences | 733.39 | 939.29 |
| **Total** | **1,078.81** | **1,003.48** |

**Note 20: Deferred tax liabilities (net)**

(Rs in lakh)

| Particulars | April 1, 2021 | Recognised in statement of profit and loss | Recognised in other comprehensive income | March 31, 2022 |
|---|---|---|---|---|
| **Deferred tax liability** | | | | |
| Depreciation on property, plant and equipment | 986.39 | (94.14) | - | 892.25 |
| Fair valuation of investments | 634.08 | (584.11) | 136.41 | 186.38 |
| **Deferred tax asset** | | | | |
| Provisions for employee benefits | (338.99) | 34.96 | 1.31 | (302.72) |
| Others | (231.94) | 62.23 | - | (169.71) |
| **Total** | **1,049.54** | **581.06** | **137.72** | **606.20** |

(Rs in lakh)

| Particulars | April 1, 2020 | Recognised in statement of profit and loss | Recognised in other comprehensive income | March 31, 2021 |
|---|---|---|---|---|
| **Deferred tax liability** | | | | |
| Depreciation on property, plant and equipment | 915.07 | 71.32 | - | 986.39 |
| Fair valuation of investments | 609.40 | (25.29) | 49.97 | 634.08 |
| **Deferred tax asset** | | | | |
| Provisions for employee benefits | (679.05) | 321.39 | 18.67 | (338.99) |
| Others | (236.45) | 4.51 | - | (231.94) |
| **Total** | **608.97** | **371.93** | **68.64** | **1,049.54** |

**Note 21: Trade Payables**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade payables** | | |
| (a) Total outstanding dues of micro enterprises and small enterprises * (Refer Note 45) | 0.70 | 4.30 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 285.92 | 328.79 |
| **Total** | **286.62** | **332.97** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade payables to Related Parties | - | - |
| Trade payables to Others | 286.62 | 332.97 |
| **Total** | **286.62** | **332.97** |

**Trade payables ageing schedule**

(Rs in lakh)

| Particulars<br>As at March 31, 2022 | Accrued expenses | Outstanding for following periods from due date of payment<br>Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| (i) MSME | | 0.70 | - | - | - | 0.70 |
| (ii) Others | 268.00 | 17.92 | - | - | - | 285.92 |
| (iii) Disputed Dues – MSME | - | - | - | - | - | - |
| (iv) Disputed Dues – Others | - | - | - | - | - | - |
| **Total** | **268.00** | **18.62** | **-** | **-** | **-** | **286.62** |

(Rs in lakh)

| Particulars<br>As at March 31, 2021 | Accrued expenses | Outstanding for following periods from due date of payment<br>Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| (i) MSME | - | 4.30 | - | - | - | 4.30 |
| (ii) Others | 188.79 | 139.88 | - | - | - | 328.67 |
| (iii) Disputed Dues – MSME | - | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | - | - | - | - |
| **Total** | **188.79** | **144.18** | **-** | **-** | **-** | **332.97** |

**Note 22: Other financial liabilities**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Other Liabilities | 200.10 | 69.31 |
| Unclaimed Dividend | 25.54 | 29.72 |
| Provision for Salary, Performance Related Pay and Commission | 1,330.63 | 992.99 |
| **Total** | **1,556.27** | **1,092.02** |

**Note 23: (a) Contract liabilities (Refer Note 26(a) and Note 26(b))**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unearned revenue | 771.97 | 763.20 |
| Advance from customers | 462.34 | 837.87 |
| **Total** | **1,234.31** | **1,601.07** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

### Note 24: Other current liabilities

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Statutory dues | 417.93 | 618.90 |
| **Total** | **417.93** | **618.90** |

### Note 25: Provision - Current

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for compensated absence | 136.45 | 142.83 |
| Provision for gratuity | - | 207.90 |
| Other provisions (Refer note 32) | 100.00 | 100.00 |
| **Total** | **236.45** | **450.73** |

### Note 26: Revenue from operations

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Revenue from contracts with customers** | | |
| **Sale of Services** | | |
| Rating Income (including Surveillance) | 21,860.44 | 21,034.77 |
| **Total revenue from contracts with customers (A)** | | |
| Other operating revenue (B) | 66.85 | 931.68 |
| **Total revenue from operations (A+B)** | **21,927.29** | **21,966.45** |

**(a) Revenue recognized from past performance obligations**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rating Income | 762.83 | 432.76 |
| **Total** | **762.83** | **432.76** |

**(b) Revenue recognized that was included in contract liability balance at the beginning of the period:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Rating income | 1,428.11 | 1,757.85 |
| **Total** | **1,428.11** | **1,757.85** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**(c) Transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Within one year | 771.97 | 763.20 |
| More than one year | - | - |
| **Total** | **771.97** | **763.20** |

**Note 27: Other Income**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Interest income on assets carried at amortised cost | 2,426.68 | 1,498.18 |
| Dividend income | 158.93 | 130.82 |
| Gain on fair valuation of investments through profit and loss | 108.76 | 1,380.09 |
| Miscellaneous income | 141.75 | 202.48 |
| **Total** | **2,836.12** | **3,211.57** |

**Note 28: Employee benefits expense**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and other allowances | 9,277.27 | 9,175.41 |
| Contribution to provident, gratuity and other funds (Refer Note 34) | 573.65 | 585.07 |
| Employee shared-based payment expense (Refer Note 39) | 629.01 | 356.91 |
| Staff welfare expenses | 196.47 | 206.48 |
| **Total** | **10,676.40** | **10,323.88** |

**Note 29: Finance costs**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Finance costs on lease liabilities (refer note 46) | 39.64 | 56.68 |
| **Total Finance costs** | **39.64** | **56.68** |

**Note 30: Depreciation and amortization expense**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Property, plant and equipment (refer note 2) | 396.98 | 361.11 |
| Right-of-use assets (refer note 46) | 247.66 | 274.18 |
| Intangible assets (refer note 3 (a)) | 54.18 | 73.61 |
| **Total depreciation and amortization expense** | **698.82** | **708.90** |

# Notes to the Standalone Financial Statements
**for the year ended March 31, 2022**

**Note 31: Other expenses**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Electricity Charges | 75.21 | 89.93 |
| Postage and telephone charges | 48.59 | 60.67 |
| Rent | 13.62 | 4.91 |
| Travelling and conveyance expenses | 75.01 | 53.18 |
| Directors' sitting fees | 78.50 | 98.30 |
| Insurance premium | 55.03 | 52.58 |
| Legal expenses | 187.13 | 138.08 |
| Professional fees | 268.04 | 344.33 |
| Business development associate fees | 102.27 | 252.50 |
| Rates and taxes | 99.90 | 157.96 |
| Repairs and maintenance | | |
| - Buildings | 116.23 | 91.43 |
| - Others | 26.58 | 23.99 |
| Advertisement and sponsorship expenses | 100.59 | 2.80 |
| Security, housekeeping and office supplies | 152.60 | 138.86 |
| Membership and subscription | 48.81 | 40.28 |
| Provision for bad and doubtful debts | 46.47 | - |
| Bad debts written off | 18.65 | 460.17 |
| Auditors remuneration | | |
| - Audit fees (including limited review fees) | 28.25 | 24.25 |
| - Tax audit fees | 1.50 | 1.20 |
| - Other services | 3.74 | 3.13 |
| - Reimbursement to auditors | 0.25 | 0.12 |
| Corporate social responsibility (refer note 47) | 237.15 | 174.00 |
| Technology Cost | 726.79 | 406.81 |
| Recruitment expenses | 66.98 | 118.43 |
| Miscellaneous expenses | 72.75 | 77.56 |
| **Total** | **2,650.64** | **2,815.47** |

**Note 32: Provisions and Contingent liabilities**

**A) Contingent liabilities**

Claims against the company not acknowledged as debts (to the extent not provided for):

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Contingent liability on account of income tax | 72.51 | 72.51 |

**B) Provisions**

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 100 lacs in a case on prudent basis.

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening balance** | **125.00** | **125.00** |
| Charge/(Reversal) for the year | (15.00) | - |
| Payment | (10.00) | - |
| **Closing balance** | **100.00** | **125.00** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

C) Guarantees given by Bank on behalf of the subsidiary company in respect of lien marked Deposits placed by the Company for Rs 141.35 lacs (Previous Year Rs 174.23 lacs)

**Note 33: Capital and other commitments**

The amounts pending on account of contracts remaining to be executed on capital account, not provided for is Rs 43.53 lacs (March 31, 2021 – 130.46 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 loss- es on such long-term contracts has been made in the books of account.

**Note 34: Employee benefits**

**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 lakh)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| **i. Change in present value of obligations:** | | |
| **Opening defined benefit obligation** | **1,208.53** | **1,070.32** |
| Current service cost | 198.59 | 191.72 |
| Interest cost | 75.77 | 70.53 |
| Actuarial (gain)/loss on obligations due to change in financial assumptions | 29.59 | 141.16 |
| Actuarial (gains)/losses on obligations - due to change in demographic assumptions | 91.68 | (94.20) |
| Actuarial (gain)/loss on obligations due to experience | (136.62) | (122.60) |
| Benefits paid | (290.79) | (48.40) |
| **Closing defined benefit obligations** | **1,176.76** | **1,208.53** |
| **ii. Change in fair value of plan assets:** | | |
| Opening fair value of the plan assets | 936.45 | 753.31 |
| Interest income | 64.24 | 49.64 |
| Expected return on plan assets | (10.14) | (1.44) |
| Contribution by the employer | 131.58 | 183.34 |
| Benefits paid | (290.79) | (48.40) |
| **Closing fair value of the plan assets** | **831.34** | **936.45** |
| **iii. Net asset / (liability) recognized in the balance sheet** | | |
| Present value of the funded defined benefit obligation at the end of the period | (1176.76) | (1,208.53) |
| Fair value of plan assets | 831.34 | 936.45 |
| **Net asset / (liability)** | **(345.42)** | **(272.08)** |
| **iv. Expenses recognized in the statement of profit and loss** | | |
| Current service cost | 198.59 | 191.72 |
| Interest on defined benefit obligations | 11.53 | 20.89 |
| Past service cost | - | - |
| **Amount recognized in statement of profit and loss** | **210.13** | **212.61** |
| **v. Re-measurements recognized in other comprehensive income (OCI):** | | |
| Actuarial (gains)/losses on obligation for the period | (15.35) | (75.64) |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **As at March 31, 2022** | **As at March 31, 2021** |
| Expected return on plan assets | 10.14 | 1.44 |
| **Amount recognized in other comprehensive income (OCI)** | **(5.21)** | **(74.20)** |
| **vi. Maturity profile of defined benefit obligation:** | | |
| Within the next 12 months | 128.52 | 54.10 |
| Between 1 and 5 years | 526.67 | 280.44 |
| Between 5 and 10 years | 533.08 | 456.63 |
| 10 Years and above | 873.26 | 2,303.38 |
| **vii. The major categories of plan assets as a percentage of total plan:** | | |
| Insurer Managed Funds | 100% | 100% |
| **viii. Actuarial Assumptions:** | | |
| Discount rate (p.a.) | 6.84% | 6.86% |
| Expected return on plan assets (p.a.) | 6.84% | 6.86% |
| Turnover rate | For service 4 years and below 25.00% p.a.<br>For service 5 years and above 10.00% p.a. | For service 4 years and below 24.00% p.a.<br>For service 5 years and above 4.00% p.a. |
| Mortality tables | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Salary escalation Rate (p.a.) | 10.00% p.a. for the next 4 years, 8.00% p.a. thereafter, | 10.00% p.a. for the next 1 years, 8.00% p.a. thereafter, starting from the 2nd year |
| Retirement age | 60 years | 60 years |
| **ix. Weighted average duration of defined benefit obligation** | **3.71 years** | **13 years** |
| **x. Sensitivity analysis for significant assumptions: *** | | |
| Increase present value of defined benefits obligation at the end of the year | 1,176.76 | 1,208.53 |
| 1% increase in discount rate | (73.31) | (120.73) |
| 1% decrease in discount rate | 82.93 | 143.86 |
| 1% increase in salary escalation rate | 41.02 | 71.93 |
| 1% decrease in salary escalation rate | (40.57) | (68.28) |
| 1% increase in employee turnover rate | 7.86 | 16.32 |
| 1% decrease in employee turnover rate | (8.97) | (18.82) |

* 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.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**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 128.52 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 657.98 lacs (March 31, 2021 - Rs 872.82 lacs).

**C. Defined contribution plans:**

Amount recognized as an expense and included in Note 28 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is Rs 307.49 lacs (March 31, 2021- Rs 307.16 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 and Loss in Note 28 under the head "Contribution to Provident and other Funds" is Rs 36.29 lacs (March 31, 2021 – 43.89 lacs).

**Note 35: Segment reporting:**

The Company is exclusively engaged in the business of ratings. As per Ind AS 108 "Operating Segments", there are no reportable operating or geographical segments applicable to the Company. There are no customers who contribute to more than 10% of the aggregate revenue of the Company.

**Note 36: Related party disclosures**

**A. List of related parties where control exists**

(Rs in lakh)

| Name of Related Parties | Nature of relationship | % Shareholding and voting Power | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| CARE Risk Solutions Private Limited (CRSPL) | Wholly owned subsidiary | 100.00% | 100.00% |
| CARE Advisory Research and Training Limited (CART) | Wholly owned subsidiary | 100.00% | 100.00% |
| CARE Ratings (Africa) Private Limited (CRAF) | Subsidiary | 78.00% | 78.00% |
| CARE Ratings (Nepal) Limited (CRNL) | Subsidiary | 51.00% | 51.00% |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**B. Other Related Parties:**

| 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 |
| Ms. Shubhangi Soman | Additional Director |
| Mr. Ajay Mahajan (w.e.f April 15, 2020) | Managing Director and 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. Navin Kumar Jain (up to February 28, 2021) | Executive Director and Company Secretary |

**C. Following transactions were carried out with the related parties in the ordinary course of business:**

(Rs in lakh)

| Name of the related party | Relationship | Nature of transactions | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|
| CARE Risk Solutions Private Limited (CRSPL) | Wholly owned subsidiary | Loan given to CRSPL | 592.40 | - |
| | | Loan repaid by CRSPL | 60.00 | - |
| | | Interest on loan given to CRSPL | 46.64 | 34.67 |
| | | Reimbursement of expenses | 30.82 | 13.58 |
| | | Professional fees paid to CRSPL | 22.50 | 63.84 |
| | | Software development by CRSPL for company | 272.23 | 381.79 |
| | | Expense related to ESOP granted to CRSPL employees | 11.56 | 3.07 |
| | | Bank Guarantee commission | 0.71 | - |
| | | Income from laptop rent | 3.30 | - |
| | | Fair value gain on Preference shares | 49.75 | 57.73 |
| | | Dividend received by company | 0.50 | 0.50 |
| CARE Ratings (Africa) Private Limited (CRAF) | Subsidiary | Royalty income from CRAF | 18.05 | 13.59 |
| | | Expense related to ESOP granted to CRAF employee | 15.32 | - |
| | | Dividend received | 55.70 | - |
| CARE Advisory Research and Training Limited (CART) | Wholly owned subsidiary | Training fees paid by company | - | 3.20 |
| | | Business support services by CARE | 51.27 | 44.14 |
| | | Reimbursement of expenses | 63.31 | - |
| | | Professional fees paid to CART | - | 5.37 |
| CARE Ratings Nepal Limited (CRNL) | Subsidiary | Dividend income from CRNL | 31.85 | 33.52 |
| | | Sitting fees income | 0.40 | 1.34 |
| | | Royalty income from CRNL | 22.24 | 20.22 |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**D. Outstanding balances:**

(Rs in lakh)

| Name of the Related Party | Relationship | Nature of transactions | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|
| CARE Risk Solutions Private Limited | Wholly owned subsidiary | Receivable related to ESOP granted to CRSPL Employees | 11.56 | 3.08 |
| | | Investments | 1,836.26 | 1,786.51 |
| | | Loan Advances | 932.40 | 400.00 |
| CARE Ratings (Africa) Private Limited | Subsidiary | Investments | 205.15 | 205.15 |
| | | Receivable related to ESOP granted to CRAF Employees | 15.32 | - |
| | | Royalty Receivable | 17.39 | 13.20 |
| CARE Advisory Research and Training Limited | Wholly owned subsidiary | Investments | 450.00 | 450.00 |
| | | Receivable/(Payable) (net) | - | 0.07 |
| CARE Ratings Nepal Limited | Subsidiary | Investments | 159.91 | 159.91 |
| | | Royalty Receivable | 12.89 | 11.19 |

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 lakh)

| Nature of Transaction/Relationship | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Short term employee benefits | 663.77 | 793.81 |
| Other long terms benefits | 8.41 | 0.23 |
| Share based payments* | 311.68 | 195.13 |
| Directors' sitting fees | 78.50 | 98.30 |
| **Total Compensation** | **1,062.36** | **1,087.47** |

*Share based payments refer to amounts charged to the statement of Profit and Loss account, being charge on ESOP granted to Key Management Personnel as per ESOS 2020 and ESOS 2017 schemes based on Fair Value method. (Refer Note No.39 for more details related to ESOP granted to MD and other KMPs).

**Note 37: Earnings per equity share (EPS):**

| Nature of Transaction/Relationship | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **A) Basic EPS** | | |
| (i) Net profit attributable to equity shareholders (Rs in lacs) | 8,447.25 | 8,582.71 |
| (ii) Weighted average number of equity shares outstanding (Nos.) | 2,95,10,126 | 2,94,61,214 |
| Basic Earnings per equity share (i)/(ii) | 28.62 | 29.13 |
| | | |
| **B) Diluted EPS** | | |
| (i) Weighted average number of equity shares outstanding (Nos.) | 2,95,10,126 | 2,94,61,214 |
| (ii) Add: Potential Equity Shares on exercise of option (Nos.) | 1,64,443 | 49,236 |
| (iii) Weighted average number of equity shares outstanding for calculation of dilutive EPS | 2,96,74,569 | 2,95,10,450 |
| **Diluted EPS {(A)(i)/(B)(iii)}** | **28.47** | **29.08** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 38: Income Taxes:**

**A. Income tax recognized in Statement of Profit and Loss:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current tax | 2,831.73 | 2,318.45 |
| Deferred tax | (581.06) | 371.93 |
| **Total income tax recognized in statement of profit and loss** | **2,250.67** | **2,690.38** |

**B. Income tax recognized in Other comprehensive income:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unrealised (gain)/loss on FVTOCI equity securities | 136.41 | 49.97 |
| Net loss/(gain) on remeasurements of defined benefit plans | 1.31 | 18.67 |
| **Total tax recognized in other comprehensive income** | **137.72** | **68.64** |

**F. Reconciliation of Effective Tax Rate:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Profit/(loss) before tax (Rs in lacs) | 10,697.91 | 11,273.09 |
| Applicable tax rate | 25.17% | 25.17% |
| Tax effect of tax-exempt income | (0.66%) | (0.66%) |
| Tax effect of non-deductible expenses | 4.49% | 2.61% |
| Tax effect of allowances for tax purpose | (7.96%) | (3.26%) |
| **Effective Tax Rate** | **21.04%** | **23.87%** |

**Note 39: Share based payments:**

The company has granted 9,45,500 options to its eligible employees in as per the ESOS schemes, details are as under.

**A. Employees Stock Option Scheme:**

| Particulars | ESOS 2020 | | | ESOS 2017 |
|---|---|---|---|---|
| Nos. of options | 5,00,000 to Mr. Ajay Mahajan, MD | 3,22,000 to others | 1,23,500 to others | 5,37,908 |
| Method of accounting | Fair value method | | | |
| Vesting plan | 1/3rd on completion of one year from the grant date<br>1/3rd on completion of two years from the grant date<br>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 | October 29, 2021 | September 01, 2017 |
| Exercise price (Per Share) | Rs 340/share | Rs 416/ share | Rs 682/ share | Rs 1,139/ share |
| Fair value on the date of grant of option (Per share) | Rs 107.77/ share<br>Rs 131.70/ share<br>Rs 151.16/ share | Rs 249.24/ share<br>Rs 282.97/ share<br>Rs 310.18/ share | Rs 187.89/ share<br>Rs 232.29/ share<br>Rs 269.57/ share | Rs 1,506.65/ share |
| Method of settlement | Equity | | | Equity |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**B. Movement of Options granted:**

| Particulars | As at March 31, 2022 | | |
|---|---|---|---|
| | ESOS (2020) (MD) | ESOS (2020) (Others) | ESOS (2017) |
| **Options outstanding at beginning of the year** | **5,00,000** | **3,22,000** | **3,72,505** |
| Granted during the year | - | 1,23,500 | - |
| Exercised during the year | (1,66,667) | (18,666) | - |
| Lapsed during the year | - | (86,500) | (3,72,505) |
| **Options outstanding at the end of the year** | **3,33,333** | **3,40,334** | **-** |
| Options unvested at the end of year | 3,33,333 | 2,73,000 | - |
| Options exercisable at the end of the year | - | 67,334 | - |
| Weighted Average exercise price | Rs 340/- | Rs 416 - Rs682 | Rs 1,139/- |
| Weighted average remaining contractual life (years) | 3.04 | 2.75 to 3.59 | - |

| Particulars | As at March 31, 2021 | As at March 31, 2021 | As at March 31, 2021 |
|---|---|---|---|
| | ESOS (2020) (MD) | ESOS (2020) (Others) | ESOS (2017) |
| **Options outstanding at beginning of the year** | **-** | **-** | **4,15,620** |
| Granted during the year | 5,00,000 | 3,22,000 | - |
| Exercised during the year | - | - | - |
| Lapsed during the year | - | - | (43,115) |
| **Options outstanding at the end of the year** | **5,00,000** | **3,22,000** | **3,72,505** |
| **Options unvested at the end of year** | **5,00,000** | **3,22,000** | **-** |
| **Options exercisable at the end of the year** | **-** | **-** | **3,72,505** |
| Weighted Average exercise price | Rs 340/- | Rs 416/- | Rs 1,139/- |
| Weighted average remaining contractual life (years) | 3.54 | 3.67 | 0.5 |

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 629.01 lacs (Previous Year 356.91 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 equity share have been done by an independent valuer on the date of grant using Black – Scholes-Merton Formula. The key assumptions and the Fair Value are as under:

| Particular | ESOS (2020) | | ESOS (2017) |
|---|---|---|---|
| | MD | Other employees | |
| Share price at grant date | | | |
| 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% | 44.73% - 60.25% | 31.80% |
| Expected dividend yield (%) | 0.95% | 0.96% - 0.97% | 1.86% |
| Weighted average fair value per option | Rs 107.77 to Rs 151. | Rs 187.89 to Rs 310.18 | Rs 565.79 |

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**D. Details of the reserves arising from the share based payments were as follows:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Total carrying amount | 786.66 | 2,467.61 |

**Note 40: Financial instruments: disclosure:**

**A. Classification of financial assets and liabilities:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial assets at amortized cost:** | | |
| Investment (non-current) | 1,906.96 | 1943.83 |
| Loans (non-current) | 957.09 | 438.97 |
| Investment (current) | - | 1,807.75 |
| Loans (current) | 21.91 | 35.68 |
| Trade receivables | 1,360.54 | 1,668.52 |
| Cash and cash equivalents | 1,196.18 | 587.86 |
| Other bank balances | 5,931.28 | 26,288.86 |
| Other non-current financial assets | 1,216.03 | 76.83 |
| Other current financial assets | 43,159.08 | 145.65 |
| **Financial assets at fair value through profit and loss:** | | |
| Investments (non-current) | - | 728.67 |
| Investment (current) | - | 18,646.86 |
| **Financial assets at fair value through OCI:** | | |
| Investment (non-current) | 2,492.93 | 1,579.00 |
| **Total** | **58,242.00** | **53,948.48** |
| **Financial liabilities at amortized cost:** | | |
| Lease liabilities (non current) | 183.04 | 403.18 |
| Lease liabilities (current) | 238.97 | 245.72 |
| Trade payables | 286.62 | 332.97 |
| Other current financial liabilities | 1,556.27 | 1,092.02 |
| **Total** | **2,264.90** | **2,073.89** |

**B. Investments in equity instruments designated at Fair Value through other comprehensive income**

As on March 31, 2022 and March 31, 2021, 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 lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial assets at fair value through OCI:** | | |
| - Malaysian Rating Corporation Berhad | 1,748.20 | 1,157.00 |
| - ARC Ratings Holdings Limited | 744.20 | 422.00 |
| **Total** | **2,492.40** | **1,579.00** |

The Company has received Rs 70.88 lacs (Previous Year Rs 69.26 lacs ) as Dividend from Malaysian Rating Corporation Berhad and has recognized in the Statement of Profit and Loss under Note –27 - Other Income.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 41: Fair value measurement:**

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 lakh)

| Particulars | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **As at March 31, 2022** | | | |
| **Investments measured at:** | | | |
| Fair value through OCI | - | - | 2,492.93 |
| Fair value through profit and Loss | - | - | - |
| Amortized cost | 1,906.96 | - | - |
| **As at March 31, 2021** | | | |
| **Investments measured at:** | | | |
| Fair value through OCI | - | - | 1,579.00 |
| Fair value through profit and Loss | - | 18,646.86 | 728.67 |
| Amortized cost | 3,751.58 | - | - |

For financial instruments other than covered above, their carrying values approximate their fair values.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2022 and 2021.

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 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.
- The valuation of investments in equity shares of 2 companies classified as Fair Value through Other Comprehensive Income have been determined with reference to the market multiples derived from quoted prices of companies comparable to the investees and expected revenue of the investees. The estimate is adjusted for the effect of non marketability of the relevant equity securities. There were no significant unobservable inputs other the adjustment for the effect of non marketability. The estimated fair value would reduce in case the adjustment for non marketability is increased and vice versa.
- For Investment in Preference share investment in CARE Risk Solutions Private Limited, valuation is done based on Black – Scholes -Merton 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%. 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.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 42: Financial risk management objectives and policies:**

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, other bank balances, loans and other financial assets.

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.

**Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

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 lakh)

| Particulars | Currency | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Amount in FC | Amount in Rs | Amount in FC | Amount in Rs |
| Other receivable | MUR | 10.60 | 17.39 | 7.51 | 13.20 |
| Trade receivables | USD | 0.11 | 7.45 | 0.04 | 2.00 |
| | | | | | |
| **Bank Balances** | | | | | |
| SBI Maldives – MRF Account | MRF | - | - | 0.85 | 4.00 |
| SBI Maldives - USD Account | USD | - | - | 0.00 | 0.17 |

**Foreign currency sensitivity on unhedged exposure:**

**1% increase in foreign exchange rate will have the following impact on profit before tax:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| MUR | 0.17 | 0.13 |
| USD | 0.07 | 0.02 |
| MRF | - | 0.04 |

Note: If the rate is decreased by 100 bps profit will increase by an equal amount.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

### (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 as on March 31, 2022 is Rs 1,360.54 lacs (March 31, 2021 - Rs 1,668.52 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.

Refer note 8 Trade receivables for ageing of trade receivables which reflects credit risk exposure of the Company.

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 of at a higher rate with reasons whenever felt necessary.

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening Provision** | **66.85** | **1,001.54** |
| Add: Provided (utilized) during the Year | (20.38) | (934.69) |
| **Closing Provision (refer note 9)** | **46.47** | **66.85** |

**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 Company. 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 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 funds are not kept idle and invested in the financial instruments only after adequate review of such instrument and approval of the management.

The Company 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 Company 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 summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rs in lakh)

| As at March 31, 2022 | Less than 1 Year | 1 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|
| Trade payables | 286.62 | - | - | 286.62 |
| **Other current financial liabilities** | | | | |
| Other Liabilities | 200.10 | - | - | 200.10 |
| Unclaimed Dividend | 25.54 | | | 25.54 |
| Provision for Salary, Performance Related Pay and Commission | 1,330.63 | | | 1,330.63 |
| Lease liabilities. (Refer Note 46) | 270.23 | | - | 270.23 |
| **Other non current financial liabilities** | | | | |
| Lease liabilities (Refer Note 46) | | 185.44 | | 185.44 |
| **Total** | **2,113.12** | **185.44** | | **2,298.56** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| As at March 31, 2021 | Less than 1 Year | 1 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|
| Trade payables | 332.97 | - | - | 332.97 |
| **Other current financial liabilities** | | | | |
| Other Liabilities | 69.31 | - | - | 69.31 |
| Unclaimed Dividend | 29.72 | - | - | 29.72 |
| Provision for Salary, Performance Related Pay and Commission | 992.99 | - | - | 992.99 |
| Lease liabilities (refer note 46) | 279.04 | - | - | 279.04 |
| **Other non current financial liabilities** | | | | |
| Lease liabilities (refer note 46) | - | 429.25 | - | 429.25 |
| **Total** | **1,481.92** | **403.18** | **-** | **1,885.10** |

**Note 43: Distribution made and proposed:**

(Rs in lakh)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Cash dividends on equity shares declared and paid:** | | |
| Final dividend for the year ended on March 31, 2021: Rs 6.00/- per share and Interim Dividend for the period ended till March 31,2022 Rs 7/- per share (March 31, 2021: Interim Rs 11 per share) | 3,829.96 | 3,977.26 |
| **Total Dividend paid** | **3,829.96** | **3,977.26** |
| **Proposed dividends on equity shares are subject to approval at the AGM (not recognized as a liability):** | | |
| Final dividend for the year ended on March 31, 2022: Rs 10/- Per share, (March 31, 2021: Rs 6.00/-per share) | 2,964.65 | 1,767.67 |
| **Total dividend proposed** | **2,964.65** | **1,767.67** |

**Note 44: Capital management:**

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.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 45: 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 lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| – Principal | 0.70 | 4.30 |
| – Interest | - | - |
| The amount of interest paid by the company as per the MSMED Act, 2006 | | |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | |
| Amount of interest accrued and remaining unpaid at the end of the accounting year | - | 0.03 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductibles expenditure under the MSMED Act, 2006. | - | 0.03 |

This information has been determined to the extent such parties have been identified based on information available with the Company.

**Note 46: Leases**

**Following are the changes in the carrying value of right -of-use assets for the year ended March 31, 2022:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **588.52** | **862.71** |
| Prepaid rent expense | | - |
| Additions | 25.27 | - |
| Deletions | (1.01) | - |
| Depreciation | (247.66) | ( 274.18) |
| **Balance as at end of the year** | **365.12** | **588.52** |

**Amounts recognized in profit and loss**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation expense on Right-of-use assets | 247.66 | 274.18 |
| Interest expense on Lease liabilities | 39.64 | 56.68 |
| Expense relating to short-term leases | 13.62 | 4.91 |
| **Total** | **300.92** | **335.77** |

# Notes to the Standalone Financial Statements
**for the year ended March 31, 2022**

**The following is the break-up of current and non-current Lease liabilities as at March 31, 2022**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current lease liabilities | 238.97 | 245.72 |
| Non-current lease liabilities | 183.04 | 403.18 |
| **Total** | **422.01** | **648.90** |

**The following is the movement in Lease liabilities during the year ended March 31, 2022:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **648.90** | **893.82** |
| Additions | 25.27 | - |
| Deletions | (18.71) | - |
| Finance costs accrued during the period | 39.64 | 56.68 |
| Payment of lease liabilities | (273.09) | (301.60) |
| **Balance at the end of the year** | **422.01** | **648.90** |

**The table below provides details regarding the contractual maturities of Lease liabilities on an undiscounted basis:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Less than one year | 270.23 | 279.04 |
| One to five years | 185.44 | 429.25 |
| More than five years | - | - |

The total cash outflow for leases is Rs 286.70 lacs for the year ended March 31, 2022, including cash outflow for short term and low value leases.

**Note 47: Corporate social responsibility**

Gross amount required to be spent by the Company during the year is Rs 237.15 lacs (Previous Year Rs 311.98 lacs)

**Amount spent during the year on the following:**

(Rs in lakh)

| Particulars | March 31, 2022 |
|---|---|
| Akshaya Patra Foundation ( Mid-day Meal) | 27.50 |
| Dr Gautam Bhansali Golden Hour Foundation | 50.00 |
| Sri Sathya Sai Health and Education Trust | 22.50 |
| Juvenile Diabetes Foundation | 25.00 |
| Seva Sahyog Foundation | 47.00 |
| Kamarajar Educational Trust | 35.15 |
| Prashanti medical services and research foundation | 30.00 |
| **Total** | **237.15** |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Amount required to be spent during the year | 237.15 | 311.98 |
| Amount of expenditure incurred during the year | 237.15 | 311.98 |
| Shortfall at the end of the year | - | - |
| Total of previous years shortfall | Nil | Nil |
| Reason for shortfall | N.A. | N.A. |
| Nature of CSR activities | Health care, education, community development, mid-day meals, nutritional food to aanganwadi children, computers | Child welfare program, Mid-day meal, Sponsorship of higher education, Vocational training and education for financial literacy, WeCARE sponsorship, Community development programs, Knowledge on wheels, Social and Financial Literacy for underprivileged children and adolescents |
| Details of related party transactions in CSR | N.A. | N.A. |
| Whether provision is created for contractual obligation | N.A. | N.A. |

**Note 48: 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 21-22 till March 31, 2022, the Company had granted unsecured loan amounting to Rs 592.40 lacs (previous year = Nil) (closing balance – Rs 932.40 lacs, previous year – Rs 400 lacs) to its wholly owned subsidiary CARE Risk Solutions Pvt. Ltd. for general business purposes. The rate of interest was to be determined with reference to specific benchmark rates. There are no specified repayment dates for these loans.

**B. Details of Investment made during the year as below:**

(Rs in lakh)

| Name of the Company | Holding / Subsidiary / Associate | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| CARE Ratings (Nepal) Limited | Subsidiary | - | - |
| CARE Ratings (Africa) Private Limited | Subsidiary | - | - |
| CARE Risk Solutions Pvt. Limited* | Subsidiary | 778.42 | - |
| Credit Advisory Research and Training Limited | Subsidiary | - | - |

* It represents conversion of preference shares into equity shares.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 49: Ratio Analysis**

| Ratio | Numerator | Denominator | March 31, 2022 | March 31, 2021 | % Change | Reasons for major variance |
|---|---|---|---|---|---|---|
| Current Ratio | Total current assets | Total current liabilities | 13.29 | 11.62 | 14.29% | |
| Debt-Equity Ratio | Borrowings and lease liabilities | Total equity | 0.01 | 0.01 | 0.00% | |
| Debt Service Coverage Ratio | Earning for debt service= NPAT+ Non Cash operating expenses+Interest+ Other non cash adjustments | Debt service= Interest and lease payments+ Principal repayments | 33.64 | 31.00 | 8.52% | |
| Return on Equity Ratio | Profit for the year less preference dividend (if any) | Average total equity | 12.99 | 14.71 | -11.17% | |
| Trade receivables turnover ratio | Revenue from operations | Average trade receivables | 14.48 | 8.34 | 24.49% | The increase is due to reduction in trade receivables |
| Trade payables turnover ratio | Net Credit Purchases/ Other expenses | Average trade payables | 45.40 | 34.27 | 32.49% | The increase in ratio is primarily on account of decrease in trade payables |
| Net capital turnover ratio | Revenue from operations | Average working capital (i.e. Total Current Assets - Total Current liabilities) | 0.45 | 0.48 | -5.61% | |
| Net profit ratio | Profit for the year | Revenue from operations | 0.39 | 0.39 | -1.40% | |
| Return on Capital employed | EBIT | Capital Employed= Net worth+ Lease Liabilities+ Deferred tax iabilities | 0.16 | 0.19 | -13.87% | |
| Return on investment | Income generated from invested funds | Average invested funds in tresaury investments | 0.38 | 0.11 | 239.44% | The increase is primarily on account of sale/ redemption of investments in the current financial year |

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 50: Reclassification of comparative year figures and additional disclosures pursuant to amendment to requirements of Schedule III to the Act**

*Reclassifications/regroupings*

The Company during the current financial year has considered the following reclassifications in relation to the comparative period numbers:

(Rs in lakh)

| Nature of transactions/ balances | Amount of Reclassification | Reason for reclassification |
|---|---|---|
| Reclassification of accrued interest from Other current financial assets to investments (non-current), cash and cash equivalents, bank balance other than cash and cash equivalents | 778.70 | Company has elected to present accrued interest as part of the related asset balances during the current financial year. |
| Reclassification of accrued interest on loans to employees from Other non-current financial assets to loans (non-current) and from other current financial assets to loans (current) | 9.51 | Company has elected to present accrued interest as part of the related loan to employees balances during the current financial year. |
| Reclassification of security deposits from loans (non-current) to other non-current financial assets and loans (current) to other current financial assets | 139.13 | Company has made this change to conform to revised schedule III guidelines. |
| Reclassification of other receivables from Other current assets to other current financial assets | 58.96 | Company has elected to present other receivables as part of the other current financial assets. |
| Reclassification of lease liabilities (current) from other current financial liabilities to separate head under financial liabilities. | 245.72 | Company has made this change to conform to revised schedule III guidelines. |
| Reclassification of accrued expenses from other current liabilities to trade payables and provisions | 288.80 | Company has made this change to conform to revised schedule III guidelines. |
| Reclassification of Sale of Publications to Ratings income | 240.72 | During the current financial year, the Company has elected to present sale of publications as a part of rating income based on its nature. |
| Reclassification of statutory bonus from contribution to provident, gratuity and other funds to salaries and other allowances | 30.79 | During the current financial year, the Company has elected to present statutory bonus based on its nature of expense. |
| Reclassification of IT related expenses from various captions of other expenses to Technology costs | 406.81 | During the current financial year, the Company has elected to present IT related expenses as a separate caption 'Technology cost' based on its significance. |

In addition to the above, the requirements of Schedule III to the Act was amended w.e.f. 1 April 2021 to incorporate certain additional disclosures and to amend certain existing disclosure requirements. The Company has given effect to the same to the extent applicable.

# Notes to the Standalone Financial Statements

**for the year ended March 31, 2022**

**Note 51:**

(a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Significant Accounting Policies 1

The accompanying notes are an integral part of the standalone financial statements.

As per our attached Report of even date

| | | | |
|---|---|---|---|
| **For B S R & Co. LLP**<br>Chartered Accountants<br>Firm registration No.:<br>101248W/W-100022 | **For and on behalf of the Board of Directors of CARE Ratings Limited** | | |
| **[Ajit Viswanath]**<br>Partner<br>Membership No. 067114 | **[Najib Shah]**<br>Chairman<br>DIN No. - 08120210 | **[Ajay Mahajan]**<br>Managing Director & CEO<br>DIN No- 05108777 | **[Adesh Kumar Gupta]**<br>Independent Director<br>DIN No. - 00020403 |
| | **[Jinesh Shah]**<br>Chief Financial Officer<br>M No.- 117833 | **[Nehal Shah]**<br>Company Secretary<br>M No.- A18077 | |
| Mumbai<br>Date: May 28, 2022 | Mumbai<br>Date: May 28, 2022 | | |

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# INDEPENDENT AUDITORS' REPORT

**To the Members of CARE Ratings Limited**

**Report on the Audit of Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of CARE Ratings Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and 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 (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Revenue recognition**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company's revenue from operations primarily comprises of income from providing rating services to customers, customized research and risk solution services. Refer note 28 for the details of the revenue from operations for the current financial year.<br><br>Application of Ind AS 115 "Revenue from Contracts with Customers" (Ind AS 115) is complex and involves application of judgement in relation to identification of distinct performance obligations, determination of transaction price and appropriateness of the basis used to measure revenue over a period.<br><br>Due to the significance of the item to the financial statements, complexities involved, and management judgement involved in relation to the recognition and measurement of revenue over a period of time, this matter has been identified as a key audit matter for the current year's audit. | Our audit procedures included the following:<br>- Obtained an understanding of the revenue related business process, and assessed the appropriateness of the revenue recognition policies adopted by the Company.<br>- Tested the design and implementation and operating effectiveness of internal controls relating to the process of revenue recognition.<br>- On selected samples of contracts we performed the following procedures:<br>a) Reviewed the terms and conditions in the contracts.<br>b) Evaluated the identification of the performance obligations for the respective contract.<br>c) Evaluated the appropriateness of the transaction price considered for revenue recognition, determined by the management.<br>d) Evaluated the appropriateness of management's assessment of manner of satisfaction of performance obligations and consequent recognition of revenue.<br>e) Evaluated the reasonableness of the estimates involved in the recognition of revenue from initial rating and surveillance services.<br>- Evaluated the appropriateness and adequacy of the disclosures made in the consolidated financial statements for the revenue recorded during the year. |

**Other Information**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss 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. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

As part of an 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 consolidated financial statements, whether due to fraud or error, 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 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 and its associates and joint ventures and joint operations to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

**Other Matters**

a) The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on 12 June 2021.

   Our opinion is not modified in respect of this matter.

b) We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of Rs. 1,848.30 lakhs as at 31 March 2022, total revenues of Rs. 1,147.81 lakhs and net cash flows amounting to Rs. 483.62 lakhs for the year ended on that date, as considered in the consolidated 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 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 sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

c) Both these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   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 statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 1 April 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 1 April 2022 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 with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its consolidated financial statements - Refer Note 34B to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.

   iv. i) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 52 to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or

      - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

      ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 52 to the accounts, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

      - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or

      - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

      iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

   v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

As stated in note 44 to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

B) With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Ajit Viswanath**
*Partner*
Membership No: 067114
UDIN: 22067114ANUWHB1594

Mumbai
May 28, 2022

## Annexure A to the Independent Auditors' report on the consolidated financial statements of CARE Ratings Limited for the year ended March 31, 2022

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of CARE Ratings Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls 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 respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective 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 the respective 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 internal financial controls with reference to consolidated 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 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 financial statements were established and maintained and if 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes 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 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 financial statements.

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Ajit Viswanath**
*Partner*
Membership No: 067114
UDIN: 22067114ANUWHB1594

Mumbai
May 28, 2022

## Annexure B to the Independent Auditor's Report on Consolidated Financial Statements

(Referred to in our report of even date)

(i) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

| Sr. No. | Name of the entities | CIN | Holding Company/ Subsidiary/ JV/ Associate | Clause number of the CARO report which is unfavourable or qualified or adverse |
|---|---|---|---|---|
| 1. | CARE Advisory Research and Training Limited | U74999MH2016PLC285575 | Subsidiary | (xvii) |
| 2. | CARE Risk Solutions Private Limited | U74210MH1999PTC118349 | Subsidiary | (xvii) |

# Consolidated Balance Sheet

**As at March 31, 2022**

Rs in lakh

| Particulars | Note Number | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property plant and equipment | 2 | 7,879.60 | 7,021.24 |
| Right-of-use assets | 48 | 849.51 | 657.42 |
| Goodwill on consolidation | 3 (e) | 795.03 | 795.03 |
| Other intangible assets | 3 (a) | 37.66 | 33.09 |
| Intangible assets under development | 3(b)-3(d) | 818.66 | 315.07 |
| **Financial Assets** | | | |
| Investments (non current) | 4 | 4,399.89 | 3,522.83 |
| Loans | 5 | 24.68 | 40.35 |
| Other financial assets | 6 | 1,266.41 | 87.52 |
| Deferred tax assets (net) | 7 | 234.20 | 121.92 |
| Other assets | 8 | 36.99 | 8.28 |
| **Total Non-current Assets** | | **16,342.63** | **12,602.75** |
| **Current Assets** | | | |
| **Financial Assets** | | | |
| Investments (current) | 9 | - | 20,454.61 |
| Trade receivables | 10 | 1,664.11 | 2,135.57 |
| Cash and cash equivalents | 11 | 1,763.26 | 1,208.55 |
| Bank balances other than cash and cash equivalents | 12 | 6,453.09 | 27,822.66 |
| Loans | 13 | 21.91 | 35.59 |
| Other financial assets | 14 | 44,255.11 | 110.07 |
| Contract assets | 15 | 678.95 | 1,272.21 |
| Current tax assets (net) | 16 | 1,151.94 | 1,143.81 |
| Other current assets | 17 | 409.69 | 391.41 |
| **Total current assets** | | **56,398.07** | **54,574.48** |
| **Total assets** | | **72,740.70** | **67,177.23** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18 | 2,964.65 | 2,946.12 |
| Other equity | 19 | 61,784.81 | 55,935.96 |
| **Equity attributable to equity holders of the parent** | | **64,749.46** | **58,882.08** |
| Non-controlling interests | 18 (h) | 531.42 | 421.79 |
| **Total equity** | | **65,280.88** | **59,303.87** |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease liabilities | 48 | 564.08 | 448.10 |
| Provisions | 20 | 1,166.33 | 1,086.82 |
| Deferred tax liabilities (net) | 21 | 606.20 | 1,049.54 |
| **Total Non-Current Liabilities** | | **2,336.61** | **2,584.46** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Lease liabilities | 48 | 327.24 | 274.51 |
| Trade payables | 22 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 0.70 | 4.30 |
| Total outstanding dues of other than micro enterprises and small enterprises | | 512.74 | 373.05 |
| Other financial liabilities | 23 | 1,848.65 | 1,396.58 |
| Contract liabilities | 24 | 1,619.79 | 2,077.94 |
| Other current liabilities | 25 | 500.96 | 660.66 |
| Provisions | 26 | 291.83 | 488.00 |
| Current tax liability (net) | 27 | 21.30 | 13.86 |
| **Total Current Liabilities** | | **5,123.21** | **5,288.90** |
| **Total Equity and Liabilities** | | **72,740.70** | **67,177.23** |

Significant Accounting Policies 1
The accompanying notes are an integral part of the consolidated financial statements.
As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

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

**[Ajit Viswanath]**
Partner
Membership No. 067114

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

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

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

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

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Consolidated Statement Of Profit And Loss

**for the year ended March 31, 2022**

Rs in lakh

| Particulars | Note Number | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 28 | 24,763.28 | 24,844.69 |
| Other income | 29 | 2,719.11 | 3,129.36 |
| **Total Income** | | **27,482.39** | **27,974.05** |
| Expenses | | | |
| Employee benefit expenses | 30 | 12,641.27 | 11,986.14 |
| Finance costs | 31 | 46.38 | 61.75 |
| Depreciation and amortization expenses | 32 | 770.59 | 780.22 |
| Impairment loss on intangible assets | 3 (a) | 21.29 | - |
| Other expenses | 33 | 4,139.86 | 3,281.24 |
| **Total Expenses** | | **17,619.39** | **16,109.35** |
| **Profit before exceptional item and tax** | | **9,863.00** | **11,864.70** |
| Exceptional items | | - | - |
| **Profit before tax expense** | | **9,863.00** | **11,864.70** |
| **Tax expenses** | | | |
| Current tax | 38 (A) | 2,932.09 | 2,427.42 |
| Deferred tax | 38 (A) | (751.99) | 340.71 |
| **Total tax expense** | | **2,180.10** | **2,768.13** |
| **Profit after tax** | | **7,682.90** | **9,096.57** |
| **Profit for the year attributable to:** | | | |
| Non-controlling interest | | 172.11 | 144.99 |
| Owners of the parent | | 7,510.79 | 8,951.58 |
| **Other Comprehensive Income** | | | |
| A. (i) Items that will not be reclassified to profit or loss | | 936.69 | 290.46 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 38 (B) | (140.93) | (73.10) |
| B. (i) Items that will be reclassified to profit or loss | | (16.42) | (1.19) |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | 4.13 | 0.30 |
| **Other comprehensive income for the year** | | **783.47** | **216.47** |
| **Other comprehensive income for the year attributable to:** | | | |
| Non-controlling interest | | (2.70) | (0.20) |
| Owners of the parent | | 786.17 | 216.67 |
| **Total Comprehensive Income for the year** | | **8,466.37** | **9,313.04** |
| **Total Comprehensive Income for the year attributable to:** | | | |
| Non-controlling interest | | 169.41 | 144.80 |
| Owners of the parent | | 8,296.96 | 9,168.24 |
| **Earnings per equity share (Face Value Rs 10/- each)** | 39 | | |
| - Basic | | 25.45 | 30.38 |
| - Diluted | | 25.31 | 30.33 |

Significant Accounting Policies 1
The accompanying notes are an integral part of the consolidated financial statements.
As per our attached Report of even date

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Chartered Accountants
Firm registration No.: 101248W/W-100022

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

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Chief Financial Officer
M No.- 117833

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Consolidated Cash Flow Statement

**for the year ended March 31, 2022**

Rs in lakh

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Cash flows from Operating Activities** | | |
| **Profit before tax** | **9,863.00** | **11,864.70** |
| **Adjustments for** | | |
| Interest income | (2,477.31) | (1,571.34) |
| Notional income on fair value of security deposits | (9.71) | (20.08) |
| Dividend received | (70.89) | (100.71) |
| Unrealised foreign exchange (gain)/ loss | (57.98) | - |
| Unrealized gain on fair valuation of investments through profit and loss | (59.01) | (1,323.54) |
| Provision for doubtful debts | 640.53 | (924.94) |
| Bad debts written off | 37.83 | 460.75 |
| Loss/(gain) on sale of fixed assets | 1.98 | 5.76 |
| Share based payment expenses | 652.81 | 356.91 |
| Impairment loss on intangible assets | 21.29 | - |
| Amortization of premium | - | 17.04 |
| Finance Cost on lease liabilities | 46.38 | 61.75 |
| Depreciation and amortization expenses | 770.59 | 798.79 |
| **Operating Profit before working capital changes** | **9,359.50** | **9,625.09** |
| **Movements in working capital** | | |
| Decrease/(Increase) in trade receivables | 471.46 | 2,542.35 |
| Decrease/(Increase) in non-financial assets | (46.99) | (155.87) |
| Decrease/(Increase) in financial assets | 620.62 | (388.92) |
| Decrease/(Increase) in non-current financial assets | (53.27) | - |
| (Decrease)/Increase in non-financial liabilities | (574.80) | (844.35) |
| (Decrease)/Increase in financial liabilities | 116.29 | 174.31 |
| (Decrease)/Increase in other liabilities | (159.71) | (37.83) |
| **Total Movements in working capital** | **373.61** | **1,289.70** |
| Taxes paid | (2,932.77) | (2,297.41) |
| **Net cash from operating activities.......... (1)** | **6,800.33** | **8,617.38** |
| **Cash flows from Investing Activities** | | |
| Interest received | 2,440.44 | 1,571.34 |
| Dividend received | 70.89 | 100.71 |
| Net proceeds from/(investment in) fixed deposits | (23,929.08) | (16,331.57) |
| Proceeds from Sales of property plant & equipment | 22.09 | 27.06 |
| Acquisition of property plant and equipment | (1,898.33) | (448.98) |
| Purchase of investments | (0.53) | (3,350.00) |
| Redemption of investments | 20,562.68 | 14,659.59 |
| **Net cash from investing activities.......... (2)** | **(2,731.83)** | **(3,771.86)** |
| **Cash flows from financing activities** | | |
| Dividend and dividend tax paid | (3,829.96) | (3,977.27) |
| Proceeds from exercise of share options | 644.32 | - |
| Repayment of lease liability | (281.78) | (297.46) |
| Payment of interest on lease liability | (46.38) | (61.72) |
| **Net cash used in financing activities.......... (3)** | **(3,513.80)** | **(4,336.44)** |
| Effects of un-realized exchange gain on cash and cash equivalents | - | - |
| **Net increase / (decrease) in cash and cash equivalents (1 + 2 + 3)** | **554.71** | **509.08** |
| **Cash and cash equivalents at the beginning** | **1,208.55** | **699.47** |
| **Cash and cash equivalents at the end** | **1,763.26** | **1,208.55** |
| **Cash and cash equivalents comprise of:** | | |
| Cash on hand | 0.57 | 0.80 |
| **Balances with Banks** | | |
| On Current account | 665.34 | 527.83 |
| **Other Bank balances** | | |
| Deposit accounts | 1,096.87 | 679.66 |
| Prepaid cards | 0.47 | 0.26 |
| **Total** | **1,763.26** | **1,208.55** |

Note - There is no non-cash movement in lease liability.
Significant Accounting Policies 1
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As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

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

**[Ajit Viswanath]**
Partner
Membership No. 067114

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

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

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

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

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Consolidated Statement of Changes in Equity

**for the year ended March 31, 2022**

**A. Equity Share Capital**

**For the year ended March 31, 2022**

Rs in lakh

| Balance as at April, 01, 2021 | Changes in equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|
| 2,946.12 | 18.53 | 2,964.65 |

**For the year ended March 31, 2021**

Rs in lakh

| 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 |

# Consolidated Statement of Changes in Equity

**for the year ended March 31, 2022**

**B. Other Equity**

**For the year ended March 31, 2022**

Rs in lakh

| Particulars | Reserves and Surplus | | | | | | Other comprehensive income | Total equity | Non-controlling interest |
|---|---|---|---|---|---|---|---|---|---|
| | Share options outstanding account | Capital redemption reserve | Securities premium | General reserve | Foreign currency translation reserve | Retained earnings | Equity instruments through other comprehensive income | | |
| **Balance as at April 01, 2021** | **2,467.61** | **22.50** | **6.517.63** | **20,040.87** | **(16.85)** | **26,607.76** | **296.45** | **55,935.96** | **421.79** |
| Profit for the year (1) | - | - | - | - | - | 7,510.79 | - | 7,510.79 | 172.11 |
| **Other comprehensive income/ (loss) for the year** | | | | | | | | | |
| Remeasurement gain/(loss) on defined benefit plan (2 | - | - | - | - | - | 23.29 | - | 23.29 | - |
| Fair value gain on investments measured through other comprehensive income (3) | - | - | - | - | - | - | 913.40 | 913.40 | - |
| Foreign currency translation adjustments (4) | - | - | - | - | (12.80) | - | - | (12.80) | (3.62) |
| Deferred tax impact on above Adjustments (2,3 and 4) (5) | - | - | - | - | 3.22 | (4.53) | (136.41) | (137.71) | 0.91 |
| **Total comprehensive income/ (loss) for the year (1+2+3+4+5)** | **-** | **-** | **-** | **-** | **(9.58)** | **7,529.55** | **776.99** | **8,296.96** | **169.41** |
| **Contribution by and Distribu- tion to owners** | | | | | | | | | |
| Dividends | - | - | - | - | - | (3,829.96) | - | (3,829.96) | (46.76) |
| Other adjustments | - | - | - | - | - | 103.26 | - | 103.26 | (13.02) |
| ESOP Exercised During the period | (226.14) | - | 851.93 | - | - | - | - | 625.79 | - |
| Employee stock option lapsed | (2,107.61) | - | - | 2.107.61 | - | - | - | - | - |
| Employee stock option charge for the period | 652.81 | - | - | - | - | - | - | 652.81 | - |
| **Balance as at March 31, 2022** | **786.66** | **22.50** | **7,369.56** | **22,148.48** | **(26.43)** | **30,410.61** | **1,073.44** | **61,784.81** | **531.42** |

# Consolidated Statement of Changes in Equity

**for the year ended March 31, 2022**

**Other Equity**

**For the year ended March 31, 2021**

Rs in lakh

| Particulars | Reserves and Surplus | | | | | | Other comprehensive income | Total equity | Non-controlling interest |
|---|---|---|---|---|---|---|---|---|---|
| | Share options outstanding account | 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** | **324.63** |
| Profit for the year (1) | - | - | - | - | - | 8,951.58 | - | 8,951.58 | 144.99 |
| **Other Comprehensive Income/ (loss) for the year** | | | | | | | | | |
| Re-measurement gain/(loss) on defined benefit plan (2) | - | - | - | - | - | 91.92 | - | 91.92 | - |
| Fair value gain on investments measured through other comprehensive income (3) | - | - | - | - | - | - | 198.54 | 198.54 | - |
| Foreign currency translation adjustments (4) | - | - | - | - | (0.93) | - | - | (0.93) | (0.26) |
| Deferred Tax impact on above Adjustments (2,3 and 4) (5) | - | - | - | - | 0.24 | (23.14) | (49.97) | (72.87) | 0.07 |
| **Total Comprehensive Income/ (loss) for the year (1+2+3+4+5)** | **-** | **-** | **-** | **-** | **(0.69)** | **9,020.36** | **148.57** | **9,168.24** | **144.80** |
| **Contribution by and distribution to owners** | | | | | | | | | |
| Dividends | - | - | - | - | - | (4,009.50) | - | (4,009.50) | (32.24) |
| Other adjustments | - | - | - | - | - | 36.39 | - | 36.39 | (15.40) |
| 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 | - |
| **Balance as at March 31, 2021** | **2,467.61** | **22.50** | **6,517.63** | **20,040.87** | **(16.61)** | **26,657.48** | **246.48** | **55,935.96** | **421.79** |

# Consolidated Statement of Changes in Equity

**for the year ended March 31, 2022**

The description of the nature and purpose of each reserve within equity is as follows:

**a. Employee stock options outstanding account**

The Group has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 40 for further details of this plan.

**b. Capital redemption reserve**

Capital redemption reserve represents nominal value of shares credited at the time of buyback of shares.

**c. 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.

**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

**e. Foreign currency translation reserve**

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

**f. Retained earnings**

Retained earnings are the profits that the Company has earned till date after appropriation of profits.

**g. Equity instruments through other comprehensive income**

Movements in fair value of Investments designated through other comprehensive income 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 Investment

Significant Accounting Policies 1

The accompanying notes are an integral part of the consolidated financial statements.

As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.:
101248W/W-100022

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

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

Mumbai
Date: May 28, 2022

Mumbai
Date: May 28, 2022

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 1 :**

**Group overview and significant accounting policies**

**1.1 Company 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 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 : **CARE Risk Solutions Private Limited ("CRSPL")**

Country of Incorporation: **India**

Ownership in % either directly or through Subsidiaries: **100%**

The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company: **CARE Advisory Research & Training LTD ("CART")**

Country of Incorporation: **India**

Ownership in % either directly or through Subsidiaries: **100%**

The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company: **CARE Ratings (Africa) Private Limited ("CRAF")**

Country of Incorporation: **Mauritius**

Ownership in % either directly or through Subsidiaries: **78%**

The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company: **CARE Ratings Nepal Ltd ("CRNL")**

Country of Incorporation: **Nepal**

Ownership in % either directly or through Subsidiaries: **51%**

The Financial year for the above subsidiary company is 16$^{th}$ July to 15$^{th}$ July, however the accounts for the purpose of consolidation are prepared from April 2021 to March 2022.

The financial statements are for the Group consisting of the Company and its subsidiaries.

**Summary of Significant Accounting Policies**

**2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The consolidated financial statements were approved for issue by the Board of Directors on May 28, 2022. There are no subsequent events that impacts the consolidated financial statement.

The financial statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Fair value of Plan assets as reduced by defined benefit obligations;
  - Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Equity settled share based payments measured at fair value on grant date

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

**2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

### 2.2 Summary of significant accounting policies

**a. Use of estimates**

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. Actual results may differ from these estimates.

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

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

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:

**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 unamortised depreciable amount is charged over the remaining useful life of the assets.

**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 judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

**Revenue**

The Group recognizes the revenue measured at the fair value of consideration received or receivable.

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.

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.

**Defined benefit plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation 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.

**Share based payment**

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in liability towards recharge arrangements with the Parent, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards.. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

**Impairment of goodwill**

Goodwill is required to be tested for impairment at least on an annual basis. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than it's carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**b. Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless 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.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**c. Foreign currencies**

The Group's consolidated financial statements are presented in Rs, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

**d. Fair value measurement**

The Group measures financial instruments, such as investments in mutual funds and equity shares at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

**e. Revenue recognition**

**i) Revenue from contract with customer**

The Group earns revenue primarily from rendering rating and other related services, rendering financial and management advisory

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

services and providing license implementation and customization services.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer.

Revenue also excludes taxes collected from customers. The terms of payment typically for such arrangements are generally payable within 30-60 days of presentation of invoice.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group does not satisfy a performance obligation over time (similar to percentage completion method), the performance obligation is considered to be satisfied at a point in time (similar to completed contract method).

• **Recognising revenue over time:** For each performance obligation satisfied over time the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict the Group's performance in transferring control of services promised to the customer (i.e. the satisfaction of an entity's performance obligation). The Group uses input method to measure the progress achieved towards satisfaction of the performance obligation.

• **Recognising revenue at a point in time:** Revenue is recognised on satisfaction of the respective performance obligation. Factors which are considered in determining whether the performance obligation is satisfied completely include applicable contractual terms, milestones indicative of satisfactory completion of performance obligation, history of client acceptance for similar products etc.

**Contract assets**

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as trade receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. In other cases this is classified as a non financial asset.

**Contract liabilities**

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues

**Trade receivables**

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

**ii) Other income**

**Interest income**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly 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 Group 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 recognised 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.

**f. Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that

taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**g. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Advances paid towards acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under other noncurrent assets

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.

The Group has established the estimated range of useful lives for different categories of PPE as follows:

| Category of assets | Useful life (in years) |
|---|---|
| Furniture and Fixtures | 10 |
| Office Equipments | 5 |
| Computers | 3 |
| Vehicles | 8 |
| Electrical Installations | 10 |
| Buildings | 30-60 |

Depreciation on additions is being provided on a pro rata basis from the date of such additions.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

Depreciation on sale or disposal is provided on a pro rata basis till the date of such sale or disposal.

The Group reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**h. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognized in profit or loss as incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The Group has determined the useful life for software as 3 years.

**i. Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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.

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.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

i) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term

**j. Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

recoverable amount of the CGU is less than it's carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**k. Provisions, contingent liabilities and contingent assets**

Provisions are recognised 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. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**l. Employee Benefits**

*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans (provident fund, superannuation fund etc.)*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans (gratuity)*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits (leave encashment)*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

**m. Earnings per share**

The basic Earnings per equity 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 equity 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.

**n. Share based payments**

The grant date fair value of options granted to employees is recognized as an employee expense,

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

with a corresponding increase in liability towards recharge arrangements with the Parent, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards.. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

**o. 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 Group's management to make decisions for which discrete financial information is available.

**p. Financial Instruments**

*Financial Assets*

a) Classification

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

b) Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

c) Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

d) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

e) Impairment of financial assets

In accordance with Ind-AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

ii) Trade receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

*Financial Liabilities*

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

a) Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

b) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

c) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at fair value through profit or loss.

d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings.

e) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

IV. Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**r. Recent pronouncements**

On 23 March 2022, MCA has notified amendments in the Companies (Indian Accounting Standards) Amendment Rules, 2022, which are applicable from 1 April 2022. Key amendments under the notification are as under:

i) Amendment to Ind AS 16 – Property, plant and equipment

ii) Amendment to Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

iii) Amendment to Ind AS 103 – Reference to Conceptual Framework

iv) Amendment to Ind AS 16 – Proceeds before intended use

v) Amendment to Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

vi) Amendment to Ind AS 109 – Annual Improvements to Ind AS (2021)

vii) Amendment to Ind AS 106 – Annual Improvements to Ind AS (2021)

The Group is in the process of evaluating the impact of these amendments.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 2: Property, Plant and Equipment**

Rs in lakh

| Description of Assets | Gross block | | | | Accumulated depreciation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2021 | Additions during the year | Deductions during the year | As at March 31, 2022 | As at April 01, 2021 | For the year | On deletions/ disposals during the year | As at March 31, 2022 | As at March 31, 2022 | As at March 31, 2021 |
| **Tangible Assets*** | | | | | | | | | | |
| Furniture and fixtures | 304.28 | 388.14 | (67.70) | 624.72 | 187.69 | 33.38 | (58.90) | 162.16 | 462.45 | 116.59 |
| Office equipments | 352.00 | 198.75 | (153.41) | 397.34 | 256.92 | 38.90 | (142.71) | 152.34 | 244.20 | 95.08 |
| Computers | 630.95 | 358.51 | (51.20) | 938.26 | 350.64 | 202.01 | (49.86) | 503.58 | 435.47 | 280.31 |
| Vehicles | 24.64 | 24.20 | - | 48.84 | 8.59 | 4.85 | - | 13.45 | 35.40 | 16.05 |
| Electrical Installations | 89.12 | 105.06 | (17.87) | 176.31 | 54.42 | 10.81 | (16.52) | 48.72 | 127.60 | 34.70 |
| Buildings | 7,014.66 | 224.13 | - | 7,238.79 | 542.08 | 127.81 | - | 669.90 | 6,568.90 | 6,472.58 |
| Leasehold improvements | 14.74 | 3.59 | (5.41) | 12.92 | 8.81 | 4.04 | (5.41) | 7.44 | 5.48 | 5.93 |
| **Total Tangible Assets** | **8,430.39** | **1,302.38** | **(295.59)** | **9,437.18** | **1,409.15** | **421.81** | **(273.37)** | **1,557.58** | **7,879.60** | **7,021.24** |

Rs in lakh

| Description of Assets | Gross block | | | | Accumulated 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, 2021 | As at March 31, 2020 |
| **Tangible Assets*** | | | | | | | | | | |
| Furniture and fixtures | 304.28 | - | - | 304.28 | 155.60 | 32.09 | - | 187.69 | 116.59 | 148.68 |
| Office equipments | 331.86 | 27.51 | (7.37) | 352.00 | 232.15 | 32.15 | (7.38) | 256.92 | 95.08 | 99.72 |
| Computers | 594.55 | 55.28 | (18.88) | 630.95 | 191.51 | 178.01 | (18.88) | 350.64 | 280.31 | 403.04 |
| Vehicles | 69.13 | - | (44.49) | 24.64 | 12.27 | 8.30 | (11.98) | 8.59 | 16.05 | 56.85 |
| Electrical installations | 89.12 | - | - | 89.12 | 45.72 | 8.70 | - | 54.42 | 34.70 | 43.40 |
| Buildings | 7,014.66 | - | - | 7,014.66 | 416.58 | 125.50 | - | 542.08 | 6,472.58 | 6,598.08 |
| Leasehold improvements | 13.33 | 1.99 | (0.58) | 14.74 | 6.52 | 2.29 | - | 8.81 | 5.93 | 6.81 |
| **Total Tangible Assets** | **8,416.93** | **84.78** | **(71.32)** | **8,430.39** | **1,060.35** | **387.04** | **(38.24)** | **1,409.15** | **7,021.24** | **7,356.58** |

*In relation to an ongoing litigation, the Company is required to seek permission of the Hon'ble Madras High Court prior to transfer, sale, disposal etc. of any of its assets.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 3:**

**(a) Other Intangible Assets**

(Rs in lakh)

| Description of assets | Gross block | | | | Accumulated amortisation/impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2021 | Additions during the year | Write off during the year | As at March 31, 2022 | As at April 01, 2021 | For the year | On deletions during the year | As at March 31, 2022 | As at March 31, 2022 | As at March 31, 2021 |
| Computer software | 306.09 | 87.80 | (17) | 377.01 | 273 | 83.24* | (17) | 339.35 | 37.66 | 33.09 |
| **Total Intangible assets** | **306.09** | **87.80** | **(17)** | **377.01** | **273** | **83.24** | **(17)** | **339.35** | **37.66** | **33.09** |

*This includes impairment of training software of one of the subsidiary company for Rs 21.29 lacs.

(Rs in lakh)

| Description of assets | Gross block | | | | Accumulated amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2020 | Additions during the year | Write off during the year | As at March 31, 2021 | As at April 01, 2020 | For the year | On deletions during the year | As at March 31, 2021 | As at March 31,2021 | As at March 31, 2020 |
| Computer software | 271.61 | 34.48 | - | 306.09 | 187.36 | 85.64 | - | 273.00 | 33.09 | 84.25 |
| **Total Intangible assets** | **271.61** | **34.48** | **-** | **306.09** | **187.36** | **85.64** | **-** | **273.00** | **33.09** | **84.25** |

**(b) Intangible assets under development**

(Rs in lakh)

| Description | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Balance at the beginning** | **315.07** | **51.87** |
| Additions | 536.09 | 281.09 |
| Capitalised during the year | - | (9.48) |
| Write off during the year | (32.50) | (8.41) |
| **Balance at the end** | **818.66** | **315.07** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**(c) Intangible Assets under development ageing schedule**

(Rs in lakh)

| As at March 31, 2022 | Intangible Assets under Development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| Projects in progress | 427.43 | 391.23 | - | - | 818.66 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **427.43** | **391.23** | **-** | **-** | **818.66** |

(Rs in lakh)

| As at March 31, 2021 | Intangible Assets under Development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| Projects in progress | 282.57 | 32.50 | - | - | 315.07 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **282.57** | **32.50** | **-** | **-** | **315.07** |

**(d) Details of overdue projects and exceeded its costs to its original plan**

(Rs in lakh)

| Particulars | To be completed in (Contract value) | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| IT Application upgradation software | 623.72 | - | - | - | 623.72 |
| **Total** | **623.72** | **-** | **-** | **-** | **623.72** |

**(e) Goodwill**

Goodwill arising from consolidation as of 31 March 2022 and 31 March 2021 aggregated Rs 795.03 lakhs. This relates to the business of a wholly owned subsidiary CARE Risk Solutions Private Limited.

The recoverable amounts for the business relating to goodwill has been assessed based on the fair value less costs to sell. The valuation of the business has been determined with reference to the market multiples derived from quoted prices of companies comparable to the investees and expected revenue of the investees. The estimate is adjusted for the effect of non-marketability of the relevant equity securities. There were no significant unobservable inputs other the adjustment for the effect of non-marketability. The estimated fair value would reduce in case the adjustment for non-marketability is increased and vice versa. The valuation will be considered to be in the nature of Level 3 valuation.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 4: Investments - non current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos | Amount | Nos | Amount |
| **Unquoted:** | | | | |
| **Investment measured at Fair value through other comprehensive income** | | | | |
| | | | | |
| Face value of USD 22,600 each fully paid: | | | | |
| ARC Ratings Holdings Limited | 20 | 744.20 | 20 | 422.00 |
| | | | | |
| Face value of RM 1 each fully paid: | | | | |
| Malaysian Rating Corporation Berhad | 20,00,000 | 1,748.20 | 20,00,000 | 1,157.00 |
| | | | | |
| Investments in Association of Indian Rating Agencies | - | 0.53 | - | - |
| **Total unquoted investments** | | **2,492.93** | | **1,579.00** |
| **Quoted:** | | | | |
| **Investment measured at amortized cost:** | | | | |
| Tax free bonds* | | 1,906.96 | | 1,943.83 |
| **Total quoted investments** | | **1,906.96** | | **1,943.83** |
| **Total investments** | | **4,399.89** | | **3,522.83** |
| **Aggregate amount of quoted investments** | | **1,906.96** | | **1,943.83** |
| **Market value of quoted investments** | | **2160.14** | | **2,213.26** |
| **Aggregate amount of unquoted investments** | | **2,492.93** | | **1,579.00** |
| **Aggregate amount of impairment in value of Investment** | | **-** | | **-** |

*This includes accrued interest of Rs 63.92 lacs (previous year – Rs 91.91 lacs).

**Note 5: Loans – non-current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured and considered good** | | |
| Loan to employees* | 24.68 | 40.35 |
| **Total** | **24.68** | **40.35** |

* This includes Rs 6.91 lacs accrued interest on loans to employees (Previous Year – Rs 8.64 lacs)

(Rs in lakh)

| Type of borrower | As at March 31, 2022 | % of total Loans and Advances | As at March 31, 2021 | % of total Loans and Advances |
|---|---|---|---|---|
| **(a) amounts repayable on demand** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| | | | | |
| **(b) without specifying any terms or period of repayment** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| **Total** | **-** | **-** | **-** | **-** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 6: Other non-current financial assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits with banks (with more than 12 months of original maturity)* | 1,125.62 | - |
| Security Deposits - unsecured | 136.29 | 87.52 |
| Other Receivable | 2.50 | - |
| Earnest Money Deposit | 2.00 | - |
| **Total** | **1,266.41** | **87.52** |

*This includes accrued interest of Rs 3.62 lacs (previous year – Nil).

**Note 7: Deferred Tax Asset (Net)**

(Rs in lakh)

| Particulars | April 1, 2021 | MAT Credit utilization | Recognised in profit and loss | Recognised in other comprehensive income | March 31, 2022 |
|---|---|---|---|---|---|
| **Deferred Tax Asset** | **122.87** | **(52.19)** | **271.75** | **-** | **342.44** |
| MAT credit entitlement | 52.19 | (52.19) | - | - | - |
| Provisions allowed under tax on payment basis | 70.68 | - | 271.75 | - | 342.44 |
| **Deferred tax liability** | **(0.95)** | **-** | **(107.29)** | **-** | **(108.24)** |
| Property, plant and equipment | (0.37) | - | (107.87) | - | (108.24) |
| Others | (0.58) | - | 0.58 | - | - |
| **Total** | **121.92** | **(52.19)** | **164.46** | **-** | **234.20** |

(Rs in lakh)

| Particulars | April 1, 2020 | Recognised in profit and loss | Recognised in other comprehensive income | March 31, 2021 |
|---|---|---|---|---|
| **Deferred Tax Asset** | **121.86** | **1.01** | **-** | **122.87** |
| MAT credit entitlement | 52.19 | - | - | 52.19 |
| Provisions allowed under tax on payment basis | 69.68 | 1.01 | - | 70.68 |
| **Deferred tax liability** | **(26.70)** | **25.75** | **-** | **(0.95)** |
| Property, plant and equipment | (26.19) | 25.82 | - | (0.37) |
| Others | (0.51) | (0.07) | - | (0.58) |
| **Total** | **95.16** | **26.76** | **-** | **121.92** |

**Note 8: Other non-current assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Capital advances | 4.15 | - |
| Prepaid expenses | 32.84 | 8.28 |
| **Total** | **36.99** | **8.28** |

# Notes to the Consolidated Financial Statements
**for the year ended March 31, 2022**

**Note 9: Investments – current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Quoted** | | |
| **Investment measured at Fair value through Profit and Loss:** | | |
| Investment in various fixed maturity plans of debt mutual funds | - | 18,646.86 |
| **Investment measured at amortized cost:** | | |
| Tax free bonds | - | 1,807.75 |
| **Total quoted investments** | **-** | **20,454.61** |
| **Total current investments** | **-** | **20,454.61** |
| **Aggregate amount of quoted investments** | **-** | **20,454.61** |
| **Market value of quoted investments** | **-** | **20,545.91** |
| **Aggregate amount impairment in value of investment** | **-** | **-** |

**Note 10: Trade receivables**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured** | | |
| (a) Trade receivables - Considered good secured; | 1,555.22 | 2,135.57 |
| (b) Trade receivables - Considered good unsecured; | | |
| (c) Trade receivables which have significant increase in credit risk; | 335.99 | 169.42 |
| (d) Trade receivables – credit impaired | | |
| **Total trade receivables** | **1,891.21** | **2,304.99** |
| Less: Allowance for credit losses (Refer Note 43 (B)) | (227.10) | (169.42) |
| **Total** | **1,664.11** | **2,135.57** |

**Trade receivables ageing schedule**

(Rs in lakh)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| **As at March 31, 2022** | **Less than 6 months** | **6 months-1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| (i) Undisputed Trade receivables – considered good | 1,328.99 | 196.68 | 29.55 | - | - | 1,555.22 |
| (ii) Undisputed Trade receivables – which have significant increase in credit risk | 32.89 | 58.42 | 19.25 | - | 225.43 | 335.99 |
| (iii) Undisputed Trade receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade receivables– considered good | - | - | - | - | - | - |
| (v) Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade receivables – credit impaired | - | - | - | - | - | - |
| **Gross trade receivables** | **1,361.88** | **255.10** | **48.79** | **-** | **225.43** | **1,891.21** |
| Allowance for bad and doubtful debts | | | | | | (227.10) |
| **Net trade receivables** | | | | | | **1,664.11** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| **As at March 31, 2021** | **Less than 6 months** | **6 months-1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| (i) Undisputed Trade receivables – considered good | 1,672.66 | 242.33 | 22.12 | - | - | 1,555.22 |
| (ii) Undisputed Trade receivables – which have significant increase in credit risk | 66.74 | - | 0.11 | 287.46 | 13.56 | 367.87 |
| (iii) Undisputed Trade receivables – credit impaired | | | | | | |
| (iv) Disputed Trade receivables– considered good | | | | | | |
| (v) Disputed Trade receivables – which have significant increase in credit risk | | | | | | |
| (vi) Disputed Trade receivables – credit impaired | | | | | | |
| **Gross trade receivables** | **1,739.40** | **242.33** | **22.23** | **287.46** | **13.56** | **2,304.99** |
| Allowance for bad and doubtful debts | | | | | | (169.42) |
| **Net trade receivables** | | | | | | **2,135.57** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Further, the Company does not have any trade receivables relating to related parties.

### Note 11: Cash and Cash Equivalents

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.57 | 0.80 |
| **Balances with Banks** | | |
| On Current account | 665.34 | 527.83 |
| **Other Bank Balances** | | |
| Deposit accounts (with original maturity of less than three months)* | 1,096.87 | 679.66 |
| Prepaid Cards | 0.47 | 0.26 |
| **Total** | **1,763.26** | **1,208.55** |

* This includes accrued interest of Rs 0.63 lacs (previous year – Rs 1.43 lacs).

### Note 12: Bank balances other than cash and cash equivalents

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unclaimed dividend account | 25.54 | 29.72 |
| Fixed deposits* | 6,342.95 | 27,712.92 |
| Lien marked deposit# | 84.61 | 80.02 |
| **Total** | **6,453.09** | **27,822.66** |

* This includes accrued interest of Rs 250.19 lacs (previous year – Rs 705.87 lacs)
# This includes accrued interest of Rs 11.77 lacs (previous year – Rs 7.18 lacs)

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 13: Loans - current**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured and considered good** | | |
| Loans to employees* | 21.91 | 35.59 |
| **Total** | **21.91** | **35.59** |

* This includes accrued interest of Rs 0.35 lacs (previous year – Rs 0.87 lacs)

(Rs in lakh)

| Type of borrower | As at March 31, 2022 | % of total Loans and Advances | As at March 31, 2021 | % of total Loans and Advances |
|---|---|---|---|---|
| **(a) amounts repayable on demand** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| Loan to related party | NA. | NA. | NA. | NA. |
| | | | | |
| **(b) without specifying any terms or period of repayment** | | | | |
| Promoter | NA. | NA. | NA. | NA. |
| Directors | NA. | NA. | NA. | NA. |
| KMPs | NA. | NA. | NA. | NA. |
| Loan to related party | NA. | NA. | NA. | NA. |
| **Total** | **NA.** | **NA.** | **NA.** | **NA.** |

**Note 14: Other financial assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposits - unsecured | 50.23 | 67.05 |
| Other Receivable | 61.82 | 42.30 |
| Deposits with banks (with more than 12 months of original maturity)* | 44,143.06 | - |
| **Total** | **44,255.11** | **110.07** |

* This includes accrued interest of Rs 1,657.22 lacs (previous year – Nil)

**Note 15: Contract assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unbilled revenue | 1,194.95 | 1,272.21 |
| Less: Loss allowance | (516.00) | - |
| **Total** | **678.95** | **1,272.21** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 16: Current tax assets (Net)**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance payment of taxes (net of provision for tax Rs 53,235.48 lacs (PY Rs 50,433.94 lacs) | 1,151.94 | 1,143.81 |
| **Total** | **1,151.94** | **1,143.81** |

**Note 17: Other current assets**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Prepaid expenses | 276.52 | 298.53 |
| GST, other taxes and statutory deposits | 17.18 | 5.59 |
| Deposits with statutory authorities | 25.00 | 45.00 |
| Other advances | 90.99 | 42.29 |
| **Total** | **409.69** | **391.41** |

**Note 18: Equity Share Capital**

(Rs in lakh)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Authorized**<br>Equity shares of Rs 10/- each | 3,50,00,000 | 3,500.00 | 3,50,00,000 | 3,500.00 |
| **Issued, subscribed and fully paid up**<br>Equity shares of Rs 10/- each | | | | |
| Opening balance | 2,94,61,214 | 2,946.12 | 2,94,61,214 | 2,946.12 |
| Issued during the year | 1,85,333 | 18.53 | - | - |
| **Total** | **2,96,46,547** | **2,964.65** | **2,94,61,214** | **2,946.12** |

**18(a): List of shareholders holding more than 5% of Paid Up Equity Share Capital**

(Rs in lakh)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | % Holding | Nos. | % Holding |
| Life Insurance Corporation Of India and LIC P and GS Fund | 29,02,136 | 9.79% | 29,02,136 | 9.85% |
| CRISIL Limited | 26,22,431 | 8.85% | 26,22,431 | 8.90% |
| Pari Washington India Master Fund Limited | 15,66,456 | 5.28% | - | - |
| **Total** | **70,91,023** | **23.92%** | **55,24,567** | **18.75%** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**18(b): The reconciliation of the number of shares outstanding is set out below:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| | 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) | 1,85,333 | - |
| **Equity Shares at the end of the year** | **2,96,46,547** | **2,94,61,214** |

**18(c): Shares held by promoters:**

The Company does not have any promoters holding in any of the period presented.

**18 (d):** The Company does not have a holding company.

**18 (e):** 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 40.

**18(f): Terms/Right attached to equity shares:**

The Group 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.

**18(g): 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 Group 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.

**18 (h) Non-controlling interest**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| CARE Ratings (Africa) Limited | | |
| Share in equity capital | 57.86 | 57.86 |
| Share in Reserves and Surplus | 107.53 | 67.85 |
| Share in Other Comprehensive Income (if any) | (2.70) | (0.20) |
| Total (A) | 162.69 | 125.51 |
| | | |
| **CARE Ratings Nepal Limited** | | |
| Share in equity capital | 153.13 | 153.13 |
| Share in Reserves and Surplus | 215.60 | 143.15 |
| Share in Other Comprehensive Income (if any) | - | - |
| Total (B) | 368.73 | 296.28 |
| **Total Non-controlling interests (A+B)** | **531.42** | **421.79** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

### Note 19: Other Equity

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Capital redemption reserve | 22.50 | 22.50 |
| Securities premium | 7,369.56 | 6,517.63 |
| Shares options outstanding account | 786.66 | 2,467.61 |
| General reserve | 22,148.48 | 20,040.87 |
| Retained earnings | 30,410.61 | 26,657.48 |
| Foreign currency translation reserve | (26.43) | (16.61) |
| Other comprehensive income | 1,073.44 | 246.48 |
| **Total** | **61,784.81** | **55,935.96** |

Note – Refer statement of changes in equity for description of the nature and purpose of each reserve.

### Note 20: Provisions - non current

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for compensated absences | 780.82 | 959.56 |
| Provision for gratuity (refer note 36) | 385.52 | 127.26 |
| **Total** | **1,166.33** | **1,086.82** |

### Note 21: Deferred tax liabilities (net)

(Rs in lakh)

| Particulars | April 1, 2021 | Deferred tax Impact of earlier years | Recognised in statement of profit and loss | Recognised in other comprehensive income | March 31, 2022 |
|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | |
| Depreciation on property, plant and equipment | 986.39 | - | (94.14) | - | 892.25 |
| Fair valuation of investments | 584.11 | - | (584.11) | 136.41 | 136.41 |
| **Deferred tax asset** | | | | | |
| Provisions for employee benefits | (289.64) | - | 34.96 | 1.31 | (253.37) |
| Others | (231.32) | 7.39 | 55.76 | (0.92) | (169.09) |
| **Total** | **1,049.54** | **(7.39)** | **587.53** | **136.80** | **606.20** |

(Rs in lakh)

| Particulars | April 1, 2020 | Deferred tax Impact of earlier years | Recognised in statement of profit and loss | Recognised in other comprehensive income | March 31, 2021 |
|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | |
| Depreciation on property, plant and equipment | 915.07 | - | 71.32 | - | 986.39 |
| Fair valuation of investments | 609.40 | - | 24.68 | (49.97) | 584.11 |
| **Deferred tax asset** | | | | | |
| Provisions for employee benefits | (679.05) | - | 412.55 | (23.14) | (289.64) |
| Others | (236.45) | 199.42 | (194.6) | 0.31 | (231.32) |
| **Total** | **608.97** | **199.42** | **313.95** | **(72.80)** | **1,049.54** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 22: Trade Payables**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade payables*** | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 0.70 | 4.30 |
| (b) Total outstanding dues of other than micro enterprises and small enterprises | 512.74 | 373.05 |
| **Total** | **513.44** | **377.35** |

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade payables to related parties | - | - |
| Trade payables to others | 513.44 | 377.35 |
| **Total** | **513.44** | **377.35** |

**Trade payables ageing schedule**

(Rs in lakh)

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| **As at March 31, 2022** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| (i) MSME | 0.70 | - | - | - | 0.70 |
| (ii) Others | 510.51 | - | 2.23 | - | 512.74 |
| (iii) Disputed Dues – MSME | - | - | - | - | - |
| (iv) Disputed Dues – Others | - | - | - | - | - |
| **Total** | **511.21** | **-** | **2.23** | **-** | **513.44** |

(Rs in lakh)

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| **As at March 31, 2021** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| (i) MSME | 4.30 | - | - | - | 4.30 |
| (ii) Others | 350.68 | 18.88 | 3.50 | - | 373.05 |
| (iii) Disputed Dues – MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | - | - | - |
| **Total** | **354.98** | **18.88** | **3.50** | **-** | **377.35** |

**Note 23: Other financial liabilities**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Other liabilities | 337.63 | 286.93 |
| Unclaimed dividend | 25.54 | 29.72 |
| Provision for salary, performance related pay and commission | 1,485.48 | 1,079.93 |
| **Total** | **1,848.65** | **1,396.58** |

**Note 24: Contract liabilities (refer note 28 (a) and note 28 (b))**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unearned revenue | 950.26 | 993.99 |
| Advance from customers | 669.53 | 1,083.95 |
| **Total** | **1,619.79** | **2,077.94** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

### Note 25: Other current liabilities

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Statutory dues | 500.96 | 660.66 |
| **Total** | **500.96** | **660.66** |

### Note 26: Provisions – current

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for compensated absence | 167.57 | 176.82 |
| Provision for gratuity (refer note 36) | 24.27 | 211.18 |
| Provision for expenses | 100.00 | 100.00 |
| **Total** | **291.83** | **488.00** |

### Note 27: Current tax liability (net)

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provision for income tax (net of advance tax and tds) | 21.30 | 13.86 |
| **Total** | **21.30** | **13.86** |

### Note 26: Revenue from operations

(Rs in lakh)

| Particulars | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|
| **Revenue from contracts with customer** | | |
| **Sale of services** | | |
| Rating income (including surveillance) | 22,904.78 | 21,647.80 |
| Fee for consultancy services | 967.54 | 689.86 |
| Fees for license and implementation fees | 824.11 | 1,313.16 |
| Sale of publications / information services | - | 240.72 |
| Training fees | - | 21.47 |
| **Total revenue from contracts with customers (A)** | | |
| Other operating revenue (B) | 66.85 | 931.68 |
| **Total revenue from operations (A+B)** | **24,763.28** | **24,844.69** |

There is no difference between revenue recognized and contract price. Further, there are no costs incurred to obtain the contract.

#### (a) Revenue recognized from past performance obligations

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rating Income | 762.83 | 837.14 |
| **Total** | **762.83** | **837.14** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**(b) Revenue recognized that was included in contract liability balance at the beginning of the period:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Rating income | 1,428.11 | 1,757.85 |
| **Total** | **1,428.11** | **1,757.85** |

**(c) Transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Within one year | 950.26 | 993.99 |
| More than one year | - | - |
| **Total** | **950.26** | **993.99** |

**Note 29: Other Income**

(Rs in lakh)

| Particulars | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|
| Interest income on assets carried at amortised cost | 2,477.31 | 1,560.52 |
| Dividend income | 70.89 | 100.71 |
| Gain on fair valuation of investments through profit and loss | 59.01 | 1,323.02 |
| Miscellaneous income | 111.90 | 145.11 |
| **Total** | **2,719.11** | **3,129.36** |

**Note 30: Employee benefits expense**

(Rs in lakh)

| Particulars | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|
| Salaries and other allowances | 11,074.63 | 10,723.08 |
| Contribution to provident, gratuity and other funds (refer note 36) | 691.98 | 681.13 |
| Expense share – based payment expenses (refer note 40) | 652.81 | 359.99 |
| Staff welfare expenses | 221.85 | 221.94 |
| **Total** | **12,641.27** | **11,986.14** |

**Note 31: Finance costs**

(Rs in lakh)

| Particulars | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|
| Finance cost on lease liabilities (refer note 48) | 46.38 | 61.75 |
| **Total** | **46.38** | **61.75** |

**Note 32: Depreciation and amortization expense**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Property, plant and equipment (refer note 2) | 421.81 | 387.04 |
| Right-of-use assets (refer note 48) | 286.83 | 307.54 |
| Intangible assets (refer note 3 (a)) | 61.95 | 85.64 |
| **Total depreciation and amortization expense** | **770.59** | **780.22** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 33: Other expenses**

(Rs in lakh)

| Particulars | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|
| Electricity charges | 80.51 | 93.70 |
| Postage and telephone charges | 53.88 | 69.05 |
| Rent | 42.68 | 12.73 |
| Travelling and conveyance expenses | 108.00 | 84.46 |
| Directors' sitting fees | 79.94 | 99.29 |
| Insurance premium | 66.73 | 75.79 |
| Legal expenses | 187.58 | 138.12 |
| Professional fees | 596.36 | 417.09 |
| Business development associate fees | 102.27 | 252.50 |
| Rates and taxes | 129.36 | 175.00 |
| Repairs and maintenance | | |
| -Buildings | 116.23 | 91.43 |
| -Others | 58.88 | 62.40 |
| Advertisement and sponsorship expenses | 130.95 | 21.61 |
| Security, housekeeping and office supplies | 166.24 | 145.00 |
| Membership and subscription | 81.39 | 59.35 |
| Corporate training expenses | - | 5.92 |
| Provision for bad and doubtful debts | 640.53 | 9.76 |
| Bad debts written off | 37.83 | 460.17 |
| Commission | 146.98 | 58.76 |
| Auditors remuneration | | |
| - Audit Fees (Including Limited Review Fees) | 42.00 | 31.82 |
| - Tax Audit Fees | 3.45 | 2.00 |
| - Other Services | 3.74 | 4.63 |
| - Reimbursements to Auditors | 0.42 | 0.12 |
| Corporate social responsibility | 237.15 | 174.00 |
| Technology Cost | 775.64 | 436.59 |
| Recruitment expenses | 121.37 | 141.88 |
| Miscellaneous expenses | 129.75 | 158.07 |
| **Total** | **4,139.86** | **3,281.24** |

**Note 34: Provisions and Contingent liabilities**

**A. Contingent liabilities**

Claims against the company not acknowledged as debts (to the extent not provided for):

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Contingent liability on account of income tax | 72.51 | 72.51 |

**B. Provisions**

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 100 lacs in a case on prudent basis.

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening balance** | **125.00** | **125.00** |
| Charge/(Reversal) for the year | (15.00) | - |
| Payment | (10.00) | - |
| **Closing balance** | **100.00** | **125.00** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

C) Guarantees given by Bank on behalf of the Group in respect of lien marked Deposits for Rs 214.19 lacs (Previous Year Rs 101.39 lacs)

**Note 35: 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 79.53 lacs (March 31, 2021 - Rs 130.46 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 36: Employee benefits**

**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 Group and is in accordance with the rules of the Group 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, 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 lakh)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| **Change in present value of obligations:** | | |
| Opening defined benefit obligation | 1,279.47 | 1,138.74 |
| Current service cost | 227.25 | 208.99 |
| Interest cost | 80.62 | 75.35 |
| Actuarial (Gain)/Loss: | | - |
| Actuarial (Gain)/Loss on obligations due to change in financial assumptions | 11.04 | 138.86 |
| Actuarial (Gains)/Losses on obligations - due to change in demographic assump tions | 91.68 | (94.20) |
| Actuarial (Gain)/Loss on obligations due to experience | (136.62) | (138.28) |
| Benefits paid | (308.03 ) | (49.99) |
| **Closing defined benefit obligations** | **1,245.41** | **1,279.47** |
| **Change in fair value of plan assets:** | | |
| Opening fair value of the plan assets | 941.86 | 755.67 |
| Interest income | 64.61 | 49.81 |
| Expected return on plan assets | (10.14) | (1.70) |
| Contribution by the employer | 147.80 | 188.07 |
| Benefits paid | (308.03) | (49.99) |
| Return on plan assets, excluding interest income | (0.47) | |
| **Closing fair value of the plan assets** | **835.63** | **941.86** |
| **Net asset / (liability) recognized in the balance sheet** | | |
| Present value of the funded defined benefit obligation at the end of the period | (1,245.41) | (1,279.47) |
| Fair value of plan assets | 835.63 | 941.86 |
| **Net Asset / (Liability)** | **(409.78)** | **(337.61)** |
| **Expenses recognized in the statement of profit and loss** | | |
| Current service cost | 227.25 | 208.99 |
| Interest on defined benefit obligations | 16.01 | 25.54 |
| **Amount recognized in statement of profit and loss** | **243.26** | **234.53** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| **Re-measurements recognized in other comprehensive income (OCI):** | | |
| Actuarial (Gains)/losses on obligation for the period) | (22.34) | (76.85) |
| Changes in financial assumptions | 5.63 | (2.33) |
| Changes in demographic assumptions | (5.18 ) | |
| Experience adjustments | (12.01) | (14.44) |
| Expected return on plan assets | 10.62 | 1.70 |
| **Amount recognized in other comprehensive income (OCI)** | **(23.29)** | **(91.91)** |
| **Maturity profile of defined benefit obligation:** | | |
| Within the next 12 months | 150.25 | 56.48 |
| Between 1 and 5 years | 563.65 | 289.68 |
| Between 5 and 10 years | 545.34 | 472.24 |
| 10 Years and above | 875.15 | 2,358.75 |
| **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 | (11.82) | (62.93) |
| 1% decrease in discount rate | 147.51 | 218.40 |
| 1% increase in salary escalation rate | 105.75 | 145.22 |
| 1% decrease in salary escalation rate | 20.72 | (9.66) |
| 1% increase in employee turnover rate | 70.58 | 81.27 |
| 1% decrease in employee turnover rate | 54.30 | 47.10 |
| **The major categories of plan assets as a percentage of total plan** | | |
| insurer managed funds** | 100% | 100% |
| **Actuarial assumptions:** | | |
| Discount rate (p.a.) | 5.54% - 6.84% | 6.80%-7.13% |
| Expected return on plan assets (p.a.) | 5.54% - 6.84% | 6.80%-6.86% |
| Turnover rate | 5% - 35% | 4%-24% |
| Mortality tables | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2006-08) and (2012-14) |
| Salary escalation rate (p.a.) | 8% - 10% | 6%-10% |
| Retirement age | 60 years | 60 Years |
| **Weighted average duration of defined benefit obligation** | 2.83 years – 3.71 years | 13 years-16 years |

* 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.

** Status of CARE Ratings and CART is funded through a trust and 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.

# Notes to the Consolidated Financial Statements
**for the year ended March 31, 2022**

**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 128.52 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 744.42 lacs (March 31, 2021 - Rs 926.41 lacs).

**C. Defined contribution plans:**

Amount recognized as an expense and included in Note 30 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is Rs 382.99 lacs (Previous Year - Rs 368.25 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 contribution charged to Statement of Profit and Loss in Note 30 under the head "Contribution to Provident and other Funds" is Rs 36.29 lacs (Previous Year Rs 43.89 lacs)

**Note 37: Related party disclosures**

**A. 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 |
| Ms. Shubhangi Soman | Additional Director |
| Mr. Ajay Mahajan (w.e.f. April 15, 2020) | Managing Director and 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 and Company Secretary |

**B. Compensation of Key Management Personnel of the Group:**

(Rs in lakh)

| Nature of Transaction/Relationship | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Short Term Employee Benefits | 663.77 | 793.81 |
| Other Long Terms Benefits | 8.41 | 0.23 |
| Share Based Payments * | 311.68 | 195.13 |
| Directors Sitting Fees | 78.50 | 98.30 |
| **Total Compensation** | **1,062.36** | **1,087.47** |

*Share based payments refer to amounts charged to the statement of Profit and Loss account, being charge on ESOP granted to Key Management Personnel as per ESOS 2020 and ESOS 2017 schemes based on Fair Value method. (Refer Note No.40 for more details related to ESOP granted to MD and other KMPs).

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 38: Income Taxes**

**A. Income tax recognized in Statement of Profit and Loss:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current tax | 2,932.09 | 2,427.42 |
| Deferred tax | (751.99) | 340.71 |
| **Total** | **2,180.10** | **2,768.13** |

**B. Income tax recognized in Other comprehensive income:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unrealised (gain)/loss on FVTOCI equity securities | 136.41 | 49.97 |
| Net loss/(gain) on remeasurements of defined benefit plans | 4.52 | 23.13 |
| Foreign currency translation | (4.13) | (0.30) |
| **Total tax recognized in other comprehensive income** | **136.80** | **72.80** |

**C. Reconciliation of effective tax rate:**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit/(loss) before tax (Rs in lacs) | 9,863.00 | 11,864.70 |
| | | |
| Applicable tax rate | 25.17% | 25.17% |
| Tax effect of tax exempt income | (0.71%) | (0.62%) |
| Tax effect of non deductible expenses | 2.56% | 1.88% |
| Tax effect of Deferred tax on losses not recognized | 0.39% | - |
| Tax effect of adjustment for earlier years | (0.09%) | - |
| Tax effect of allowances for tax purpose | (5.22%) | (3.10%) |
| **Effective tax rate** | **22.10%** | **23.33%** |

**Note 39: Earnings per equity share (EPS):**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **A) Basic EPS** | | |
| (i) Net Profit attributable to Equity Shareholders (Rs In lacs) | 7,510.79 | 8,951.58 |
| (ii) Weighted average number of equity shares outstanding (nos.) | 2,95,10,126 | 2,94,61,214 |
| **Basic Earnings per equity share (i)/(ii)** | **25.45** | **30.38** |
| | | |
| **B) Diluted EPS** | | |
| (i) Weighted average number of equity shares outstanding (Nos.) | 2,95,10,126 | 2,94,61,214 |
| (ii) Add: Potential Equity shares on exercise of option (Nos.) | 1,64,443 | 49,236 |
| (iii) Weighted average number of equity shares outstanding for calculation of dilutive eps | 2,96,74,569 | 2,95,10,450 |
| **Diluted EPS {(A)(i)/(B)(iii)}** | **25.31** | **30.33** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 40: Share based payments**

The Group had granted 9,45,500 stock options to its eligible employees in as per the ESOS, details are as under:

**A. Employees stock option scheme :**

| Particulars | ESOS 2020 | | | ESOS 2017 |
|---|---|---|---|---|
| Nos. of options | 5,00,000 to Mr. Ajay Mahajan, MD | 3,22,000 to others | 1,23,500 to others | 5,37,908 |
| Method of accounting | Fair value method | | | |
| Vesting plan | 1/3rd on completion of one year from the grant date<br>1/3rd on completion of two years from the grant date<br>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 | October 29, 2021 | September 01, 2017 |
| Exercise price (Per Share) | Rs 340/share | Rs 416/ share | Rs 682/ share | Rs 1,139/share |
| Fair value on the date of grant of option (Per share) | Rs 107.77/ share<br>Rs 131.70/ share<br>Rs 151.16/ share | Rs 249.24/ share<br>Rs 282.97/ share<br>Rs 310.18/ share | Rs 187.89/ share<br>Rs 232.29/ share<br>Rs 269.57/ share | Rs 1,506.65/ share |
| Method of settlement | Equity | | | Equity |

**B. Movement of Options granted:**

| Particulars | As at March 31, 2022 | | |
|---|---|---|---|
| | ESOS (2020) (MD) | ESOS (2020) (Others) | ESOS (2017) |
| **Options outstanding at beginning of the year** | **5,00,000-** | **3,22,000** | **3,72,505** |
| Granted during the year | - | 1,23,500 | - |
| Exercised during the year | (1,66,667) | (18,666) | - |
| Lapsed during the year | - | (86,500) | (3,72,505) |
| **Options outstanding at the end of the year** | **3,33,333** | **3,40,334** | **-** |
| Options unvested at the end of year | 3,33,333 | 2,73,000 | - |
| Options exercisable at the end of the year | - | 67,334 | - |
| Weighted Average exercise price | Rs 340/- | Rs 416 - Rs 682 | Rs 1,139/- |
| Weighted average remaining contractual life (years) | 3.04 | 2.75 to 3.59 | - |

| Particulars | As at March 31, 2021 | As at March 31, 2021 | As at March 31, 2021 |
|---|---|---|---|
| | ESOS (2020) (MD) | ESOS (2020) (Others) | ESOS (2017) |
| **Options outstanding at beginning of the year** | **-** | **-** | **4,15,620** |
| Granted during the year | 5,00,000 | 3,22,000 | - |
| Exercised during the year | - | - | - |
| Lapsed during the year | - | - | (43,115) |
| **Options outstanding at the end of the year** | **5,00,000** | **3,22,000** | **3,72,505** |
| Options unvested at the end of year | **5,00,000** | **3,22,000** | **-** |
| Options exercisable at the end of the year | **-** | **-** | **3,72,505** |
| Weighted Average exercise price | Rs 340/- | Rs 416/- | Rs 1,139/- |
| Weighted average remaining contractual life (years) | 3.54 | 3.67 | 0.5 |

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 652.81 lacs (Previous Year Rs 359.99 lacs) has been charged to the current year Statement of Profit and Loss.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**C. Fair Valuation:**

The fair value of the options used to compute proforma net profit and Earnings per equity share have been done by an independent valuer on the date of grant using Black - Scholes-Merton Formula. The key assumptions and the Fair Value are as under:

| Particular | ESOS (2020) | | ESOS (2017) |
|---|---|---|---|
| | MD | Other employees | |
| Share price at grant date | | | |
| Risk free interest rate (%) | 4.29%-5.06% | 4.01% - 5.42% | 6.39% |
| Option life (years) | 3 years | 3 years | 3 years |
| Expected volatility | 54.36% | 44.73% - 60.25% | 31.80% |
| Expected dividend yield (%) | 0.95% | 0.96% - 0.97% | 1.86% |
| Fair value per option | Rs 107.77 to Rs 151. | Rs 187.89 to Rs 310.18 | Rs 565.79 |

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

**D. Details of the reserves arising from the Share based payments were as follows:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Total carrying amount | 786.66 | 2,467.61 |

**Note 41: Financial instruments: disclosure:**

**A. Classification of financial assets and liabilities:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial assets at Amortized cost:** | | |
| Investment (non-current) | 1,906.96 | 1,943.83 |
| Investment (current) | - | 1,807.75 |
| Loans (non-current) | 24.68 | 40.35 |
| Loans (current) | 21.91 | 35.59 |
| Trade receivables | 1,664.11 | 2,135.57 |
| Cash and Cash Equivalents | 1,763.26 | 1,208.55 |
| Other bank balances | 6,453.09 | 27,822.66 |
| Other non-current financial assets | 1,266.41 | 87.52 |
| Other current financial assets | 44,255.11 | 110.07 |
| **Financial assets at fair value through profit and loss:** | | |
| Investment (current) | - | 18,646.86 |
| **Financial assets at fair value through OCI:** | | |
| Investment (non-current) | 2,492.93 | 1,579.00 |
| **Total** | **59,848.46** | **55,417.75** |
| **Financial liabilities at Amortized cost:** | | |
| Lease liabilities (non-current) | 564.08 | 448.10 |
| Lease liabilities (current) | 327.24 | 274.51 |
| Other current financial liabilities | 1,848.65 | 1,396.58 |
| Trade Payables | 513.44 | 377.35 |
| **Total** | **3,253.41** | **2,496.54** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**B) Investments in equity instruments designated at fair value through other comprehensive income**

As on March 31, 2022 and March 31, 2021, 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 lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial assets at Fair Value through OCI:** | | |
| - Malaysian Rating Corporation Berhad | 1,748.20 | 1,157.00 |
| - ARC Ratings Holdings Limited | 744.20 | 422.00 |
| **Total** | **2,492.40** | **1,579.00** |

The Group has received Rs 70.88 lacs (Previous Year March 2021 Rs 69.26 lacs) as Dividend and has recognized in the Statement of Profit and Loss under Note 29 - Other Income.

**Note 42: Fair value measurement:**

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 lakh)

| Particulars | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **As at March 31, 2022** | | | |
| **Investments measured at** | | | |
| Fair Value through OCI: | - | - | 2,492.93 |
| Fair Value through Profit and Loss: | - | - | - |
| Amortized cost | 1,906.96 | - | - |
| **As at March 31, 2021** | | | |
| **Investments measured at** | | | |
| Fair Value through OCI: | - | - | 1,579.00 |
| Fair Value through Profit and Loss: | - | 18,646.86 | - |
| Amortized cost | 3,751.58 | - | - |

For financial instruments other than covered above, their carrying values approximate their fair values.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2022 and 2021.

The Group has utilized the expertise of the in-house team to value the investments in Malaysian Rating Corporation Berhad and ARC Ratings Holdings Limited. For investment in Preference Shares of CARE Risk Solutions Private Limited, the Group has availed services of in-house valuation team.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**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 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 43: Financial Risk Management Objectives and Policies:**

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, Bank Balances other than Cash and cash equivalents, Loans and Other Financial assets.

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.

**Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

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.

(Rs in lakh)

| Particulars | Currency | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Amount in FC | Amount in Rs | Amount in FC | Amount in Rs |
| Trade receivables | USD | 3.59 | 270.41 | 4.66 | 341.86 |
| Trade receivables | LKR | 104.21 | 26.56 | 89.58 | 32.64 |
| Trade receivables | BHD | - | - | 0.29 | 55.24 |
| Unbilled revenue | USD | 10.63 | 803.02 | 10.85 | 797.72 |
| Unbilled revenue | LKR | | | - | - |
| Unbilled revenue | BHD | 0.53 | 105.90 | 0.68 | 132.98 |
| Other receivable | MUR | 10.60 | 17.39 | 7.51 | 13.20 |
| Financial Assets | USD | 1.25 | 94.17 | 1.78 | 130.79 |
| | | | | | |
| **Bank Balances** | | | | | |
| Bank Balance in current account | USD | 0.09 | 6.43 | - | - |
| SBI Maldives - USD Account | USD | - | - | 0.00 | 0.17 |
| SBI Maldives - MRF account | MRF | - | - | 0.85 | 4.00 |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Foreign currency sensitivity on un-hedged exposure:**

1% increase in foreign exchange rate will have the following impact on profit before tax:

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| USD | 10.80 | 12.71 |
| MRF | - | 0.04 |
| MUR | 0.17 | 0.13 |
| LKR | 0.27 | 0.33 |
| BHD | 1.06 | 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 as on March 31, 2022 is Rs 1,664.11 (March 31, 2021 is Rs 2 ,135.57 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.

Refer note 10: Trade receivables for ageing of trade receivables which reflects credit risk exposure of the Company.

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 of at a higher rate with reasons whenever felt necessary.

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening Provision | 169.43 | 1,094.36 |
| Add: Provided/(Utilised) during the Year (Refer Note 10) | 57.67 | (924.94) |
| **Closing Provision** | **227.10** | **169.42** |

**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.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

The table below summarized the maturity profile of the Group's financial liabilities and Investments based on contractual undiscounted payments.

(Rs in lakh)

| As at March 31, 2022 | Less than 1 Year | 1 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|
| Trade payables | 513.43 | - | - | 513.43 |
| **Other current financial liabilities** | | | | |
| Other Liabilities | 337.63 | - | - | 337.63 |
| Unclaimed Dividend | 25.54 | - | - | 25.54 |
| Provision for Salary, Performance Related Pay and Commission | 1,485.49 | - | - | 1,485.49 |
| Lease liabilities (Refer NNote 48) | 358.50 | - | - | 358.50 |
| **Other non current financial liabilities** | | | | |
| Lease liabilities (Refer Note 48) | - | 566.47 | - | 566.47 |
| **Total** | **2,720.59** | **566.47** | **-** | **3,287.06** |

(Rs in lakh)

| As at March 31, 2021 | Less than 1 Year | 1 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|
| Trade payables | 377.36 | - | - | 377.36 |
| **Other current financial liabilities** | | | | |
| Other Liabilities | 286.93 | - | - | 286.93 |
| Unclaimed Dividend | 29.72 | - | - | 29.72 |
| Provision for Salary, Performance Related Pay and Commission | 1,079.93 | - | - | 1,079.93 |
| Lease liabilities (Refer Note 48) | 307.83 | - | - | 307.83 |
| **Other non current financial liabilities** | - | - | - | |
| Lease liabilities (Refer Note 48) | - | 474.16 | - | 474.16 |
| **Total** | **2,081.76** | **474.16** | **-** | **2,555.92** |

**Note 44: Distribution made and proposed :**

(Rs in lakh)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Cash dividends on equity shares declared and paid:** | | |
| Final dividend for the year ended on March 31, 2021: Rs 6.00/- per share and Interim Dividend for the period ended till March 31,2022 Rs 7/- per share (March 31, 2021: Interim Rs 11 per share) | 3,829.96 | 3,977.27 |
| DDT on final dividend | | - |
| **Total Dividend paid** | **3,829.96** | **3,977.27** |
| **Proposed dividends on equity shares are subject to approval at the AGM (not recognized as a liability):** | | |
| Final dividend for the year ended on March 31, 2022: Rs 10/- Per share, (March 31, 2021: Rs 6/-per share) | 2,964.65 | 1,767.67 |
| **Total dividend proposed** | **2,964.65** | **1,767.67** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 45: Capital management:**

The Group is cash surplus and has no capital other than Equity. The Group 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 Group does not have any external borrowings.

**Note 46: 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 lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| – Principal | 0.70 | 4.30 |
| – Interest | - | - |
| The amount of interest paid by the company as per the MSMED Act, 2006 | | |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | |
| Amount of interest accrued and remaining unpaid at the end of the accounting year | - | 0.03 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006. | - | 0.03 |

This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 47: Segment Reporting:**

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)

| | For the year ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Ratings and related services | Others | Un-allocable/ Eliminations | Total |
| **Segment Revenue** | | | | |
| Revenue from services | 22,971.63 | 2,085.78 | - | 25,057.41 |
| **Total Revenue (A)** | **22,971.63** | **2,085.78** | **-** | **25,057.41** |
| Less: Inter segment revenue if any (B) | - | (294.13) | | (294.13) |
| **Total segment revenue (C = A-B)** | **22,971.63** | **1,791.65** | **-** | **24,763.28** |
| | | | | |
| **Segment results (profit before interest, depreciation and tax)** | **9,406.58** | **(1,424.43)** | **-** | **7,982.15** |
| Less: Depreciation, amortization and impairment | (726.15) | (65.72) | - | (791.87) |
| **Total Segment Result (D)** | **8,680.43** | **(1,490.16)** | **-** | **7,190.27** |
| | | | | |
| Less: Finance costs | (43.30) | (3.80) | - | (46.38) |
| Less : Other un-allocable corporate expenses | - | - | - | - |
| Add: Other income | - | - | 2,719.11 | 2,719.11 |
| **Profit Before Exceptional Item and Tax** | **8,637.13** | **(1,493.23)** | **2,719.11** | **9,863.00** |
| Exceptional Items - income/expenses | - | - | - | - |
| **Profit before tax** | **8,637.12** | **(1,493.23)** | **2,719.11** | **9,863.00** |
| Tax Expenses | | | | |
| - Current tax | 2,965.85 | (33.76) | - | 2,932.09 |
| - Deferred Tax Charge/(Credit) | (584.54) | (167.45) | - | (751.99) |
| **Profit for the year** | **6,255.82** | **(1,292.02)** | **2,719.11** | **7,682.90** |
| | | | | |
| Segment Assets | 64,495.85 | 3,049.93 | - | 67,545.78 |
| Un-allocable Assets | - | - | 5,194.92 | 5,194.92 |
| **Total Assets** | **64,495.85** | **3,049.93** | **5,194.92** | **72,740.70** |
| Segment liabilities | 5,980.26 | 1,479.56 | - | 7,459.82 |
| Un-allocable liabilities | - | - | - | - |
| **Total liabilities** | **5,980.25** | **1,479.56** | **-** | **7,459.82** |
| | | | | |
| **Capital employed** | **58,515.60** | **1,570.36** | **5,194.92** | **65,280.88** |

# Notes to the Consolidated Financial Statements
**for the year ended March 31, 2022**

(Rs in lacs)

| | For the year ended March 31, 2021 | | | |
|---|---|---|---|---|
| | **Ratings and related services** | **Others** | **Un-allocable/ Eliminations** | **Total** |
| **Segment revenue** | | | | |
| Revenue from services | 22,820.20 | 2,148.71 | - | 24,968.91 |
| **Total Revenue (A)** | **22,820.20** | **2,148.71** | **-** | **24,968.91** |
| Less: Inter segment revenue if any (B) | - | (124.22) | - | (124.22) |
| **Total segment revenue (C = A-B)** | **22,820.20** | **2,024.48** | **-** | **24,844.69** |
| **Segment Results (profit before interest, depreciation and tax)** | **9,381.80** | **195.51** | **-** | **9,577.31** |
| Less: Depreciation and amortization | (717.31) | (62.91) | - | (780.22) |
| **Total segment result (D)** | **8,664.49** | **132.60** | **-** | **8,797.09** |
| Less: Finance costs | (61.75) | - | - | (61.75) |
| Less : Other un-allocable corporate expenses | - | - | - | - |
| Add: Other Income | | | 3,129.36 | 3,129.36 |
| **Profit before exceptional item and tax** | **8,602.74** | **132.60** | **3,129.36** | **11,864.70** |
| Exceptional Items - income/expenses | - | - | - | - |
| **Profit before tax** | **8,602.74** | **132.60** | **3,129.36** | **11,864.70** |
| Tax expenses | | | | |
| - Current tax | 2,427.42 | - | - | 2,427.42 |
| - Deferred tax charge/(credit) | 371.93 | (31.22) | - | 340.71 |
| **Profit for the year** | **5,803.39** | **163.82** | **3,129.36** | **9,096.57** |
| Segment Assets | 39,503.41 | 2,993.26 | - | 42,496.67 |
| Un-allocable assets | - | | 24,680.56 | 24,680.56 |
| **Total assets** | **39,503.41** | **2,993.26** | **24,680.56** | **67,177.23** |
| Segment Liabilities | 7,021.50 | 851.86 | - | 7,873.36 |
| Un-allocable liabilities | - | - | - | |
| **Total liabilities** | **7,021.50** | **851.86** | **-** | **7,873.36** |
| **Capital employed** | **32,481.91** | **2,141.40** | **24,680.56** | **59,303.87** |

**Note 48: Leases**

Following are the changes in the carrying value of Right-of-use-assets for the year ended March 31, 2022:

(Rs in lakh)

| **Particulars** | **As at March 31, 2022** | **As at March 31, 2021** |
|---|---|---|
| **Balance at the beginning of the year** | **657.42** | **1,074.99** |
| Additions | 479.94 | 28.04 |
| Deletions | (29.82) | (192.10) |
| Depreciation | (286.83) | (307.54) |
| Depreciation on deletion | 28.80 | 54.03 |
| **Balance at year end** | **849.51** | **657.42** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Amounts recognized in profit and loss**

(Rs in lakh)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation expense on right-of-use assets | 286.83 | 307.54 |
| Interest expense on lease liabilities | 46.38 | 61.57 |
| Expense relating to short-term leases | 42.68 | 4.91 |
| **Total** | **375.89** | **374.02** |

**The following is the break-up of current and non-current lease liabilities as at March 31, 2022**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current lease liabilities | 327.24 | 274.51 |
| Non-current lease liabilities | 564.08 | 448.10 |
| **Total** | **891.32** | **722.61** |

**The following is the movement in lease liabilities during the year ended March 31, 2022**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **722.61** | **1,120.23** |
| Additions | 458.15 | - |
| Deletions | (26.85) | (133.87) |
| Finance cost accrued during the period | 46.38 | 61.57 |
| Payment of lease liabilities | (308.97) | (325.32) |
| **Total** | **891.32** | **722.61** |

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022:**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Less than one year | 358.50 | 307.83 |
| One to five years | 566.47 | 474.16 |
| More than five years | - | - |
| **Total** | **924.97** | **781.99** |

The total cash outflow for leases is Rs 344 lacs for the year ended March 31, 2022, including cash outflow for short term and low value leases.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 49: Disclosure in terms of Schedule III of the Companies Act, 2013**

(Rs in lakh)

| 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 Consolidated Net Assets | Amount | As a % of Consolidated Profit / Loss | Amount | As a % of Other Comprehensive Income | Amount | As a % of Total Comprehensive Income | Amount |
| **Holding:** | | | | | | | | |
| CARE Ratings Limited | 101.25% | 65,022.94 | 112.47% | 8,447.24 | 99.33% | 780.89 | 111.22% | 9,228.13 |
| | | | | | | | | |
| **Subsidiaries:** | | - | | - | | - | | - |
| **Indian:** | | - | | - | | - | | - |
| CARE Risk Solutions Private Limited | 0.40% | 259.38 | (12.91%) | (969.94) | 1.06% | 8.34 | (11.59%) | (961.59) |
| CARE Advisory Research | 0.59% | 378.60 | (2.39%) | (179.24 ) | 0.83% | 6.52 | (2.08%) | (172.72) |
| and Training Limited | | - | | - | | - | | |
| | | | | | | | | |
| **Foreign:** | | | | | | | | |
| CARE Ratings (Africa) Private Limited | 1.15% | 739.39 | 3.76% | 282.33 | 0.00% | - | 3.40% | 282.33 |
| CARE Ratings Nepal Limited | 1.17% | 752.50 | 2.99% | 224.50 | 0.00% | - | 2.71% | 224.50 |
| Non-Controlling Interests included in respective subsidiaries | (0.83%) | (531.42) | (2.29%) | (172.11) | 0.34% | 2.70 | (2.04%) | (169.41) |
| Eliminations | (3.74%) | (1,871.94) | (1.62%) | (122.00) | (1.56%) | (12.28) | (1.62%) | (134.25) |
| **Total** | **100.00%** | **64,749.46** | **100.00%** | **7,510.79** | **100.00%** | **786.17** | **100.00%** | **8,296.96** |

**Note 50: Corporate social responsibility**

Gross amount required to be spent by the Company during the year is Rs 237.15 lacs (Previous Year Rs 311.98 lacs)

**Amount spent during the year on the following:**

(Rs in lakh)

| Particulars | March 31, 2022 |
|---|---|
| Akshaya Patra Foundation (Mid-day Meal) | 27.50 |
| Dr Gautam Bhansali Golden Hour Foundation | 50.00 |
| Sri Sathya Sai Health and Education Trust | 22.50 |
| Juvenile Diabetes Foundation | 25.00 |
| Seva Sahyog Foundation | 47.00 |
| Kamarajar Educational Trust | 35.15 |
| Prashanti medical services and research foundation | 30.00 |
| **Total** | **237.15** |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

(Rs in lakh)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Amount required to be spent during the year | 237.15 | 311.98 |
| Amount of expenditure incurred during the year | 237.15 | 311.98 |
| Shortfall at the end of the year | - | - |
| Total of previous years shortfall | Nil | Nil |
| Reason for shortfall | N.A. | N.A. |
| Nature of CSR activities | Health care, education, community development, mid-day meals, nutritional food to aanganwadi children, computers | Child welfare program, Mid-day meal, Sponsorship of higher education, Vocational training and education for financial literacy, WeCARE sponsorship, Community development programs, Knowledge on wheels, Social and Financial Literacy for underprivileged children and adolescents |
| Details of related party transactions in CSR | N.A. | N.A. |
| Whether provision is created for contractual obligation | N.A. | N.A. |

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 51: Reclassification of comparative year figures and additional disclosures pursuant to amendment to requirements of Schedule III to the Act**

*Reclassifications/regroupings*

The Company during the current financial year has considered the following reclassifications in relation to the comparative period numbers:

(Rs in lakh)

| Nature of transactions/ balances | Amount of Reclassification | Reason for reclassification |
|---|---|---|
| Reclassification of accrued interest from Other current financial assets to investments (non-current), cash and cash equivalents, bank balance other than cash and cash equivalents | 817.37 | Company has elected to present accrued interest as part of the related asset balances during the current financial year. |
| Reclassification of accrued interest on loans to employees from Other non-current financial assets to loans (non-current) and from other current financial assets to loans (current) | 9.51 | Company has elected to present accrued interest as part of the related loan to employees balances during the current financial year. |
| Reclassification of security deposits from loans (non-current) to other non-current financial assets and loans (current) to other current financial assets | 155.28 | Company has made this change to conform to revised schedule III guidelines. |
| Reclassification of other receivables from Other current assets to other current financial assets | 42.30 | Company has elected to present other receivables as part of the other current financial assets. |
| Reclassification of lease liabilities (current) from other current financial liabilities to separate head under financial liabilities. | 274.51 | Company has made this change to conform to revised schedule III guidelines. |
| Reclassification of accrued expenses from other current liabilities to other current financial liabilities, trade payables and provisions | 470.60 | Company has made this change to conform to revised schedule III guidelines. |
| Reclassification of Sale of Publications to Ratings income | 240.72 | During the current financial year, the Company has elected to present sale of publications as a part of rating income based on its nature. |
| Reclassification of IT related expenses from various captions of other expenses to Technology costs | 436.59 | During the current financial year, the Company has elected to present IT related expenses as a separate caption 'Technology cost' based on its significance. |

In addition to the above, the requirements of Schedule III to the Act was amended w.e.f. 1 April 2021 to incorporate certain additional disclosures and to amend certain existing disclosure requirements. The Company has given effect to the same to the extent applicable.

# Notes to the Consolidated Financial Statements

**for the year ended March 31, 2022**

**Note 52:**

(a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our attached Report of even date

**For B S R & Co. LLP**
Chartered Accountants
Firm registration No.:
101248W/W-100022

**[Ajit Viswanath]**
Partner
Membership No. 067114

Mumbai
Date: May 28, 2022

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

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

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

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

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

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

Mumbai
Date: May 28, 2022

# Notice of 29th Annual General Meeting

**NOTICE** is hereby given that the Twenty Ninth (29th) Annual General Meeting ("AGM") of the Members of CARE Ratings Limited (the "Company") will be held on Monday, September 26, 2022 at 3.00 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, 2022 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, 2022 together with the Report of the Auditor's thereon.

2. **To confirm the payment of interim dividend of Rs. 7/- (Rupees Seven only) per equity share and to declare a final dividend of Rs. 10/- (Rupees Ten only) per equity share for the financial year 2021-22.**

3. **To appoint a Director in place of Mr. V. Chandrasekaran (DIN:03126243), who retires by rotation and being eligible, offers himself for re-appointment.**

**SPECIAL BUSINESS:**

4. **Re-appointment of Mr. Najib Shah (DIN:08120210) as an Independent Director of the Company 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, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable regulations 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. Najib Shah (DIN: 08120210), who was appointed as an Independent Director of the Company for a term of three years upto the ensuing 29th AGM of the Company and is eligible for being re-appointed as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom a notice in writing under Section 160 of the Act has been received from a Member proposing his candidature for office of the Director of the Company 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25, 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 severally authorized to do the necessary filings with the Registrar of Companies and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

5. **Re-appointment of Ms. Sonal Gunvant Desai (DIN:08095343) as an Independent Director of the Company 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, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable regulations 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, Ms. Sonal Gunvant Desai (DIN:08095343), who was appointed as an Independent Director of the Company for a term of three years upto the ensuing 29th AGM of the Company and is eligible for being re-appointed as an Independent Director and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom a notice in writing under Section 160 of the Act has been received from a Member proposing her candidature for the office of Director of the Company 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25, 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 severally authorized to do the necessary filings with the Registrar of Companies and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. **Re-appointment of Dr. M. Mathisekaran (DIN:03584338) as an Independent Director of the Company 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, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable regulations 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, Dr. M. Mathisekaran (DIN: 03584338), who was appointed as an Independent Director of the Company for a term of three years upto the ensuing 29th AGM of the Company and is eligible for being re-appointed as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom a notice in writing under Section 160 of the Act has been received from a Member proposing his candidature for the office of Director of the Company 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25, 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 severally authorized to do the necessary filings with the Registrar of Companies and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

7. **Re-appointment of Mr. Ananth Narayan Gopalakrishnan (DIN:05250681) as an Independent Director of the Company 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, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable regulations 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. Ananth Narayan Gopalakrishnan (DIN:05250681), who was appointed as an Independent Director of the Company for a term of three years upto the ensuing 29th AGM of the Company and is eligible for being re-appointed as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom a notice in writing under Section 160 of the Act has been received from a Member proposing his candidature for the office of Director of the Company 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25, 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 severally authorized to do the necessary filings with the Registrar of Companies and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

8. **Appointment of Mr. Mehul Pandya (DIN:07610232) as Director, liable to retire by rotation**

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company, Mr. Mehul Pandya (DIN: 07610232), who was appointed as an Additional Director of the Company with effect from July 29, 2022 by the Board of Directors of the Company, based on the recommendation of Nomination and Remuneration Committee and who in terms of Section 161 of the Act holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

9. **Appointment of Mr. Mehul Pandya (DIN:07610232) as a Managing Director and Chief Executive Officer (CEO) and approval of his terms of remuneration**

   To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules framed thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company and on the basis of recommendations of the Nomination and Remuneration Committee and the approval of the Board of Directors thereof, consent of the Members of the Company be and is hereby accorded for appointment of Mr. Mehul Pandya (DIN : 07610232) as Managing Director & Chief Executive Officer ("CEO") of the Company for a period of five (5) years with effect from July 29, 2022 on such terms and conditions of appointment including the payment of remuneration, perquisites & other benefits as set out in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the terms and conditions of remuneration comprising salary, perquisites and other benefits and emoluments as set out in the Explanatory Statement annexed hereto which shall be deemed to form an integral part hereof be continued to be paid to Mr. Mehul Pandya for a period not exceeding three (3) years.

**RESOLVED FURTHER THAT** where in any financial year, during the currency of tenure of Mr. Mehul Pandya as Managing Director & CEO, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Mehul Pandya, the remuneration comprising salary, perquisites and other benefits and emoluments as a minimum remuneration, after complying with the limits and obtaining necessary approvals as specified in Schedule V of the Act.

**RESOLVED FURTHER THAT** in his capacity as an employee of the Company prior to his appointment as MD & CEO, Mr. Mehul Pandya holds 35,000 ESOPs/stock options (vested and unvested) of the Company which he will be entitled to exercise as per the grant letter issued to him earlier under ESOP scheme and therefore the perquisites arising on exercise of such ESOPs will form a part of the remuneration for the said period.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its power including the powers conferred by this Resolution) be and are hereby authorised to vary and/ or revise the remuneration of Mr. Mehul Pandya as the Managing Director and CEO of the Company subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Act, in such manner as may be agreed between the Board and Mr. Mehul Pandya.

**RESOLVED FURTHER THAT** the Board of Directors or any Committee thereof as per powers delegated to it, 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 or incidental for giving effect to this Resolution."

10. **Approval of payment of remuneration made to Mr. Ajay Mahajan (DIN:05108777) erstwhile Managing Director and Chief Executive Officer (CEO) of the Company for the period from April 15, 2022 to May 31, 2022**

To consider and, if thought fit, to pass, the following resolution as an **Ordinary 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 the provisions of Articles of Association of the Company, and in accordance with the 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 for approval of remuneration paid to Mr. Ajay Mahajan (DIN: 05108777), erstwhile Managing Director and Chief Executive Officer of the Company for the period from April 15, 2022 to May 31, 2022, inclusive of Salary and all other benefits, as reproduced in the explanatory statement, annexed herewith.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including committee thereof) be and is hereby severally authorised to take such steps as may be necessary and to do all such acts, deeds, matters and things as may be necessary, proper, expedient, desirable or incidental for giving effect to this resolution."

**By the Order of Board of Directors**

**Sd/-**

**Date: July 29, 2022**
**Place: Mumbai**

**Nehal Shah**
**Company Secretary & Compliance Officer**
**ACS:18077**

**NOTES:**

1. In view of the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No.39/2020 dated December 31, 2020, Circular No.02/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021 and Circular No.03/2022 dated May 5, 2022 (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 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (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 Ninth AGM of the Company is being held through VC/OAVM. The Registered office of the Company i.e. 4$^{th}$ Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai- 400 022 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. 20 and 23 below and is also available on the website of the Company at www.careedge.in.

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 authorized 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@careedge.in with a copy marked to evoting@nsdl.co.in and can also upload their Board Resolutiona/Power Of Attorney/Authority Letter etc. by clicking on **"Upload Board Resolution/ Authority Letter"** displayed under **"e-Voting"** tab in their login.

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. 4 to 10 given above as Special Businesses in the ensuing 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 appointment/re-appointment at this AGM are also annexed to this Notice.

7. **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 2021-22 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 on www.careedge.in.

8. **Process for registration of email id 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 i.e. KFin Technologies Limited ("KFintech") at 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.

9. The Notice of AGM along with Annual Report for the financial year 2021-22, is available on the website of the Company at www.careedge.in, on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of NSDL at www.evoting.nsdl.com.

10. The facility of joining the AGM through VC / OAVM shall open 15 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.

11. The Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

12. **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@careedge.in.
    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 21, 2022 through email on investor.relations@careedge.in. The same will be replied by the Company suitably.

13. The Record Date fixed for the purpose of determining entitlement of the Members for the Final Dividend for the financial year ended March 31, 2022 is **Wednesday, September 14, 2022,** and such dividend, if approved at the AGM, will be paid on or before October 25, 2022 to those Members entitled thereto subject to deduction of tax at source.

14. 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 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.

15. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to KFin Technologies 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@careedge.in or contact KFintech at einward.ris@kfintech.com.

16. 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 Authority (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 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.

17. 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.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

18. 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.

19. The remote e-voting period begins on **Thursday, September 22, 2022 (9:00 a.m. IST) and ends on Sunday, September 25, 2022 (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 **Monday, September 19, 2022** 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.

20. **<u>How do I vote electronically using NSDL e-Voting system?</u>**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**<u>Step 1: Access to NSDL e-Voting system</u>**

**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. | i. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com 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 **e-Voting service provider i.e. NSDL** 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 & voting during the meeting.<br>ii. If you are not registered for IdeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IdeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>iii. 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 (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 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.<br>iv. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience.<br>**NDSL Mobile App is available on**<br>**App Store** **Google Play** |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with CDSL | 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 https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br>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.<br>iii. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>iv. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & 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. |
| 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 evoting@nsdl.co.in 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 helpdesk.evoting@cdslindia.com 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?**

i. 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.

ii. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

iii. 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<br>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<br>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<br>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 user 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'?

(i) 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'.

(ii) 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.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on 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 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 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.

21. **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@careedge.in.

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@careedge.in. 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.

22. **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 EGM/AGM. However, they will not be eligible to vote at the AGM.

iv. Members may contact Mr. Amit Vishal, AVP-NDSL or Ms. Pallavi Mhatre, Manager – NSDL on evoting@nsdl.co.in or use Toll free no.: 1800-1020-990/1800-224-430 for any grievances connected with the facility for e-Voting on the day of the AGM.

23. **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 meeting”** menu against company name. You are requested to click on VC/OAVM link placed under Join 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.

24. **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@careredge.in from **September 19, 2022** (9:00 a.m. IST) **to September 22, 2022** (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:**

25. 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 to reset the password.

26. 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 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.

27. 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 send through e-mail and holding shares as of the cut-off date i.e. Monday, September 19, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. 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 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 i.e. Monday, September 19, 2022, may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

28. 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.

29. As per Regulation 40 of SEBI Listing Regulations, as amended, SEBI has mandated that securities of listed companies can be transferred only in dematerialised form from April 01, 2019, 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.

30. 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.

31. 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.

32. The Board of Directors has appointed Mr. Ashish Kumar Jain (Membership No. F6058 and CP No. 6124) Proprietor of 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.

33. 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.

34. 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.careedge.in and on the website of NSDL 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.

35. **NOTE TO SHAREHOLDERS:**

    We hereby inform that SEBI vide its Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 has mandated:

    a. Furnishing of PAN, email address, mobile number, bank account details, signature and nomination by holders of physical securities.

    b. Freezing of folios in cases where PAN is not linked with Aadhaar by March 31, 2022 (or any other date as may be specified by the Central Board of Direct Taxes).

    c. Folios wherein any one of the said document(s)/detail(s) are not available on or after April 1, 2023, shall be frozen. Such shareholders shall not be eligible to lodge grievance(s) or avail service request(s) from the RTA and shall not be eligible for receipt of dividend in physical mode.

d. After December 31, 2025, the frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002.

Further, in compliance to the SEBI Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, if the service requests are received by RTA (like Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal/Exchange, Endorsement, Sub-division/Splitting, Consolidation of securities certificates/folios, Transmission and Transposition of securities) from those shareholders whose details, as mentioned in SEBI Circular dated November 3, 2021, are duly updated in the system, the RTA/Company shall verify and process the service requests and issue a 'Letter of confirmation' in lieu of physical securities certificate(s), to the securities holder/claimant within 30 days of its receipt of such request after removing objections, if any, which shall be valid for a period of 120 days from the date of its issuance, within which the securities holder/claimant shall make a request to the Depository Participant for dematerializing the said securities.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")**

**Item no. 4**

Mr. Najib Shah (DIN: 08120210) was appointed as an Independent Director of the Company at 26th AGM held on September 30, 2019, for a period of 3 (Three) years upto the conclusion of Annual General Meeting ("AGM") to be held for the Financial Year 2021-22. Accordingly, the tenure of Mr. Najib Shah shall conclude at the ensuing 29th AGM.

Section 149 of the Companies Act, 2013 (the "Act") provides that an Independent Director is eligible for re-appointment if approved by the Company's shareholders by way of passing a special resolution.

Further, on the basis of the report of the performance evaluation and considering his knowledge experience, expertise and substantial contribution and time commitment during the first term of three years, NRC and the Board are of the view that Mr. Najib Shah possesses the requisite skills and capabilities, which would be of immense benefit to the Company and hence, it would be in the best interest of the Company to re-appoint him as an Independent Director for second term of 3 years commencing from the conclusion of 29th AGM upto the conclusion of 32nd AGM to be held for the Financial Year 2024-25.

The Board of Directors at their meeting held on July 29, 2022, upon the recommendation of the NRC 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25.

The Company has received a declaration from Mr. Najib Shah that he meets the criteria of independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). 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 Act and SEBI Listing Regulations.

The Company has also received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company.

The brief profile and areas of expertise of Mr. Najib Shah is annexed to the AGM Notice as **Annexure A**. Additional information pursuant to Regulation 36(3) of SEBI Listing Regulations and the Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India, as applicable are annexed to the AGM Notice as **Annexure B**. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of his re-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. Najib Shah fulfills the conditions specified in the Act read with the Rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of Company's management.

Except Mr. Najib Shah, being the appointee and his relatives, none of the Directors, Key Managerial Personnels including their relatives are interested or concerned, financially or otherwise, in the resolution set out at Item No. 4.

In view of the above, on the recommendation of the NRC, the Board of Directors recommends Special Resolution as set out at Item No. 4 of the Notice for approval of the Members of the Company.

**Item no. 5**

Ms. Sonal Gunvant Desai (DIN: 08095343) was appointed as an Independent Director of the Company at 26th AGM held on September 30, 2019 for a period of 3 (Three) years upto the conclusion of Annual General Meeting ("AGM") to be held for the Financial Year 2021-22, Accordingly, the tenure of Ms. Sonal Gunvant Desai shall conclude at the ensuing 29th AGM.

Section 149 of the Companies Act, 2013 (the "Act") provides that an Independent Director is eligible for re-appointment if approved by the Company's shareholders by way of passing a special resolution.

Further, on the basis of the report of the performance evaluation and considering her knowledge, experience, expertise and substantial contribution and time commitment during the first term of three years, NRC and the Board are of the view that Ms. Sonal Gunvant Desai possesses the requisite skills and capabilities, which would be of immense benefit to the Company and hence, it would be in the best interest of the Company to re-appoint her as an Independent Director for second term of 3 years commencing from the conclusion of 29th AGM upto the conclusion of 32nd AGM to be held for the Financial Year 2024-25.

The Board of Directors at their meeting held on July 29, 2022, upon the recommendation of the NRC and considering the expertise, experience and contributions made by Ms. Sonal Gunvant Desai, approved her 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25.

The Company has received a declaration from Ms. Sonal Gunvant Desai that she meets the criteria of independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Company has also received her consent to act as an Independent Director and declaration that she is not disqualified or debarred from being appointed as a Director in terms of Section 164 of the Act and SEBI Listing Regulations.

The Company has also received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company.

The brief profile and areas of expertise of Ms. Sonal Gunvant Desai is annexed to the AGM Notice as **Annexure A**. Additional information pursuant to Regulation 36(3) of SEBI Listing Regulations and the Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India as applicable are annexed to the AGM Notice as **Annexure B**. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of her re-appointment is available for inspection electronically, basis the request being sent to the Company for inspection of documents.

In the opinion of the Board, Ms. Sonal Gunvant Desai fulfills the conditions specified in the Act read with the Rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of Company's management.

Except Ms. Sonal Gunvant Desai, being the appointee and her relatives, none of the Directors, Key Managerial Personnels including their relatives are interested or concerned, financially or otherwise, in the resolution set out at Item No. 5.

In view of the above, on the recommendation of the NRC, the Board of Directors recommends Special Resolution as set out at Item No.5 of the Notice for approval of the Members of the Company.

**Item No. 6**

Dr. M. Mathisekaran (DIN: 03584338) was appointed as an Independent Director of the Company, at 26th AGM held on September 30, 2019 for a period of 3 (Three) years upto the conclusion of Annual General Meeting ("AGM") to be held for the Financial Year 2021-2022. Accordingly, the tenure of Dr. M. Mathisekaran shall conclude at the ensuing 29th AGM.

Section 149 of the Companies Act, 2013 (the "Act") provides that an Independent Director is eligible for re-appointment if approved by the Company's shareholders by way of passing a special resolution.

Further, on the basis of the report of the performance evaluation and considering his knowledge, experience, expertise and substantial contribution and time commitment during the first term of three years, NRC and the Board are of the view that Dr. M. Mathisekaran possesses the requisite skills and capabilities, which would be of immense benefit to the Company and hence, it would be in the best interest of the Company to re-appoint him as an Independent Director for second term of 3 years commencing from the conclusion of 29th AGM upto the conclusion of 32nd AGM to be held for the Financial Year 2024-25.

The Board of Directors at their meeting held on July 29, 2022, upon the recommendation of the NRC and considering the expertise, experience and contributions made by Dr. M. Mathisekaran, 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 29th AGM upto the conclusion of 32nd AGM to be held for the financial year 2024-25.

The Company has received a declaration from Dr. M. Mathisekaran that he meets the criteria of independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). 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 Act and SEBI Listing Regulations.

The Company has also received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company.

The brief profile and areas of expertise of Dr. M. Mathisekaran is annexed to the AGM Notice as **Annexure A**. Additional information pursuant to Regulation 36(3) of SEBI Listing Regulations and the Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India as applicable are annexed to the AGM Notice as **Annexure B**. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of his re-appointment is available for inspection electronically, basis the request being sent to the Company for inspection of documents.

In the opinion of the Board, Dr. M. Mathisekaran fulfills the conditions specified in the Act read with the Rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of Company's management.

Except Dr. M. Mathisekaran, being the appointee and his relatives, 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, on the recommendation of the NRC, the Board of Directors recommends Special Resolution as set out at Item No. 6 of the Notice for approval of the Members of the Company.

**Item no. 7**

Mr. Ananth Narayan Gopalakrishnan (DIN : 05250681) was appointed as an Independent Director of the Company at 26$^{th}$ AGM held on September 30, 2019 for a period of 3 (Three) years upto the conclusion of Annual General Meeting ("AGM") to be held for the Financial Year 2021-22.Accordingly, the tenure of Mr. Ananth Narayan Gopalakrishnan shall conclude at the ensuing 29$^{th}$ AGM.

Section 149 of the Companies Act, 2013 (the "Act") provides that an Independent Director is eligible for re-appointment if approved by the Company's shareholders by way of passing a special resolution.

Further, on the basis of the report of the performance evaluation and considering his knowledge, experience, expertise and substantial contribution and time commitment during the first term of three years, NRC and the Board are of the view that Mr. Ananth Narayan Gopalakrishnan possesses the requisite skills and capabilities, which would be of immense benefit to the Company and hence, it would be in the best interest of the Company to re-appoint him as an Independent Director for second term of 3 years commencing from the conclusion of 29$^{th}$ AGM upto the conclusion of 32$^{nd}$ AGM to be held for the Financial Year 2024-25.

The Board of Directors at their meeting held on July 29, 2022, upon the recommendation of the NRC and considering the expertise, experience and contributions made by Mr. Ananth Narayan Gopalakrishnan, 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 29$^{th}$ AGM upto the conclusion of 32$^{nd}$ AGM to be held for the financial year 2024-25.

The Company has received a declaration from Mr. Ananth Narayan Gopalakrishnan that he meets the criteria of independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). 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 Act and SEBI Listing Regulations.

The Company has also received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company.

The brief profile and areas of expertise of Mr. Ananth Narayan Gopalakrishnan is annexed to the AGM Notice as **Annexure A**. Additional information pursuant to Regulation 36(3) of SEBI Listing Regulations and the Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India as applicable are annexed to the AGM Notice as **Annexure B**. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of his re-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. Ananth Narayan Gopalakrishnan fulfills the conditions specified in the Act read with the Rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of Company's management.

Except Mr. Ananth Narayan Gopalakrishnan, being the appointee and his relatives, none of the Directors, Key Managerial Personnels including their relatives are interested or concerned, financially or otherwise, in the resolution set out at Item No. 7.

In view of the above, on the recommendation of NRC, the Board of Directors recommends Special Resolution as set out at Item No.7 of the Notice for approval of the Members of the Company.

**Item No. 8 & 9**

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has approved appoinment of Mr. Mehul Pandya (DIN: 07610232) as an Additional Director of the Company and Managing Director and CEO of the Company with effect from July 29, 2022 for a period of 5 (five) years, upon the terms & conditions hereinafter indicated, subject to the approval of the Shareholders of the Company.

The Company has also received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose Mr. Mehul Pandya as a candidate for the office of Director of the Company. The Company has received from Mr. Mehul Pandya (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualifications of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013 and other disclosures as applicable under the provisions of the Companies Act, 2013 and any such other Statutory Authority.

**Brief Profile of Mr. Mehul Pandya**

Mr. Mehul Pandya, aged 50 years, has a bachelor's degree in Instrumentation and Control Engineering from Gujarat University and MBA from Bhavnagar University. He is also a CFA Charterholder from CFA Institute, USA. He has attended various leadership programmes at leading institutes in India such as IIMA and the High Potentials Leadership Program at Harvard Business School. He is an experienced leader in the credit rating industry, with more than 22 years with CARE Ratings. He joined as an Analyst in August 2000 and was the Executive Director (KMP) since April 2017. He has been on the Board of all subsidiaries of the Company since many years. During his long stint with the Company, he has worked on the analytical as well as business sides. He headed and grew the SME vertical at CARE Ratings and has overseen the HR function as well for few years. He was instrumental in setting-up of CARE Knowledge Centre (CKC) at Ahmedabad and played a catalytic role in conceptualising and implementing the CARE Integrated Information Interface (Ci3) system, which is the backbone of rating operations at CARE Ratings. Both these successful initiatives have played a vital role enabling CARE Ratings to manage the large volume of ratings consequent to implementation of Basel-II guidelines with requisite standardisation and operational efficiency.

Over the years, he has successfully incubated and nurtured Company's business outside India as well. As the head of Special Initiatives over and above his other responsibilities, he successfully set-up the subsidiaries in Mauritius and Nepal, both of which are profitable ventures. He has worked closely with multilateral organizations during his years with CARE Ratings and was instrumental in bringing in African Development Bank as an equity partner in the Mauritian subsidiary. He is an accomplished trainer and conducted various training programs on Credit Risk Assessment in India and abroad.

He is an internationally acknowledged leader in the credit rating industry, serving on the Board of Directors of Association of Credit Rating Agencies in Asia (ACRAA) and co-chairs certain important committees such as Special Projects and Training and Programs. He has been a regular faculty at various workshops conducted by ACRAA over the years in the areas such as Enterprise-wide Risk Assessment, SME Ratings and Sovereign Risk Assessment.

Prior to joining CARE Ratings, he worked with Gujarat Industrial Investment Corporation Ltd. for about four years and was instrumental in setting-up an in-house Credit Rating Cell over there.

The details of the remuneration as approved by the Board, based on recommendation of NRC are set out below:

1. **Salary:** Rs. 2 Crore per annum (including Employer Contribution to PF and Superannuation).
2. **Company Car Benefit:** The on-road price of the Car shall not be higher than Rs. 55 lacs, all inclusive. In addition, Driver Salary reimbursement of Rs. 240,000 per annum, Rs. 60,000 towards yearly Fuel reimbursement, Rs. 100,000 towards yearly Car maintenance charges and Rs. 55,000 per annum towards yearly Insurance charges. Cumulatively, a sum of Rs. 455,000 per annum is allocated towards the above. Should the MD and CEO, opt not to purchase a vehicle and consequently, not utilise any of the associated benefits mentioned above, then he would be entitled to an Allowance of Rs. 18,30,000 per annum.
3. **Club Membership:** Corporate Membership of Mumbai Cricket Association (MCA) Recreation Centre at BKC, Bandra East, including reimbursement of Annual Subscription Charges is hereby approved. Corporate Club membership for two individuals currently stands at Rs. 36 lacs. The Annual Subscription charges stands at Rs. 12,000 per annum, per person. This Corporate Club Membership is for a period of 10 years and is transferable.
4. **Yearly Commission:** 1% of Consolidated Profit After Tax (PAT) of the Company. The Nomination and Remuneration Committee may decide on the amount of pay out.
5. **ESOPs:** In addition to salary as above, he will also be entitled for 100,000 Employee Stock Options under the Employees Stock Option Scheme 2020. The ESOP grant price would be Rs. 427 per share.

   The ESOPs so granted on July 29, 2022 will vest as given below:

   - 1/3$^{rd}$ (33,333) on completion of 1 year from the date of grant
   - 1/3$^{rd}$ (33,333) on completion of 2 years from the date of grant
   - 1/3$^{rd}$ (33,334) on completion of 3 years from the date of grant

   The Exercise period for ESOPs would be two years from the date of vesting.
6. The above amounts are applicable from the Date of Appointment. Therefore, for FY 2022-23, except the Vehicle Cost (all inclusive, on-road price), Cost of the Corporate Club Membership, Yearly Commission (1% or Consolidated PAT of the Company) and the ESOP grant - all other elements of compensation shall be pro-rated, from July 29, 2022, until March 31, 2023.

7. The total Cost to Company of all the above-mentioned elements of remuneration stands at Rs. 2,20,56,560 (Rupees Two Crore Twenty Lakh, Fifty Six Thousand Five Hundred Sixty only) excluding the value of the ESOP grant, excluding 1% of the Consolidated Profit After Tax (PAT) of the Company, as well as Other Benefits and Perquisites, as mentioned below.

   **Other Benefits/Perquisites:**

   **Category A:**

   i. Gratuity not exceeding one month's salary for each completed year of service subject to the Group Gratuity Scheme of the Company.
   ii. Medi-claim policy for self and dependent family members.
   iii. Directors & Officers Liability Insurance Policy as per the scheme of the Company.
   iv. Group Personal Accident Policy as per the scheme of the Company.

   **Category B:**

   i. Mobile phone for personal use (mobile phone for office work will be covered by the Company and not to be counted for the purpose of perquisite).
   ii. 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 & CEO will also be entitled to encashment of leave as per rules of the Company.
   iii. General: Such other benefits as are made available by the Company to other members of the staff from time to time.

The above may be treated as a written memorandum setting out the terms & conditions of appointment of Mr. Mehul Pandya under Section 190 of the Act.

The NRC and the Board of Directors are of the opinion that Mr. Mehul Pandya's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution relating to his appointment as a Managing Director & CEO of the Company for a period of five years w.e.f. July 29, 2022 and remuneration payable to him for the period of three years w.e.f. July 29, 2022.

Accordingly, approval from the Members is sought for resolutions as set out at item no 8 and 9 as an Ordinary Resolutions.

None of the Directors and/or Key Managerial Personnels of your Company and their relatives, except Mr. Mehul Pandya are concerned or interested, financially or otherwise, in the above Resolutions.

Additional information in respect of Mr. Mehul Pandya, pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard on General Meetings (SS-2) of ICSI are annexed to the AGM Notice as **Annexure B**.

**Item No. 10**

In accordance with the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors, the Members of the Company at the 27th Annual General Meeting held on September 8, 2020 had approved 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 also approved his remuneration for a period of one year commencing from April 15, 2020 to April 14, 2021.

Later, the Members at the Annual General Meeting ("AGM") held on September 14, 2021 had approved remuneration to be paid to Mr. Ajay Mahajan as Managing Director and CEO for another period of one year commencing from April 15, 2021 to April 14, 2022.

Further, at the Board Meeting held on April 26, 2022, Mr. Ajay Mahajan had tendered his resignation as the Managing Director and Chief Executive Officer ("CEO") of the Company due to personal reasons and accordingly, Mr. Ajay Mahajan was relieved from services as the Managing Director and CEO of the Company effective from the closure of business hours of May 31, 2022.

In case of Mr. Mahajan, the Company followed a practice to obtain approval of the Members at every AGM for payment of remuneration to Managing Director and CEO on a yearly basis from the date of his appointment.

Accordingly, at the AGM held in the previous year as on September 14, 2021, the Members had approved payment of terms of remuneration till April 14, 2022 only. Hence, the approval of the Members would be required for the remuneration as mentioned in detail below, paid to Mr. Ajay Mahajan for the period from April 15, 2022 to May 31, 2022.

The details of the remuneration paid to Mr. Ajay Mahajan for the period from April 15, 2022 to May 31, 2022 are given below:

**Salary:** Rs. 47,91,688/-

**Other benefits/perquisites as outlined below:**

- General (Other benefits) Notice pay: Notice pay paid as set out in the Employment Agreement.
- Leave encashment: Leave encashment paid as per rules/policy of the Company.

The Remuneration paid to Mr. Ajay Mahajan is in compliance with Section 196, 197 read with Schedule V to the Companies Act, 2013 ('Act'). The remuneration paid to Mr. Ajay Mahajan was on the same terms and conditions as was approved by the Members at its previous AGMs held in FY 2020 and FY2021 and there was no increase in the quantum of remuneration paid to him for the period from April 15, 2022 to May 31, 2022.

This resolution seeks approval from the Members for the payment of remuneration made to him for the period from April 15, 2022 to May 31, 2022.

The additional information pursuant to the Secretarial Standard on General Meetings issued by Institute of Company Secretaries India are mentioned herein below for the period April 15, 2022 to May 31, 2022.

| | |
|---|---|
| Name of the Director | Mr. Ajay Mahajan |
| DIN | 05108777 |
| Age | 54 years |
| Nationality | Indian |
| Date of First Appointment on the Board | April 15, 2020 |
| Relationship with Directors, Managers and KMPs | Nil |
| Qualification | MBA & B.E |
| Experience | Mr. Ajay Mahajan has more than three decades of experience in the banking sector and has worked 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 of Board Meetings attended during the year | 7 |
| Terms and Conditions of Appointment or re-appointment along with remuneration | As mentioned above |
| Remuneration last drawn | For remuneration last drawn, please refer Corporate Governance Report forming part of Annual Report. |
| List of Directorships held in other Companies | He was Director in below three Companies as on May 31, 2022:<br>CARE Advisory Research and Training Limited<br>CARE Risk Solutions Private Limited<br>Association of India rating Agencies |
| Membership/Chairmanship of Committees across other Companies | Nil |
| Shareholding in the Company | 166,667 equity shares as on May 31, 2022 |

The shareholder may note that currently Mr. Ajay Mahajan ceased to be MD & CEO of the Company.

The Board recommend approval on the remuneration paid to Mr. Ajay Mahajan as set out in Item No. 10 of the Notice, by way of an Ordinary Resolution.

Except Mr. Ajay Mahajan, erstwhile Managing Director & CEO and his relatives, none of the Directors and Key Managerial Personnels of the Company and their relatives is in any way concerned or interested in the Resolution.

**By the Order of Board of Directors**

**Sd/-**

**Date: July 29, 2022**
**Place: Mumbai**

**Nehal Shah**
**Company Secretary & Compliance Officer**
**ACS:18077**

**Annexure A**

**Brief profile of Directors seeking re-appointment at the 29th Annual General Meeting**

**Mr. V. Chandrasekaran (DIN- 03126243) -** Mr. V. Chandrasekaran, is a qualified Chartered Accountant and retired Executive Director (Investment) of LIC of India. He has worked as Executive Director, LIC of India in Investment Operations in Front, Mid and Back Office functions. He has more than 3 decades of experience in Life Insurance Finance, Housing Finance and Mutual Fund Investment, with adequate exposure to a gamut of Investments. He serves as Director on the Board of various reputed companies.

**Mr. Najib Shah (DIN- 08120210) -** Mr. Najib Shah is an officer of the 1979 batch of Indian Customs & Central Excise services. He retired as Chairman of the Central Board Excise & Customs (CBEC). As the Chairman of CBEC and as a special invitee to the GST council, he was closely involved with the process leading to the formulation of the GST Laws. In his illustrious career spanning more than 37 years, Mr. Shah held several important assignments, including in the High Commission of India, Singapore, Commissioner of Customs, Nhava Sheva, Joint Secretary in the Ministry of Finance and Director General - Directorate of Revenue Intelligence. He was also associated with the implementation of the WTO Agreement on Trade Facilitation, to which India is a signatory, and in initiating several reforms on Customs business processes. He is the recipient of the Presidential Award for Distinguished Record of Service.

Mr. Najib Shah is associated with Federation of the Indian Chamber Commerce & Industry (FICCI) as a member of the FICCI CASCADE Think Tank. He is currently appointed as an Independent Evaluation Monitor for the 3 years period for the Ministry of Food Processing & Industry, Government of India, Indian Institute of Science, Bengaluru and Indian Bureau of Mines, Nagpur.

**Ms. Sonal Gunvant Desai (DIN- 08095343) -** Ms. Sonal Gunvant Desai is a Chartered Accountant with an Executive Diploma in Hospital Administration from Tata Institute of Social Sciences (TISS). She has experience of 34 years of handling not only pure finance and accounting functions, but also commercial and embedded functions resulting in rare blend of leadership experience and functional competence. She was superannuated from Hindustan Petroleum Corporation (HPCL) in August 2017 and her last assignment prior to superannuation in HPCL was as Executive Director-Refinery Finance (one level below the Board) with additional responsibility of Head-Corporate Social Responsibility (CSR). Her assignments provided her unique experience and expertise in business areas such as Marketing, Operations, Projects and Refineries Management.

Ms. Desai is working as an Executive Director at Sushrut Hospital (a 100 bedded Charitable Trust Hospital). She is also an advisor to Prashanti Medical Trust (Sathya Sai Hospital) and an international conference speaker and has addressed gatherings of various CxOs in UK, India and Europe.

**Dr. M. Mathisekaran (DIN- 03584338) -** Dr. M. Mathisekaran was Director General - Labour Bureau, Government of India. Initially he worked as Assistant Professor of Economics before joining Indian Economic Service in 1981. He has held various positions in Central and State Government Organizations. He has worked as General Manager (Vigilance) in Food Corporation of India and Chief Vigilance Officer in Port Trust of India. He also worked as Deputy Director, Director and Economic Adviser in the Forward Markets Commission at different points of time. He was involved in research and monitoring & evaluation of central Government sponsored programs meant for socio economic development. He has also worked with Government of Tamil Nadu as Director, Evaluation and Applied Research.

**Mr. Ananth Narayan Gopalakrishnan (DIN- 05250681) -** Mr. Ananth Narayan Gopalakrishnan is a B.Tech from IIT Bombay, and a PGDM from IIM Lucknow. He has experience of over twenty-four years in the field of banking with Citibank, Deutsche Bank, and Standard Chartered Bank. He was last Regional Head of Financial Markets for ASEAN & South Asia at Standard Chartered Bank.

Since then, he has pursued academia, research, and governance. He is presently Associate Professor, SP Jain Institute of Management & Research. He is also Senior India Analyst with New York based macroeconomic think-tank Observatory Group. He has considerable board room and governance experience - including as RBI nominee on the reconstituted board of Yes Bank Limited between March 2020 to July 2022.

He is also a member of SEBI's Mutual Fund Advisory Committee, SEBI's Research Advisory Committee, RBI's Financial Market Consultative Committee, FICCI's Capital markets Committee, IMC Chamber of Commerce's Banking & Finance Committee, Kerala Infrastructure Fund Management Ltd.'s Investment Committee and NISM's Academic Council.

He was part of various RBI and SEBI committees and working groups (including for FX Options, Financial Benchmarks, Mutual Funds total expense ratios, Fund Inter-scheme transfers, liquidity risk management of debt funds).

**Annexure B**

**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 appointed/re-appointed**

| **Name of Director & DIN** | **Mr. V. Chandrasekaran (DIN- 03126243)** | **Mr. Najib Shah (DIN- 08120210)** | **Ms. Sonal Gunvant Desai (DIN- 08095343)** | **Dr. M. Mathisekaran (DIN- 03584338)** | **Mr. Ananth Narayan Gopalakrishnan* (DIN- 05250681)** | **Mr. Mehul Pandya (DIN- 07610232)** |
|---|---|---|---|---|---|---|
| Age | 64 years | 65 years | 64 years | 65 years | 53 years | 50 years |
| Qualification | FCA & B.Com | IRS | FCA and B.Com. | IES | BE (Mech), IIT from Mumbai and PGDBM from IIM, Lucknow | BE, MBA, CFA Charter holder from CFA Institute, USA |
| Date of first appointment on the Board | November 15, 2017 | July 17, 2019 | March 30, 2019 | August 19, 2019 | August 19, 2019 | July 29, 2022 |
| Terms and conditions of appointment or re-appointment/ variation of Remuneration | NA | Re-appointment as a Non-Executive Independent Director for a term of 3 years | Re-appointment as a Non-Executive Independent Director for a term of 3 years | Re-appointment as a Non-Executive Independent Director for a term of 3 years | Re-appointment as a Non-Executive Independent Director for a term of 3 years | As per Item No. 8 and 9 |
| Details of remuneration sought to be paid | Sitting Fees for attending the Board and Committee Meetings. | Sitting Fees for attending the Board and Committee Meetings | Sitting Fees for attending the Board and Committee Meetings | Sitting Fees for attending the Board and Committee Meetings | Sitting Fees for attending the Board and Committee Meetings | Mentioned in Item No. 8 and 9 |
| Remuneration last drawn | Sitting fees for attending Board and Committee meeting was paid to Mr. V. Chandrasekaran. During FY 2021-22, he was paid Rs. 13,00,000 in form of sitting fees. | Sitting fees for attending Board and Committee meeting was paid to Mr. Najib Shah. During FY 2021-22, he was paid Rs. 13,00,000 in form of sitting fees. | Sitting fees for attending Board and Committee meeting was paid to Ms. Sonal Gunvant Desai. During FY 2021-22, she was paid Rs. 14,50,000 in form of sitting fees. | Sitting fees for attending Board and Committee meeting was paid to Dr. M. Mathisekaran. During FY 2021-22, he was paid Rs. 10,00,000 in form of sitting fees. | Sitting fees for attending Board and Committee meeting was paid to Mr. Ananth Narayan Gopalakrishnan. During FY 2021-22, he was paid Rs. 14,50,000 in form of sitting fees. | NA |
| Shareholding in the Company (including shareholding as a beneficial owner) | Nil | Nil | Nil | Nil | Nil | 18,855 Equity shares |
| Relationship with other Directors, Manager and other Key Managerial Personnels of the Company | None | None | None | None | None | None |
| The number of meetings of the Board attended during the last financial year | 7 | 7 | 7 | 7 | 7 | NA |

| Name of Director & DIN | Mr. V. Chandrasekaran (DIN- 03126243) | Mr. Najib Shah (DIN- 08120210) | Ms. Sonal Gunvant Desai (DIN- 08095343) | Dr. M. Mathisekaran (DIN- 03584338) | Mr. Ananth Narayan Gopalakrishnan* (DIN- 05250681) | Mr. Mehul Pandya (DIN- 07610232) |
|---|---|---|---|---|---|---|
| Directorships held in other Companies | Tamilnadu Newsprint & Papers Limited.<br>Tata Investment Corporation Limited.<br>Aditya Birla Renewables SPV 1 Limited.<br>Aditya Birla Housing Finance Limited.<br>Aseem Infrastructure Finance Limited.<br>Waacox Energy Private Limited.<br>Grasim Industries Limited. | Aditya Birla Sun Life Trustee Private Limited<br>Finetermix Software Private Limited | Sharda Cropchem Limited<br>Mobilizing Minds Consulting Private Limited<br>CARE Risk Solutions Private Limited | CARE Advisory Research and Training Limited | Clearcorp Dealing Systems (India) Limited<br>Bharat FIH Limited<br>SBI Capital Markets Limited<br>NSE Clearing Limited<br>NSE IFSC Limited | CARE Advisory Research and Training Limited.<br>CARE Risk Solutions Private Limited. |
| Chairmanship/ Membership in Committees of the Board of Directors of other Company in which he/she is a Director<br>AC: Audit Committee<br>NRC: Nomination and Remuneration Committee<br>SRC: Stakeholders Relationship Committee<br>RMC: Risk Management Committee<br>CSR: Corporate Social Responsibility Committee<br>IC: Investment Committee | **Tamilnadu Newsprint and Papers Ltd**.<br>• AC#<br>• NRC<br>• CSR<br>• RMC<br>**Aditya Birla Housing Finance Limited**<br>• AC#<br>• IT Strategy Committee#<br>• RMC#<br>• NRC<br>**Aditya Birla Renewables SPV 1 Limited**<br>• AC#<br>• NRC<br>**TATA Investment Corporation Limited**<br>• CSR<br>• IC<br>• SRC<br>**Aseem Infrastructure Finance Limited**-<br>• AC#<br>• NRC#<br>• CSR<br>• RMC#<br>• SRC#<br>**Grasim Industries Limited**<br>• AC<br>• RMC<br>• PIT Regulation Committee# | **Aditya Birla Sun Life Trustee Private Limited**<br>• RMC# | **Sharda Cropchem Limited**<br>• AC<br>• NRC<br>• SRC | - | **Clearcorp Dealing Systems (India) Limited**<br>• CSR<br>**Bharat FIH Limited**<br>• AC#<br>• NRC<br>**SBI Capital Markets Limited**<br>• AC<br>• NRC<br>• RMC# | Nil |

| Name of Director & DIN | Mr. V. Chandrasekaran (DIN- 03126243) | Mr. Najib Shah (DIN- 08120210) | Ms. Sonal Gunvant Desai (DIN- 08095343) | Dr. M. Mathisekaran (DIN- 03584338) | Mr. Ananth Narayan Gopalakrishnan* (DIN- 05250681) | Mr. Mehul Pandya (DIN- 07610232) |
|---|---|---|---|---|---|---|
| Name of the listed entities from which Director has resigned in the past three years | None | None | None | None | None | Nil |
| In the case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements | NA | The Nomination and Remuneration Committee (NRC) has a defined list of Director's core skills/expertise/ competencies, in the context of its business and sector for it to function effectively. Further the NRC of the Board has evaluated the profile of above-mentioned Independent Directors and concluded that they possess the relevant skill and capabilities to discharge the role of Independent Directors. Please refer the Corporate Governance Report for the identified skill and capabilities of the above mentioned each Independent Director. | | | | NA |

Note: *ceased to be Director on the Board of YES Bank Limited as per RBI order dated July 20, 2022.
#position held as Chairperson of the Committee.

# NOTES

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