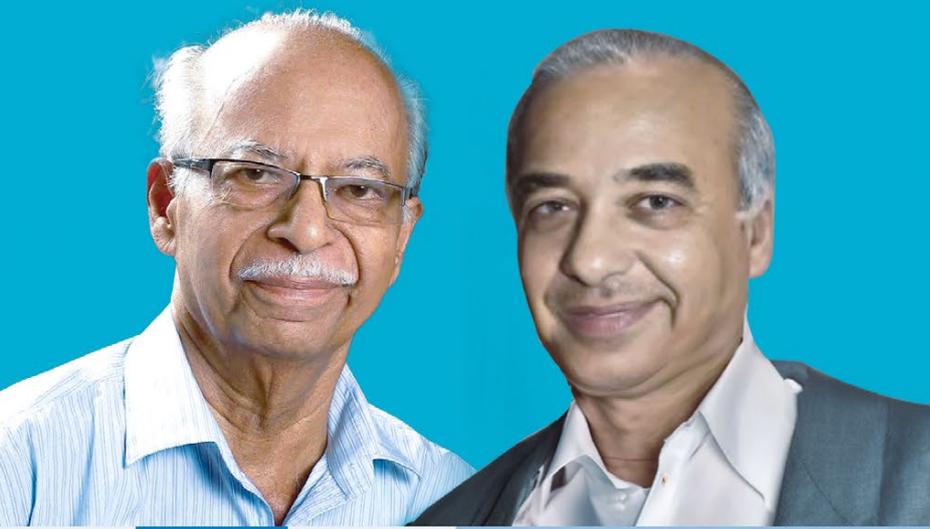


YEARS OF EXCELLENCE

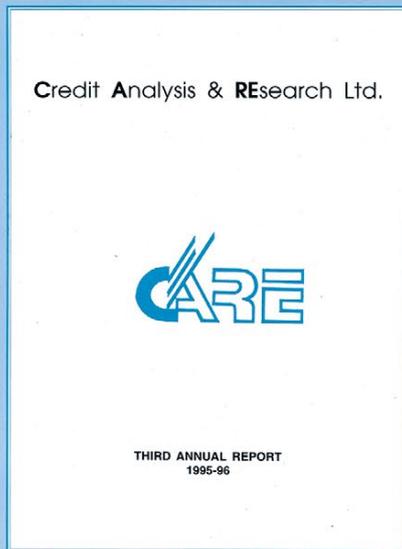


**INSIGHTS TO
NAVIGATE
POWER TO
TRANSFORM**
Annual Report 2022-23





◀ Our founding Chairman S S Nadkarni (right) and Managing Director Thomas Mathai Pathakattyl.



CELEBRATING
30 YEARS
 OF EXCELLENCE

From starting as a small homegrown ratings company in 1993 to becoming one of the leading brands in the sector with an international presence, CareEdge has come a long way in the past 30 years.

Our Annual Report for 2022-23 commemorates the spirit of dedication and analytical rigour your Company has thrived on over the years.





Vision

A global research and analytics company that enables risk mitigation and super 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

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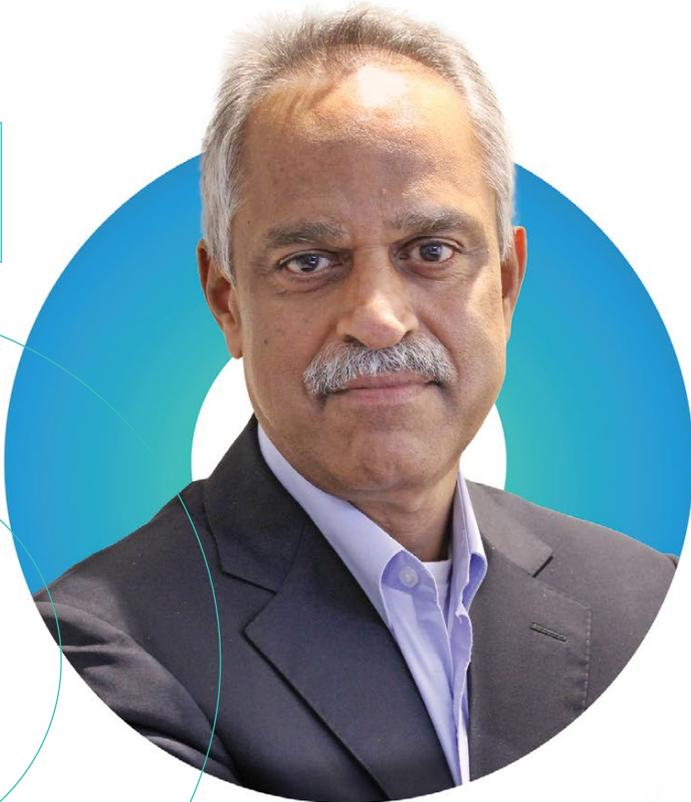
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From the Chairman's Desk



As I mentioned last year, your Company has been on a transformational journey in the past two years with a focus on four pillars – Group Impetus, Technology, People, and Re-branding. Today, as I write this, it gives me great pleasure to share with you that these efforts have started yielding results.

It is a pleasure and privilege to interact with you as we celebrate CareEdge's 30th anniversary. From humble beginnings, your Company has risen to be among the leading rating agencies in the country. As we complete 30 years of operations, we can proudly look back at our achievements. This milestone is a testament to the hard work and dedication of our staff, especially in the face of unprecedented challenges brought about by the pandemic and the volatile global economy. I extend my heartfelt gratitude to each one of them for their unwavering commitment to our mission and to each one of you for your support.

FY23 began with challenging economic conditions amidst geopolitical uncertainties, supply chain disruptions, rising commodity prices, high consumer price inflation and tightening of financial conditions globally. However, India could cope with the challenges due to the pent-up demand after the pandemic. The Government of India and the Reserve Bank of India put in place several forward-thinking measures and policies to keep inflation under check and help the country continue its growth trajectory. For the full year FY23, the Indian economy clocked a growth of 7.2%.

I am proud to state that your Company has emerged even stronger, with healthy growth. The total income in FY23 was Rs 285.9 crore and the profit after tax of Rs 103.8 crore. This remarkable achievement is a reflection of our team's relentless focus.

As I mentioned last year, your Company has been on a transformational journey in the past two years with a focus on four pillars – Group Impetus, Technology, People, and Re-branding. Today, as I write this, it gives me great pleasure to share with you that these efforts have started yielding results.

Your Company has displayed resolute determination to move beyond the performance of the last few years. Not only did our ratings vertical see a much higher number of initial rating business, but we also recorded strong performance in terms of quality – whether it

is investment grade default or sharp transitions. Your Company also outperformed in niche segments like securitization.

In line with the strategy adopted last year to put concentrated efforts into enhancing the business of our subsidiaries, the funds and talent allocated have shown results. CARE Risk Solutions Private Limited acquired over 20 new customers across offering like BI & Analytics services, Liferay implementation service and MLD valuations during the last fiscal.

CARE Advisory Research and Training Limited has gained good traction in ESG reporting. The company has also been empanelled with the Association of Mutual Funds in India as an ESG Rating provider for asset management companies.

Our international arms have been actively improving their performance too. During FY23, CARE Ratings Nepal Limited executed 13% more initial mandates than the previous year. CARE Ratings (Africa) Private Limited, on the other hand, saw its total income grow by 27% in FY23.

During the year, your Company also launched a new website for the Group and subsequent websites for the subsidiaries are set to be rolled out soon. Keeping the rapid advancements in the world of technology, your Company has implemented Disaster Recovery for business-critical applications and incorporated AI and ML for financial system reading capabilities to help make analysts more informed decisions. Your Company has taken multiple initiatives to improve its security posture during the year and will continue to take further steps in the future. We have embarked on the platform modernisation journey by initiating the requirements project. This project will cover important processes like Sales, Expense Management, DMS and the Core Ratings Workflow.

Your Company has been focussing on enhancing employee engagement and development. And it has brought welcome results. To mention one, overall attrition, which was a concern last year, has systematically been brought down from 52% in FY22 to 29.7% in FY23.

In FY23, your Company also amended its ESOP Scheme 2020. This included inter alia an increase of

the option pool from 10 lakh options to 15 lakh options. This should help your Company in talent management.

In terms of branding, I am sure you must have noticed your Company becoming a far superior force to reckon with. Whether it is on mainstream media or social media, our brand's presence has improved by leaps and bounds. Your Company has also ensured regular and topical webinars, research reports and specials such as Foresights -- all these have played a critical role in the brand being in the public eye.

Your Company in FY23 also initiated steps to return surplus funds to its shareholders, which are over and above its ordinary capital requirements, and to reward the shareholders through the Buyback of Equity Shares of the Company. The details are available in the Directors' Report.

Finally, I want to assure you that under strong and stable leadership, your Company is poised for even greater success. We will strive to make CareEdge Group bigger and better in the coming year.

On behalf of the Company, I wish you and your families the very best. Take care and stay safe.

Najib Shah

Najib Shah

Message from MD & CEO



In the realm of technology, we devoted considerable effort to enhancing and automating our rating processes, driving efficiency across all organisational functions. By incorporating external consultants' suggestions and internal reflections, we have established a more streamlined and efficient operation, bolstering our analytical rigour and credibility.

It is about a year since I took charge as the Managing Director & CEO of your company. Over the past year, I have witnessed an incredible journey of learning, growth, and transformation. The opportunities that have unfolded have exceeded my expectations, and I am deeply appreciative of this privilege to lead your company through this phase of transformation, which we embarked few years ago. It is with immense pleasure and a sense of pride that I reflect upon the remarkable journey we have undertaken together over the past year.

The year gone by presented us with unprecedented challenges, as the global economy experienced turbulence, volatility, complexity, and uncertainty. I am happy to share that your company has stood tall amidst these testing times by diligently fulfilling our mission of providing accurate assessments of creditworthiness, enabling investors and market participants to make informed decisions. Our dedication and relentless pursuit of excellence have instilled renewed trust and credibility in our brand. The infectious zeal permeating through our team at all levels has been truly remarkable.

Our accomplishments in the past year, and those preceding it, are a testament to the unwavering efforts of our employees. In FY23, we continued to enhance the reputation of the organization, backed by constant improvements in the quality of our analysis, by focusing on four pivotal pillars: Group Impetus, Technology, People, and Branding. With each pillar, we made strategic moves that propelled us forward.

Under the Group Impetus pillar, we took significant steps to expand our reach and diversify our revenue streams. Our presence in new markets has broadened, and our flagship company and subsidiaries have secured top clients, thus expanding our horizons. We recognize the imperative of addressing the risks and opportunities surrounding environmental, social, and governance (ESG) factors, as they have the potential to reshape the global economic landscape. Our subsidiary, CART, is one of the few agencies that are AMFI empanelled as an ESG Rating Provider. This commitment to ESG reflects our dedication

to long-term value creation and our recognition of the importance of a sustainable future. Whether it is our parent organization, CARE Ratings, or any of our domestic and international subsidiaries, our commitment to delivering fresh, technology-driven analysis is yielding tangible results. We are confident that these efforts will sustain our growth momentum for years to come.

In the realm of technology, we devoted considerable effort to enhancing and automating our rating processes, driving efficiency across all organisational functions. By incorporating external consultants' suggestions and internal reflections, we have established a more streamlined and efficient operation, bolstering our analytical rigour and credibility.

Our success has been steered by our focus on people and culture-centric initiatives. We passionately believe that our people are our greatest asset, and we are committed to nurturing their talents in a supportive and collaborative work environment. We have implemented targeted training and development programs, enhanced employee engagement initiatives, and embraced flexible work arrangements to boost morale and productivity.

Additionally, we have prioritised enhancing our branding and solidifying our reputation as a trusted provider of ratings and analytics services. Our outreach and engagement efforts, including webinars, knowledge forums, and thought leadership initiatives, have strengthened our connections with existing clients and expanded our brand value across media and social circuits.

Reflecting upon the past year, we take considerable pride in our progress and in conquering the challenges that tested our resilience. Despite those challenges, our commitment to delivering high-quality services to our clients remained unwavering. I extend my heartfelt gratitude to all the colleagues for their resolute commitment and dedication. Without their hard work, none of our achievements would have been possible.

As we continue this journey of transformation, we remain steadfast in our commitment to excellence, innovation, and integrity. Looking ahead, we embrace the future with optimism and confidence. We will continue to adapt and evolve to meet the

ever-changing needs of the markets we serve. The relationships we have cultivated with our clients, partners, and stakeholders are invaluable to us. We will continue to maintain a proactive approach, anticipating emerging risks, expanding our global presence, forging strategic partnerships to broaden our reach, and enhancing our capabilities. We are well-positioned to seize new opportunities and conquer the challenges that lie ahead. Our vision of becoming a tech-driven knowledge hub remains unwavering, and we will continue to invest in our people, technology, branding, and growth initiatives to achieve this goal.

To our stakeholders, I express my deepest appreciation for your continued trust and support, which has been the driving force behind our achievements. I would again like to extend my heartfelt appreciation to our talented team for their dedication and commitment. Together, we have overcome challenges, delivered exceptional results, and laid a solid foundation for future success.

With a sense of purpose, I look forward to the years ahead, continuing to serve you, and I am confident that we will continue to be a paragon of excellence, shaping the financial landscape and fostering trust in the global markets.



Mehul Pandya

Board of Directors & Committee Members



Najib Shah
Chairman, Non-Executive
Independent Director



V. Chandrasekaran
Non-Executive
Independent Director



Adesh Kumar Gupta
Non-Executive
Independent Director



Sonal Gunvant Desai
Non-Executive
Independent Director



Dr. M. Mathisekaran
Non-Executive
Independent Director



G. Mahalingam
Non-Executive
Independent Director



Sobhag Mal Jain
Non-Executive
Non-Independent Director



Mehul Pandya
Managing Director
& Chief Executive Officer



Audit Committee

Adesh Kumar Gupta
Chairperson

Sonal Desai
Member

G. Mahalingam
Member

Sobhag Mal Jain
Member



Nomination and Remuneration Committee

Sonal Desai
Chairperson

Najib Shah
Member

V. Chandrasekaran
Member



Stakeholders Relationship Committee

M. Mathisekaran
Chairperson

Najib Shah
Member

Mehul Pandya
Member

Sobhag Mal Jain
Member



Risk Management Committee

V. Chandrasekaran
Chairperson

M. Mathisekaran
Member

Mehul Pandya
Member

Sobhag Mal Jain
Member



CSR & Sustainability Committee

M. Mathisekaran
Chairperson

Sonal Desai
Member

V. Chandrasekaran
Member

Mehul Pandya
Member



Rating Sub Committee

G. Mahalingam
Chairperson

Adesh Kumar Gupta
Member

V. Chandrasekaran
Member

Najib Shah
Member



Strategy and Investment Committee

V. Chandrasekaran
Chairperson

Adesh Kumar Gupta
Member



Technology Committee

Najib Shah
Chairperson

Adesh Kumar Gupta
Member

G. Mahalingam
Member

Senior Management



Mehul Pandya
Managing Director
& Chief Executive Officer



Sachin Gupta
Executive Director &
Chief Rating Officer



Revati Kasture
Executive Director



Nehal Shah
Head - Compliance,
Legal and Secretarial



Jinesh Shah
Chief Financial Officer



Saurav Chatterjee
Director & CEO,
CARE Ratings
(Africa) Private Limited

29th Annual General Meeting

CARE Ratings Ltd held its 29th Annual General Meeting on September 26, 2022 in an online session. Chairman Najib Shah conducted the proceedings and interacted with the shareholders in the presence of Board members and senior management





Rajani Sinha
Chief Economist



Aniruddha Sen
Chief Human Resources Officer



Nadir Bhalwani
Chief Information & Technology Officer



Achin Nirwani
CEO,
CARE Ratings
Nepal Limited



Home of Knowledge

Knowledge sharing forums,
Webinars and Sectoral reports

Continuing the efforts to expand our base as a knowledge hub, CareEdge went the extra mile and held multiple webinars, associated with various platforms for sharing insights and further. Your Company was a 'Knowledge Partner' with leading institutions such as CNBC TV18 and Assocham among others. CareEdge also worked on vetting the ranking methodology for the MSME Banking Excellence Awards, which was organised by the Chamber of Indian Micro, Small and Medium Enterprise.

Education Partner



Knowledge Partnerships



36

Speaker Forums attended by CareEdge

21

Webinars conducted by CareEdge

76

Knowledge sharing forums at CareEdge

296

Number of thematic reports published by CareEdge



Speaker Forums



Webinars

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.

Corporate India: Dodging global headwinds?
Credit quality assessment for H2FY23

Guest Speakers

- Deo Shankar Tripathi, Executive Vice Chairman, Aashir Housing Finance Limited
- Giridhar Sanjeev, Executive Vice President and Chief Financial Officer, Indian Hotels Company Ltd
- Nitin D Parekh, Chief Financial Officer, Zyduz Lifesciences Limited
- Rajkiran Rai G, Managing Director, National Bank for Financing Infrastructure and Development (NaBFID)
- S. N. Singh, Chief General Manager, SIDBI

Moderated by
Sachin Gupta, Chief Rating Officer, CareEdge Ratings

CareEdge Webinar
India's Ambitious Renewable Energy Targets: Would BCD and ALMM Cast Shadows?

Guest Speakers

- Vinest Mittal, Chairman, Aavaada Group
- Shivansand Nimbargi, CEO & MD, Ayara Renewables Pvt. Ltd.
- Hitesh Doshi, Chairman, Wazraa Energies Limited
- P. K. Sinha, Executive Director (Projects), Power Finance Corporation Ltd.
- Rajashree Murkute, Senior Director, CareEdge Ratings

Moderated by

CareEdge Webinar
Non-Life Insurance: Ready to Take-Off

Guest Speakers

- Santosh J. Dash, Executive Director & Chief Financial Officer, HDFC ERGO General Insurance Co. Ltd.
- Gopal Balachandran, Chief Financial Officer & Chief Risk Officer, ICICI Lombard General Insurance Co. Ltd.
- Rajiva Kumar Shrivastava, Managing Director & Chief Executive Officer, Yagnya HLI General Insurance Co. Ltd.
- Sanjay Agarwal, Senior Director, CareEdge Ratings

Moderated by

CareEdge Webinar
Tyres : Rolling Ahead with Caution

Guest Speakers

- Kumar Subbiah, Executive Director Finance & Chief Financial Officer, CEAT Limited
- Sanjeev Aggarwal, Chief Financial Officer, JK Tyre & Industries Ltd.
- Padmanabh Bhagavath, Senior Director, CARE Ratings Ltd.

Moderator

CareEdge Specials

Over the year, your Company brought out multiple special reports with intensive topical coverage and analysis. CareEdge's State Ranking and Budget specials received enthralling responses not just from the media, but also from industry and government leaders.



Foresights

Our special magazine Foresights was launched this year to bring out some of the major reports every month. Packed with notes from our senior leadership, including the MD & CEO, the Chief Rating Officer and the Chief Economist, the magazine has grown in popularity rapidly.



CareEdge Conversations

After a pandemic-induced gap of over two years, CareEdge hosted its flagship event “Conversations” in Pune on June 7. The occasion was graced by multiple industry leaders and experts, including our esteemed guests Asheesh Pandey, Rohit Gera and Parag Satpute.



CareEdge Conversations





ions

CareEdge
Ratings • Advisory • Research • Risk Solutions



CareEdge in Media

As part of CareEdge's efforts to rebrand itself as one of the top knowledge hubs, we walked the extra mile in FY23 and secured significant coverage across platforms. Whether it was an opinion piece by our Chief Economist or an interview with our Managing Director, the year saw media coverage grow by leaps and bounds.

Nine PPP airports to log 50% growth: CareEdge report

Mumbai: Nine airports operating under the PPP model in the country are expected to log a 50% growth in the aggregate revenue at ₹9,650 crore this fiscal from ₹6,400 crore in the last fiscal, a report said. The estimated growth in revenue, according to the credit rating agency CareEdge Ratings will come on the back of an anticipated 70% year-on-year surge in passenger traffic which is likely to reach 93% pre-pandemic levels in the current financial year.



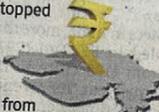
Are We Spending Enough?

By Anand
Consumption is the economy's biggest driver. As inflation moderates, Indians should be consuming more. The government's budget for FY24 is expected to be a deficit budget. The deficit is expected to be around 6.5% of GDP. The government has to be careful about the deficit. It should not be too high. It should be around 6.5% of GDP. The government has to be careful about the deficit. It should not be too high. It should be around 6.5% of GDP.

"To achieve the E20 target, OMCs will have to expand their ethanol storage capacities and auto manufacturers will have to recalibrate their engines"
RAVLEEN SETHI, associate director, CareEdge

CORPORATE INDIA MAKES A BEELINE FOR GUJARAT

Gujarat has topped the list of states in attracting fresh investments from Indian and foreign firms with new investments worth ₹3.98 trillion announced in FY22, up 273 per cent or by ₹2.91 trillion, compared to the financial year ended March 2021. Gujarat was the highest gainer in value terms as states recovered from the pandemic which impacted investments across all regions in the previous year, according to the data sourced from the CMIE and CareEdge.



'CARE Ratings Keen to Scale Up Risk Mgmt, Advisory Businesses'

To reduce dependence on ratings revenue, tap other opportunities: CEO

Joel Rebell@timesgroup.com

Mumbai: CARE Ratings chief executive Mehul Pandya aims to bring down the company's dependence on income from ratings and increase fees from high-margin risk management and advisory businesses after the post-Covid slowdown in debt issuances exposed its weakness in relying on single-stream revenues. Pandya, who took over as CEO in June last year, said he wants to bring down revenue from ratings to 80% in three years from 85% now by increasing focus on business risk management, early warning signals and fraud detection in developed markets where margins are higher. "Historically, we have been earning 30-35% of our revenue from ratings. But we see that during volatile times when borrowers stay away from the market, our revenues were hit. We have to overcome this dependence on ratings revenue." Data shows that CARE's net profit fell to ₹81 crore in the year ended March 2020 from ₹152 crore a year ago mainly as total income fell to ₹250 crore from ₹327 crore a year ago. Both total income and net profit have since remained in the ₹250 crore and ₹65-crore range in the next two fiscal years. Pandya said the company plans to bring down revenue from ratings to 80% of total revenues in



VARIED EXPERTISE
Large funds who want to invest in ESG-compliant projects need expertise on quality research, insights on disclosures... which we can provide

MEHUL PANDYA
CEO, CARE RATING

three years by increasing focus on other businesses like risk management and advisory where there is a lot of opportunity both domestically as well as globally. "We want to build a risk management business around analytics, covering business risk management, early warning signals and fraud detection in developed markets where margins are higher. We can also partner with Indian tech majors which have a big presence in these countries and offer them our expertise. It is important to get a foothold in these markets which have a good potential. We are studying how best to tap it," Pandya said. Ratings for banking and financial institutions and companies make up close to 70% of the company's revenues from ratings. "Large funds who want to invest in ESG-compliant projects need expertise on quality research, insights on disclosures and policy-making which we can provide. We have a presence in Mauritius and we are seeing an increased demand for such expertise which we can explore across Africa, over and above the growing potential in India. This will also help in diversifying our revenue streams," Pandya said.

BUDGET SECTOR IMPACT

Positive for almost all sectors

Finance Minister Nirmala Sitharaman's Budget for 2023-24, which is the last full budget for the Narendra Modi 2.0 government, has been widely viewed to seek balanced and appropriate, with a focus on infrastructure and manufacturing growth while staying firm on the fiscal consolidation path. A look at how it impacts various sectors of the economy.

- Financial Services
- Steel
- Textile
- Banking
- Hospitality and tourism
- Real estate
- Construction
- Renewables
- Fertilisers
- Gas
- Insurance
- Power

RAJANI SINHA
Chief Economist, CareEdge



Govt Must Move Quickly on Ease of Biz, Land and Labour Reforms

The survey has painted an optimistic picture with expectations of GDP growth of around 6.5%, moderation in inflation and manageable external situation in FY24. While our FY24 GDP growth projection is lower at 6.1%, we are broadly in agreement with some of the other assumptions. We expect average CPI inflation to moderate to 5.1% in FY24 and CAD to moderate to around 2.2% from 3.5% estimated in FY23. However, the global economic environment is still very uncertain and volatile, and it is best to remain cautious on that front. The survey talks about the possibility of increasing India's potential GDP growth to 7-8% in the medium term. India needs to move quickly on ease of doing business and land and labour reforms to grab this geopolitical opportunity. It is critical to support the informal sector and MSMEs.

Merchandise exports may shrink 2.3% this year, warns CARE Ratings

The Hindu Bureau NEW DELHI

Slowing global growth and cooling demand are likely to shrink India's goods exports by more than 2% in 2022-23 and grow just 1.5% next year, CARE Ratings said in a research report on Tuesday, signalling a sharp drop in outbound shipments over the next quarter.



India's merchandise exports have grown 11.1% through the first eight months of the year to touch \$295.3 billion, but

likely to experience a sharp slowdown and global trade growth moderating, India's manufacturing sector, whose Gross Value Added to the economy contracted 4.3% in the second quarter, will feel the pain of lower external demand as is evident in the 4% drop in industrial output in October, economists at the rating agency pointed out.

"Sectors with high export intensity will specifically be hit hard by the ensuing global slowdown," they said, identifying gems

& jewellery, ceramic & glassware, leather & leather products, drugs & pharmaceuticals, engineering & electrical goods, and textiles as the most export-intensive sectors in manufacturing. "Some of these export intensive sectors like textiles and garments, gems & jewellery, leather products are also highly labour-intensive. Hence, slowdown in these sectors will have implications for the overall employment scenario in the economy," they cautioned in the note.



482
CareEdge Experts
Quoted in Media

1,413
Total Media
Coverages

104
Twitter Mentions by
Reputed Platorms

Corporate Social Responsibility

The worst of the Covid-19 pandemic is over, but the lessons it taught us will remain forever. Dedicated to ensuring support and equal opportunities to all, Your Company made sure it did its best to provide the best for the less fortunate ones and supported many lives via healthcare and educational initiatives.



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.

During the year, CART developed India's first tech-enabled, on-demand, comprehensive data platform that brings together company, industry and ESG insights. This platform currently provides ESG scores for over 900 listed entities. The company has also been empanelled with the Association of Mutual Funds in India (AMFI) as an ESG Rating provider for AMCs.



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 risk and compliance solutions for banks and financial institutions. The company's products and their implementation have helped the top names in financial technology globally in over 10 countries. CRSPL has also acquired customers in new offerings such as BI & Analytics, Liferay implementation and MLD valuations. This year, the company improved its ranking in the Best 100 Risk Management Providers as part of Chartis Research's RiskTech100.



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 50 corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd., Swan Life, MUA, Bank One, CIEL, ENL, CIM Financial Services Ltd., Ascencia, Medine group, One & Only Villas, SBM Factors and Alteo.

In FY23, CRAF assigned ratings to bank facilities and bond issues aggregating to around MUR 90 billion (MUR 75 billion in FY22). CRAF also assigned credit ratings to almost 20% higher debt in FY23 as compared to FY22. 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.



CARE Ratings Nepal Limited

CARE Ratings Nepal Limited (CRNL), incorporated in Kathmandu, Nepal, is a subsidiary of CARE Ratings and offers a wide range of rating services, which includes the rating of debt instruments primarily bank borrowings, issuer rating, fund management quality rating etc. CRNL uses the technical expertise of its parent company and has also developed its capabilities in various sectors which comprise banking and insurance, manufacturing, trading, construction, power etc.

During FY23, CRNL executed 13% more initial mandates over the previous year and the flow of initial mandates has increased by around 4%. During the period under review, the growth registered by CARE Nepal was 8.25% in rating revenue which was mainly due to the increase in surveillance revenue and better execution of initial cases.



People Power

Like always, a top priority for Your Company in FY23 was ensuring a better work-life for its employees. No amount of growth would be possible without the thorough dedication and labour of our teams. During the year, the Human Resources team worked in close coordination with senior management to ensure better employee engagement at all locations of operation.

Following are some of the major initiatives of FY23:

High tea with Mehul

The MD & CEO has met with all employees who belong to the A1 grade in the Company in a planned and systematic manner, seeking their feedback. Since then, many of their suggestions have been acted upon, including the decision to introduce “hot snacks” for employees at all locations.

Rewards & Recognition

Your Company has continued to honour the commitment of the personnel with multiple rewards.

Employee Assistance

The HR Operations team has held sessions with employees at every location - physically in Mumbai and over video conferencing to outline the various processes and process flows.

Training Framework

Your Company has adopted a “Talent Management Framework” which is built on the “World-renowned 9 Box Grid that assesses employees on Performance and Potential”.

Festive Spirits

Festival celebrations have begun in full swing across locations and the same has been received very positively by our employees.

Campus Hiring

Your Company is making planned and sustained efforts for onboarding fresh talent from college campuses by offering very competitive packages.





Directors' Report

Your Directors are pleased to present the Thirtieth (30th) Annual Report of your Company along with the Audited Financial Statements for the year ended March 31, 2023.

Charting New Paths to Success

FY23 was the year of chartering new paths of success and implementing lessons learnt during the past few years. Though the growing geopolitical uncertainties and surging inflation posed challenges, your Company did well to navigate through those and emerged stronger than ever. The rebranding exercise in FY22 has given us a renewed sense of purpose and direction and we are focused on leveraging our strengths to achieve our goals. We are also exploring new avenues for growth and expansion while staying true to our core values of integrity, innovation and excellence.

Our Company is committed to further cementing its position as one of the leading credit rating agencies and knowledge hubs in the country.

Economic Backdrop-FY23

The year started against a backdrop of heightened geopolitical uncertainties, supply chain disruptions, rising commodity prices, high consumer price inflation and tightening of financial conditions globally. Even amid these challenges, economic activities in India picked up aided by post-pandemic pent-up demand, though the recovery was uneven. Urban demand witnessed a healthy rebound whereas, rural demand struggled to pick up with high inflation levels adversely impacting purchasing power. The manufacturing sector was impacted due to high input prices and their limited ability to pass through the costs to the final consumer. The Services sector emerged as a bright spot, helping the economy to clock a GDP growth of about 7.2% in FY23. The low base also helped to prop up growth numbers in Q1 and Q2.

Inflation was the major concerning factor throughout the year. The CPI inflation in FY23 averaged at 6.7%, core inflation also remained sticky above the 6% level. The inflation at the wholesale level remained in double-digits in the first half before witnessing a significant easing in H2 FY23 aided by the easing of global commodity prices. However, the same trend was not seen at the retail level due to high food and services inflation.

To tame inflationary expectations and bring it closer to the target level, RBI raised the policy repo rate by 250 bps in consecutive six MPC meetings. The Central Bank also absorbed the surplus liquidity from the banking system. In line with these tightening measures, the yield on benchmark 10-year government security rose by 50 bps during FY23.

In tandem with the pick-up in economic activity and support from the low base, credit offtake from banks improved with outstanding bank credit witnessing a growth of 15% (y-o-y) in FY23, up from 9.6% in the previous year. Retail loans were one of the major contributors to the overall bank credit growth and saw a growth of 20.6% (y-o-y) in FY23 due to growth in housing, vehicle and other personal loans.

The credit to industries grew 5.7% (y-o-y) in FY23, as against 7.5% a year ago. Credit to large enterprises, which accounted for nearly 75% of total industrial

disbursement, grew at a subdued pace of 3% (y-o-y) as against 2% in the previous year. Services sector credit growth accelerated to 19.8% in FY23 compared with 8.7% a year ago, owing to robust credit offtake in trade and the NBFC sector.

The corporate bond issuances (private placement) touched a record high in FY23 after a lacklustre FY22. It rose to Rs 8.5 lakh crore clocking a growth of nearly 33.5% (y-o-y). The higher bond issuances during the year were driven by financial institutions to meet the growing credit demand amid tight liquidity conditions.

Commercial paper issuances in FY23 dropped sharply to Rs 13.7 lakh crore from Rs 20.2 lakh crore in FY22. The slowdown was primarily because of the sharp rise in short-term rates amid liquidity tightening.

To summarise, the year ended with modest improvement in economic output, amid persistent inflationary concerns. The impact of protracted geopolitical tensions and slowing global demand were felt in India's exports, manufacturing output and corporate's financials. Despite a significant easing in global commodity prices in the second half of the fiscal, the manufacturing sector remained in a tight spot. The Central Bank has been prudent in its war against inflation but the impact of the cumulative 250 bps repo hike on inflation will be visible more clearly in the FY24 numbers.

Looking Ahead-FY24

In the midst of prevailing global uncertainties, India has emerged as a bright spot. The economy is relatively well placed among its peers due to the resilient domestic economic activity and healthy financial markets.

While we expect growth to moderate as a consequence of slowing external demand, it is likely to remain around 6% in FY24. Some moderation in urban demand could be seen as the post-pandemic spurt in consumption cools. However, an expected healthy rebound in rural demand will keep the momentum going. Robust Rabi production this year could brighten the prospect of the agriculture sector and rural demand. However, we remain cautious about the risk of any weather-related disruptions in the agriculture sector.

A strong capex growth budgeted by the Centre for FY24 will be supportive of investment demand and growth. The private sector has been slow with the investments so far. However, with rising capacity utilization levels and the private sector showing growing intent to invest, we could see a pick-up in the private capex cycle this year. The RBI's decision to pause rate hike in the April'23 meeting after a year of continuous rate hikes also bodes well for private investment. With overall economic growth moderating, we expect the bank credit growth to moderate to around 12% in FY24 (from 15% growth in FY23).

With global growth slowing, merchandise exports will remain weak in FY24. However, strong growth in services export should help cushion the impact of falling merchandise exports. Moreover, imports have also been falling, resulting in the narrowing of the trade

deficit. We expect CAD to GDP ratio to moderate to 1.6% in FY24 from an estimated 2.1% in FY23. Comfortable forex reserves and moderation in CAD will reduce India's external sector vulnerability. Likely tapering of rate hikes globally and expectation of pause in major economies such as the US will also be supportive of the Indian rupee.

The CPI inflation has likely peaked in India and is expected to moderate in the coming months supported by a high base of last year, lagged impact of past rate hikes, lower WPI inflation prints and a healthy Rabi harvest. We expect the CPI inflation to average 5.1% in FY24, lower than the average of 6.7% in FY23. However, the progress of monsoon and oil price dynamics will be the key watch-outs.

Overall, the risks are balanced for the Indian economy. We need to be cautious of the global headwinds going forward. Our outlook for the economy hinges on the strength in domestic demand, stable commodity prices and favourable weather conditions. Any unwelcome surprises on these fronts could pose downside risks and will warrant a targeted policy intervention.

Financial Performance

Your Company's Financial Performance for the year ended March 31, 2023, is summarized below:

Summary of Financial Performance (Standalone)

(Rs in crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income from Operations	248.84	219.27
Other Income	37.10	28.36
Total Income	285.94	247.63
Total Expenditure	147.80	140.65
Profit Before Tax (PBT)	138.14	106.98
Provision for Tax	34.34	22.51
Profit After Tax (PAT)	103.80	84.47
Other comprehensive income/ (loss)	(0.87)	7.81
Total comprehensive income for the period	102.93	92.28
Appropriations		
Interim Dividend	29.68	20.62
Final Dividend	29.65	17.68
Total (Dividend Outflow)	59.33	38.30
Transferred to General Reserve	-	-

The total income for the financial year of FY23 was Rs 285.94 crore, a 15% increase from FY22, while the other income stood at Rs 37.10 crore, a 31% increase from the previous year. Revenue from operations increased to Rs 248.84 crore in FY23. The ratings income rose by 13% in FY23.

Your Company's total expenditure in the financial year was Rs 147.80 crore, 5% higher than the previous year, due to the impairment of non-current assets by Rs 5.72 crore and an increase in travelling and conveyance cost of Rs 2.03 crore. Salary expenses at Rs 104.03 crore in FY23 were 3% less than the previous year. At Rs 103.80 crore, FY23 net profit increased as compared to the previous year aided by an increase in total income.

Way Forward

Keeping the above in mind and to make the organization increasingly future-ready, your Company's management is focused on the following measures:

1. Continuous strengthening of the rating operations;
2. Focused, transparent and effective communication with stakeholders;
3. Increased use of technology in core as well as other functions;
4. Talent attraction and retention with well thought HR interventions;
5. Training in technical and soft skills and
6. Developing future leadership by empowering them in new positions.

With the above clarity, the management has kept its eyes firmly on bringing the Company back on the growth path. The results are expected to be seen going forward, with the beginning already made successfully in FY23.

Returns to Shareholders

a) Dividend

During the year, your Company paid an interim dividend of Rs 10/- per equity share amounting to a pay-out of Rs 29.68 crore. The Board has recommended a final dividend of Rs 7/- per equity share and a special dividend of Rs 8/- per equity share amounting to a pay-out of Rs 44.55 crore for FY2022-23, for approval of Members at the ensuing Annual General Meeting.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy and would be paid in compliance with the applicable

rules and regulations. The Dividend Distribution Policy is available on the website of the Company at https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679558992_21032023065712_Dividend_Distribution_Policy.pdf

b) Buy-back of Equity Shares

The Board of Directors at their meeting held on July 20, 2022, approved a proposal for buy-back of up to 23,68,000 fully paid-up equity shares of the face value of Rs 10/- each (representing 7.99% of the total issued, subscribed and paid-up equity share capital of the Company as on March 31, 2022). This was to be done by way of a tender offer at a price of Rs 515/- per equity share, payable in cash for an aggregate amount not exceeding Rs 1,21,95,20,000/- ("Buy-back") which was 19.30% and 19.39% of the aggregate of the fully paid-up equity share capital and free reserves (including securities premium) as per the latest 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 (Buy-Back of Securities) Regulations, 2018, as amended and the Companies Act, 2013 and the rules made thereunder. The Buy-back was approved by the Members of the Company by means of a special resolution through a postal ballot on September 2, 2022.

Consequent to the approval of the Buy-back by the Members of the Company, a Letter of Offer was sent to eligible Members holding shares as on Record Date i.e. September 14, 2022. The Company bought back 4,199 Equity Shares out of the shares that were tendered by the eligible shareholders and extinguished the Equity Shares on December 19, 2022.

Transfer to Reserves

On account of having Employee Stock Options Plans ("ESOPs") lapsed of the employee who had resigned, Rs 0.34 crore has been transferred to the General Reserve of the Company during the said period. The Company has created a Capital Redemption Reserve amounting to Rs 0.42 lakh pursuant to the extinguishment of shares as a result of the Buy-back of Equity Shares done during the year.

Organisational Developments

Pursuant to the resignation of Mr. Ajay Mahajan as the Managing Director & CEO ("MD & 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 MD & CEO of the Company for a term of five years and his appointment was approved by the shareholders of the Company at the Annual General Meeting of the Company held on September 26, 2022.

A new CEO was appointed for our subsidiary CARE Advisory Research and Training Limited.

At the senior management level, your Company has over the years 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.

Business Operations: Strengthening Coverage

Completing 30 years of service to the Indian financial markets in 2023, CareEdge has made a notable contribution to increasing transparency and providing credit assessments to help lenders/investors make better decisions. In this journey, your Company has completed over 91,059 rating assignments of large, medium and small companies including banks and financial services companies/ institutions covering a total debt size of Rs 180 lakh crores.

Your Company is the leading domestic credit rating agency in India with expertise in rating different instruments/ facilities across varied sectors. Your Company continues to maintain its leadership position in rating the Financial and Infrastructure sector.

As on March 31, 2023, we have active ratings on approximately 4,500 companies. After muted growth at an industry level in the past two years, the rating industry saw good traction in FY23, backed by good growth in bank credit. Bank credit to large industries grew by 3% and services grew by 19.8%, while corporate bond issuances (private placement) recorded a growth of 33.5% on a Y-o-Y basis.

Your Company positioned itself well to grab this opportunity when it presented itself. As a result, we added many new companies to our rated portfolio, registering a good jump over the last year. The Bank Loan Ratings segment saw an increase of 30% in debt rated whereas the corporate bonds segment saw an increase of 11%.

The growth was well spread out in all the key sectors, including corporate and infrastructure, banking and financial services space as well as mid-corporates. The rated debt in each of the segments grew by 8%, 26% and 13%, respectively.

Further, your Company outperformed in niche segments like securitization, partly due to growth in the overall market and partly due to increasing our market share. The securitization market grew by 68% in FY23 after a muted growth in the past two years. We saw a significant increase in the securitization transactions for both Pass Through Certificate (PTC) and Direct Assignment (DA) and with new originators entering the market. Your company has an impeccable track record on securitization ratings and was able to garner a higher market share in the current year while adding substantially more new originators to the portfolio.

The superior business performance posted by your company in FY23 was mainly attributable to the “Quality-led Growth” strategy pursued by the company. Focused efforts were taken during the year to deepen our relationship with our existing clients with targeted efforts to onboard clients from high-growth sectors.

Dovetailed with these were our outreach efforts towards communicating our superior rating performance and deep credit insights into various sectors to end users of our ratings like banks, mutual funds, Private Equity players, etc. These efforts along with our well-thought-out rating criteria/methodologies, have led to even stronger acceptability of our ratings which is very critical from a long-term perspective.

The regulatory environment is ever-changing with a strong emphasis on processes and timely outcomes. Businesses are also becoming more complex and the cycles are also becoming shorter and more volatile. This is slowly but steadily resulting in the movement towards established rating agencies having strong analytical capabilities and being supported by robust processes. With three decades of presence in the credit markets, CARE Ratings is well poised to take benefit from the same.

The shift in your Company’s strategy was also well-timed to capitalise on the improvement in the operating environment. Deleveraged balance sheets of corporates, strong balance sheets of banks, steady improvement in capacity utilisation, government’s push on infrastructure creation, schemes such as PLI etc will continue to drive credit growth in the coming years notwithstanding temporary aberrations induced by external factors. The Company with its “Quality-led Growth” strategy is well poised to capture the long-term growth potential of India and capture an even bigger share in the market.

Technology: Eye on the Future

In FY23, your Company set up Disaster Recovery Site and executed Disaster Recovery (DR) for business-critical applications to provide business continuity in-event of any shut-down unexpectedly due to unforeseen circumstances, such as natural events, or security issues. This involved shutting down Core applications from the Production/Live Environment from Data Centre (DC) and routing all the Business Applications from Disaster Recovery (DR). In addition, your Company completed a total upgrade in the Hyperconverged computer infrastructure.

Your Company improved our security posture with reference to web app security, your Company implemented Web Application Firewall (WAF) which filters, monitors and blocks any malicious HTTP/S traffic travelling to the web application and prevents any unauthorized data from leaving the app. To ensure the integrity of authorized users and devices from gaining access to a corporate or private network before they connect to the network and minimize risk and the possible spread of malware, your Company implemented Network Access Control (NAC). NAC systems allow setting finely calibrated access policies when implemented correctly and track each user’s movement around networks.

In FY24, your Company would carry forward its strategy on security by implementing Privileged Access Management (PAM) for cyber threats by controlling, monitoring and securing privileged access to critical resources. In addition, a complete DR run would be done wherein business-critical applications for a week would be run from the DR site.

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 have started to use Machine Learning (ML) and Natural Language Processing (NLP) to read financial and operational data from publicly available corporate company filings. The data accuracy based on ML results has significantly improved but as it depends on a lot of variables, the models are being continuously revised. 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 and overall turnaround time.

Your Company has also built a new website for the Group, rich with content and a user-friendly interface and in accordance with our new brand vision of integrating all group offerings and synergies. We had adopted the latest technology platforms for enhancing the user experience on our new website. The subsidiary company’s websites are being worked upon and will be rolled out soon. In addition, business applications supporting the ratings analyst team had made significant enhancements for ratings letters, press releases and evaluation forms which would reduce the analyst operational time.

In FY24, your Company has initiated a platform modernization program with the intent to use cutting-edge technology and upgrade core business applications used by the ratings and business development team.

Group Approach

Building further on the continued efforts of the past few years, your Company has seen growth on multiple fronts in FY23 and this has been made possible by the combined efforts of CareEdge as a Group. Whether it is the rating business, advisory, risk solutions or our services outside India, your Company has positioned itself as one of the leading brands in the market. We have paid special attention to bringing in the right talent for the Group to further improve our services as a whole and cement our image as a knowledge hub.

Outreach

In accordance with our efforts to improve the visibility and credibility of your Company, we scaled up our outreach activities at all possible touchpoints in FY23. Be it our research reports or speaker sessions, your Company saw traction increase in all departments.

Highly regarded and attended by senior industry leaders, your Company conducted as many as 21 webinars and took part in 36 speaker sessions and 76 Knowledge Sharing Forums.

Some of the notable events of FY23 included:

After a pandemic-induced gap of over two years, CareEdge hosted its flagship event “Conversations” in Pune. The occasion was graced by multiple industry leaders and experts.

CareEdge was a **‘Process Partner’ at CNBCTV18’s Business Leaders – 40 under 40 Awards**. The awards honoured the outstanding performances of 40 young achievers who demonstrated excellence and portrayed an abiding commitment to the world of Chartered Accountancy. As a process partner, CareEdge Ratings assisted in the planning process to design award rules and regulations, evaluate parameters and framework and conduct a comprehensive process review.

CareEdge was a **Knowledge Partner at ASSOCHAM’s 14th Capital Market Summit**: The Reset of Globalization Capital Formation@2047 for New India, February 22. Mehul Pandya, MD & CEO, CARE Ratings Limited, delivered the keynote address at the inaugural session and unveiled a knowledge paper along with other dignitaries. Revati Kasture, Executive Director, was a part of the panel discussion at the event.

Mehul Pandya, MD & CEO, CARE Ratings Limited, delivered the keynote address on ‘Board’s Strategy in Making CSR Inclusive’ and ‘International Trends in CSR’ at the 17th International Conference on Corporate Social Responsibility hosted by the Institute of Directors.

CareEdge worked on **vetting the ranking methodology for the MSME Banking Excellence Awards**, which was organised by the Chamber of Indian Micro, Small and Medium Enterprises.

CareEdge associated with **ASSOCHAM as the Knowledge Partner** for their conference titled Odisha Minerals & Metals Industry: Exploring Opportunities & Addressing Concerns.

Mehul Pandya, MD & CEO of CARE Ratings Limited, was among the jury members for the 2022 edition of India’s Best CEOs awards organised by Business Today.

Mehul Pandya, MD & CEO, CARE Ratings Limited, spoke on ESG adoption at the ESG Infra Mint Conclave.

Sachin Gupta, Chief Rating Officer, spoke on Indian Infrastructure - Coming of Age at Edelweiss Annual Investor.

CareEdge associated as ‘Knowledge Partner’ at ASSOCHAM’s Conference on ‘Indian Mineral Reforms-Step towards Atmanirbhar Bharat’.

CareEdge won the bronze award at the National CSR Summit & Awards – Amrit Mahotsav Series – organised by Vision India Forum.

Rajani Sinha, Chief Economist, participated in a panel discussion on ‘Changing Geopolitical Dynamics: An opportunity for EU-India Cooperation’ at the 30th Annual General Meeting of The Council of EU Chambers of Commerce in India.

Nehal Shah, Senior Director & Head of Compliance at CARE Ratings Limited, was invited as the Chief Guest

at the Centre for Corporate Governance, Research & Training of the Institute of Company Secretaries of India (CCGRT - ICSI) to inaugurate the Management Skills Orientation Program for fresh graduated Company Secretaries.

Rajashree Murkute, Senior Director, CARE Ratings Limited was invited as a speaker at SEBI’s outreach programme on Municipal Bonds.

Human Resources: People Power

With a view to ensuring CareEdge is one of the best places to work, your Company has been focusing on enhancing the quality of work life via multiple engagement and training programmes throughout the year. Continuing with the aim to deliver efficient and quality services, your Company has paid special attention to retaining talent and roping in fresh hands. As of March 2023, there were 517 full-time employees compared with 491 last year, with voluntary attrition at 28% for FY23.

The focus on retention of our workforce is built on approaches such as employee engagement, training interventions, Rewards & Recognition programmes and employee connect communication through multiple platforms. Your Company conducted 60 training programmes under the supervision of subject matter experts in the current year, covering employees.

Some of the key initiatives of FY23 include:

- a) During the year, your Company introduced the CareEdge Leadership Assimilation Program (CLAP) - a globally renowned HR intervention for leaders and people managers who have taken on a new role of enhanced responsibility and/or where there is a deemed need to foster greater alignment/assimilation of a team with its leader. The unique aspect of this program is that it drastically shortens the process of team formation and bonding (forming - storming - norming - performing) and team alignment is achieved within a couple of months, which may otherwise take several months to achieve system for teams to share anonymous feedback to leaders about their managerial style.
- b) Another thoroughly cheered initiative this year was that of our Managing Director & CEO, Mehul Pandya meeting with all employees who belong to the A1-A3 grade in a planned and systematic manner, seeking their feedback. Ever since the start of this, many of the suggestions received during the meetings have been acted upon.
- c) Your Company has adopted a talent management and succession planning framework, which is built on the world-famous “Performance vs Potential Matrix” model, leading to the creation of a 9-Box Grid. It assesses employees on performance and potential.
- d) Your Company introduced a long-term incentive plan across the functions.

Strengthening the Subsidiaries:

As on March 31, 2023, 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 Limited

CARE Ratings (Africa) Private Limited (“CRAF”) has been licensed by the Financial Services Commission of Mauritius from May 7, 2015. It is the first Credit Rating Agency to be so recognized. It is also recognized by the Bank of Mauritius as an External Credit Assessment Institution (ECAI) on 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 revenue grew by 27% in FY23 on account of an increase in the total volume of debt rated with contributions coming from both new assignments and surveillance exercises.

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, advisory and strong technology-enabled analysis.

CARE Ratings Nepal Limited

CARE Ratings Nepal Limited (“CRNL”), incorporated in Kathmandu, Nepal, is a subsidiary of your Company and offers a wide range of rating services, which includes the rating of debt instruments primarily bank borrowings, issuer rating, fund management quality rating etc. CRNL is an authorised credit rating agency licensed by the Securities Board of Nepal w.e.f. November 16, 2017. CRNL uses the technical expertise of its parent company and has also developed its capabilities in various sectors which comprise banking and insurance, manufacturing, trading, construction, power etc.

CRNL’s total revenue grew by 15% in FY23. The growth in business was supported by CRNL’s efforts to improve awareness about credit rating among various stakeholders by organizing various training sessions and seminars coupled with better execution of initial cases.

Being a credit rating agency, CRNL’s business depends on the overall size of the rateable universe, which is directly impacted by the regulatory framework, financial market and economic growth in Nepal. The outlook, remains impacted by the slow pace of economic recovery, owing in part to the muted government spending so far this fiscal. Demand across various sectors is declining and amid tightened regulatory supervision, growth in lendable funds of

Banks and Financial Institutions (BFI) remains meagre. The growth trend in inward remittance provides some relief to the economy. Furthermore, a more stable government could go a long way towards improving the pace of economic growth going forward. However, with increasing competition coupled with the low credit appetite of BFIs, business growth in the near term is likely to see some moderation in growth.

CARE Advisory Research and Training Limited

CARE Advisory Research and Training Limited (“CART”) is a wholly-owned subsidiary of your Company which was incorporated on September 6, 2016 and is in the business of Advisory, ESG and Research. CART offers (i) advisory and consultancy services in the areas of risk advisory, policy advisory, business improvement plans, TEV studies, enterprise valuations, business and financial restructuring, markets & industry studies, financial modelling, diagnostic studies, feasibility studies, design of credit appraisal systems; (ii) ESG services ranging from ESG Assessments and grading to ESG strategy and comprehensive advisory offerings (iii) Industry Research including Industry Research Outlook and Industry Risk Scores on over 80 Sectors and Customised Industry Research; (iv) Grading Services like MFI Grading, NGO Grading and AIF Grading to name a few.

Continuing its journey to position itself as a knowledge and quality research-driven institution, CART took steps to build an Advisory, ESG and Research Business in FY22. 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. This platform currently provides ESG scores for over 900 listed entities. CART has also been 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). This division has undertaken bespoke assignments, especially with Multilateral Organisations like World Bank and ADB. 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 80 Sectors. The Grading services being offered by the company have also exhibited good growth across offerings in MFI Grading, AIF Grading and NGO Grading.

In FY23, total revenue increased to Rs 8.02 crore from Rs 7.41 crore in FY22.

CARE Risk Solutions Private Limited

CARE Risk Solutions Private Limited (“CRSPL”), a wholly owned subsidiary of your Company, with over 15 years of global experience in providing cutting-edge risk and compliance solutions for banks and financial institutions. CRSPL has undertaken a digital transformation journey to primarily position itself as a leading risk and compliance product company. CRSPL started reengineering its products in risk and compliance in FY22, reinventing its product strategy with the latest technology and suited to the RBI-prescribed regulatory framework. CRSPL is on a mission to enhance the complete range of risk offerings, including the new version of Credit Risk, ALM, FTP and risk modelling that are in the advanced stage of development and ready for GTM in FY24. It is planning to launch new-age digital products under its data and analytics division like the intelligent data platform. For the last three years, CRSPL has regularly featured amongst Risktech100 companies across the globe (Chartis Research).

CRSPL has acquired 20+ new customers across offering around risk products, consulting, BI & Analytics services, Liferay implementation and MLD valuations.

CRSPL has also formed strategic alliances with global tech MNCs like IBM, Oracle, Liferay and Feedzai for their Risk product stack across data & analytics, enterprise portals and fraud management. It is launching a new offering for the CFO community on Enterprise budgeting, planning and performance management, treasury and analytics. It is planning joint GTM around these offerings with respective OEM Partners. To increase its market reach, CRSPL has entered strategic partnerships with 3i Infotech, IDBI Intech and Saraswat Infotech, etc.

In FY23, total revenue was Rs 9.89 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 Report.

Particulars of Contracts or Arrangements with Related Parties

All transactions entered into during the Financial Year 2022-23 with Related Parties as defined under Section 188 of the Act and Regulation 23 of the 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 set out in Notes to Accounts-Note No. 36 of the Standalone Financial Statements forming part of this Report.

As required under Regulation 23 (1) of the SEBI Listing Regulations, the Company has formulated a Policy on the Materiality of and dealing with Related Party Transactions which is available on the website of the Company at https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679040518_Policy%20on%20Materiality%20of%20and%20dealing%20with%20Related%20Party%20Transactions.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. Ajay Mahajan (DIN:05108777) resigned as MD & CEO of the Company with effect from May 31, 2022. Pursuant to the resignation of Mr. Ajay Mahajan as MD & CEO, Mr. Mehul Pandya (DIN:07610232) was appointed as an Interim Chief Executive Officer of the Company with effect from June 1, 2022. Subsequently, Mr. Mehul Pandya was appointed as MD & CEO of the Company with effect from July 29, 2022.

Further, the term of office of Mr. Najib Shah (DIN:08120210), Ms. Sonal Desai (DIN:08095343) and Dr. M. Mathisekaran (DIN:03584338), Non-Executive Independent Directors concluded at the 29th Annual General Meeting. They were subsequently appointed as a Non-Executive Independent Directors for a second term from the conclusion of the 29th Annual General Meeting upto the conclusion of the 32nd Annual General Meeting of the Company to be held for the financial year 2024-25, who shall not be liable to retire by rotation.

Mr. Ananth Narayan Gopalakrishnan (DIN:05250681) resigned as a Non-Executive Independent Director of the Company with effect from September 5, 2022, pursuant to his appointment as a Whole-time Member of the Securities and Exchange Board of India.

Ms. Subhangi Soman (DIN:09476059) resigned as a Non-Executive Non-Independent Director of the Company with effect from November 24, 2022, due to pre-occupation and other engagements.

Mr. Gurumoorthy Mahalingam (DIN:09660723) was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company with effect from November 21, 2022. Further, his appointment was approved by the Members of the Company through a postal ballot on January 21, 2023.

Mr. V. Chandrasekaran (DIN:03126243) was re-designated as a Non-Executive Independent Director of the Company from Non-Executive Non-Independent Director of the Company with effect from December 7, 2022, pursuant to shareholders approval through postal ballot.

Mr. Sobhag Mal Jain (DIN:08770020) was appointed as Additional Director in the category of Non-Executive Non-Independent with effect from January 28, 2023. Further, his appointment was approved by the Members as Non-Executive Non-Independent Director of the Company through a postal ballot on April 15, 2023.

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

Declaration by Independent Directors

The Independent Directors of the Company have submitted their declaration of independence as required under Regulation 25 (8) of the 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 in the field of finance, strategy, auditing, tax, risk advisory and financial services and they hold the highest standards of integrity.

Number of Meetings of the Board of Directors

The Board of Directors met 10 (Ten) times during the Financial Year ended 2022-23 on April 11, 2022, April 26, 2022, May 28, 2022, July 20, 2022, July 29, 2022, August 17, 2022, November 8, 2022, December 7, 2022, January 28, 2023 and March 16, 2023. 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 for adequate safeguards against victimisation of persons who may use this mechanism. During the year, your Company affirms that no employee of the Company was denied access to the Audit Committee. The said policy is also available on the website of the Company at https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679040341_Whistle%20Blower%20Policy.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/FinancialReports/1679040649_NOMINATION%20&%20REMUNERATION%20POLICY.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 FY2022-23 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 28, 2023, where they reviewed the performance of the Board 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 on March 31, 2023, the Board has the following committees:

- i. Audit Committee;
- ii. Nomination and Remuneration Committee;
- iii. Stakeholders Relationship Committee;
- iv. Corporate Social Responsibility and Sustainability Committee;
- v. Risk Management Committee;
- vi. Rating Sub-Committee;
- vii. Strategy and Investment Committee and
- viii. Technology Committee

During the period under review, the Board constituted its Technology Committee in order to have more focus on critical IT projects and implementation.

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

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 is 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 the Company's policies, safeguarding of the Company's assets, prevention and detection of fraud 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

M/s. BSR & 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 is provided 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 to the Central Government.

Secretarial Audit Report

The Board of Directors of your Company has appointed A. K. Jain & Co., Company Secretaries, Mumbai, to conduct the Secretarial Audit of the Company for FY2022-23. 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 the conservation of energy to a 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 of Rs 95.53 lakh and has spent Rs 10 lakh on foreign exchange.

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, 2023 and the date of this report other than those disclosed in this Report.

Significant and Material Orders passed by the Regulators or Courts 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 have 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 and Sustainability Report

A Business Responsibility and Sustainability 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 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 the performance of the subsidiary companies and their contribution to the overall performance of the Company are given in 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/financial-performance> 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/FinancialReports/1679040466_Policy%20for%20determining%20material%20subsidiaries.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 of 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 on March 31, 2023 is available on the Company's website on: <https://www.careratings.com/annual-reports>

Share Capital

There was no change in Authorised Share Capital during the Financial Year that ended on March 31, 2023. The Authorised Share Capital of the Company is Rs 35,00,00,000/- (3,50,00,000 Equity Shares of face value of Rs 10/- each).

During the Financial Year ended March 31, 2023, the Company has allotted 58,264 equity shares on account of the exercise of Stock Options under the Employee Stock Option Scheme, 2020, the details of which are given below:

Sr. no.	Date of Allotment	No. of Equity Shares allotted
1	July 5, 2022	2,333
2	January 3, 2023	36,000
3	March 30, 2023	19,931

Further during the financial year, pursuant to the shareholders' resolution passed on September 2, 2022, the Company bought back 4,199 equity shares of the Company as per the provision of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

In view of this, the paid-up share capital as on March 31, 2023, was Rs 29,70,06,120 which consisted of 2,97,00,612 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/annual-reports>

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 initially imposed a penalty of Rs 25 lakh 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 on date.
- B. In the suit filed by 63 Moons Technologies Ltd., the Hon'ble Madras High Court passed an Order dated February 1, 2023, directing the Company amongst other respondents to deposit 10% of the total value of the suit claim in Madras High Court, as a means of furnishing security, failing which the interim order dated June 24, 2020 of injunction restraining the Company from dealing with any of its assets will continue till the suit is disposed of. The Company has filed appeals against the said order before the Division Bench of Madras High Court.

Change in the Nature of Business

During the Financial Year 2022-23, 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. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Company has a policy on the Prevention of Sexual Harassment at the Workplace. The policy aims at the prevention of harassment of employees and lays down the guidelines for the 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 in order to investigate any complaints/ issues related to sexual harassment. ICC is responsible for the redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2023, 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 is in compliance with Regulation 21 of the 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 risk identification and its management across the enterprise at various levels including documentation and reporting. The framework helps in identifying risk trends, exposure and potential impact analysis on a Company's business in order to minimize the adverse impact of any type of risk on the business objectives.

Corporate Social Responsibility: Growing Together

As a part of CARE Ratings' initiatives under Corporate Social Responsibility ("CSR") in FY2022-23, your Company released payments amounting to Rs 1.92 crores (P.Y.: Rs 2.37 crores) in areas of healthcare, education, community development, mid-day meals, nutritional food to Anganwadi children.

The Board has constituted a Corporate Social Responsibility and Sustainability (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/FinancialReports/1679039991_Corporate%20Social%20Responsibility%20\(CSR\)%20Policy.pdf](https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679039991_Corporate%20Social%20Responsibility%20(CSR)%20Policy.pdf)

Material Non-Listed Indian Subsidiary

There was no material (non-listed) Indian subsidiary of your Company as on March 31, 2023.

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, 2023, 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, 2023, 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 with the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India ("ICSI")

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

Acknowledgements

The 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, the Securities Exchange Board of India and the Company's Bankers.

On behalf of the Board of Directors of CARE Ratings Limited

Sd/-
Najib Shah
Chairman
DIN: 08120210

Sd/-
Mehul Pandya
Managing Director & CEO
DIN: 07610232

Place: Mumbai
Date: May 11, 2023

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.

C. DUTIES IN RELATION TO NOMINATION MATTERS:

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

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b) Ensuring that 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.

D. DUTIES IN RELATION TO REMUNERATION MATTERS

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

- a) Considering and determining the Remuneration Policy, based on the performance and also 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.

E. 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.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March, 2023

[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 March 31, 2023 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, 2023 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 and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(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, 2021 **(Not Applicable to the Company during the Audit Period);**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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 complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc.

We further report that the management of the Company has identified and confirmed the compliance of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 specifically applicable to the Company.

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 was 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, the specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. are as mentioned below:

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 58,264 (Fifty Eight thousand Two Hundred and sixty Four) Equity Shares of Rs 10/- each to the Eligible Employees of the Company under the CARE Employee Stock Option Scheme 2020 on various dates.
19.12.2022	The Company has completed buyback of 4,199 (Four Thousand One Hundred and Ninety Nine) fully paid-up equity shares of face value of Rs 10/- (Rupee Ten) each ("Equity Shares"), on a proportionate basis, through the Tender Offer route through the Stock Exchange mechanism as prescribed under the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, at a price of Rs 515/- (Rupees Five Hundred and Fifteen Only) per Equity Share.
01.02.2023	The Hon'ble Madras High Court passed an order on February 1, 2023, in the applications filed by 63 Moons Technologies Ltd. against multiple respondents including the Company that the interim order of injunction passed on June 24, 2020 directing all respondents in the applications not to transfer, alienate, sell, dispose any of their assets will continue till the final disposal of the suit and in the event, if the Company provides security of Rs 23.16 crores i.e. 10% of the total value of the suit claim in Madras High Court, the injunction will stand vacated in so far as the Company is concerned. The Company has filed appeals against the said order before the Division Bench of Madras High Court.

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

For A. K. Jain & Co.
Company Secretaries

Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124
Peer Review Certificate No.1485/2021
UDIN: F006058E000293061

Place: Mumbai
Date: 11th May, 2023

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**

**Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124
Peer Review Certificate No.1485/2021
UDIN: F006058E000293061**

**Place: Mumbai
Date: 11th May, 2023**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Built on a solid foundation set last year, your Company's transformational journey continued in FY23. With active efforts made in all operations on all fronts, we delivered better output for our clients and enhanced our brand value across channels. There were challenges – rising inflation, geopolitical uncertainty, fear of Covid's resurgence just to name a few. However, commendable actions taken by the Government of India and the sheer dedication of our personnel ensured we stayed on track for growth.

“The best way to predict the future is to create it.” - Peter Drucker

On Growth Track

Even though the business environment remained a tad uncertain due to inflation and volatile global markets, your Company continued to make progress and ensure high-quality results.

The mantra for your company was "Quality-led Growth". This was the outcome of the intense deliberations by the leadership team after the new CEO took over in July, 2022.

A thorough and well-thought-out strategy to push the four identified pillars of growth -- Group Approach, Technology, Talent and Branding – helped your Company navigate through all the tough times.

Group Approach: Building further on the continued efforts of the past few years, your Company has seen growth on multiple fronts in FY23 and this has been made possible by the combined efforts of CareEdge as a Group. Whether it is the rating business, advisory, risk solutions or our services outside India, your Company has positioned itself as one of the leading brands in the market. We have paid special attention to bringing in the right talent for the Group to further improve our services as a whole and cement our image as a knowledge hub.

Technology: CareEdge has moved to a new data centre to ensure improved uptime, security, performance, efficiency and stability and a new disaster recovery centre. For higher levels of security and privacy, your Company has actively invested in technological upgrades and implemented a cloud-based security gateway/Webproxy.

Talent: Your Company has made it a priority to recruit the best-suited talent for specific positions. The past year has witnessed a wave of fresh leaders at CareEdge, as we have placed significant emphasis on empowering skilled individuals with a variety of backgrounds and experiences. This approach enables us to find the right match for each role, whether we are seeking seasoned experts to lead the way or cultivating promising new talent to shape a brighter future for the Company.

Rebranding: After our branding overhaul, which was received very well by all stakeholders and the media, your Company put further stress on enhancing the outreach programmes in FY23 and cemented its position as one of the leading knowledge hubs in the market.

“The only way to do great work is to love what you do.” - Steve Jobs

Ratings

While CARE Ratings continues to be one of the leading credit rating agencies in India, the transformation journey for the core rating business continued in the form of:

- Quality-led prognostic analytics;
- Focused outreach;
- Continuous focus on tech-led interventions; and

d) Improving the product offerings/segments.

As on March 31, 2023, we have active ratings on approximately 4,500 companies. After muted growth at an industry level in the past two years, the rating industry saw good traction in FY23, backed by good growth in bank credit. Your Company positioned itself well to grab this opportunity. As a result, we continued to add a good number of new companies to our rated portfolio.

The growth was well spread out in all the key sectors, including corporate and infrastructure, banking and financial services space as well as mid-corporates. The rated debt in each of the segments grew by 8%, 26% and 13% respectively.

Your Company continues to maintain its leadership position in rating the Financial and Infrastructure sector.

This year, we organised over 20 webinars with strong panels and high levels of participation. Our opinion pieces have received significant coverage across various media platforms, demonstrating their high quality. Additionally, we successfully launched our new monthly publication 'Foresights' this year and have already released seven editions. Our stakeholders have responded positively to the publication.

Insightful inputs from various teams, combined with the able support of our IT team, allowed us to achieve greater efficiency through automation and simplification of our processes. We successfully automated many of our processes and simplified others, resulting in significant efficiency gains.

Looking towards the future, we are confident in our ability to maintain our good performance. In the current year, our primary focus will be on enhancing the quality of our connections with customers, investors and other market participants. We believe that this will be a key factor in consolidating our strong position in the Indian debt markets, which we have established through our consistent performance and dedication to meeting our client's needs.

To achieve this goal, we plan to increase our engagement with our stakeholders by providing regular updates on our products and services, sharing market insights and listening closely to their feedback. We also plan to leverage our technological capabilities to enhance the customer experience and provide seamless access to our offerings.

Additionally, we will continue to collaborate closely with our IT team and other departments to identify opportunities for process optimisation and automation, which will enable us to operate more efficiently and effectively.

Overall, we remain committed to delivering value to our clients and stakeholders and are excited to build on our past successes to achieve even greater results in the future.

The overall rating revenue for the company stood at Rs 248.84 crore for FY23 as against Rs 218.60 crore in FY22. The rating revenue has grown by ~ 14% during FY23 as compared to FY22 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 50 corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd., Swan Life, MUA, Bank One, CIEL, ENL, CIM Financial Services Ltd., Ascencia, Medine group, One & Only Villas, SBM Factors and Alteo.

In FY23, CRAF assigned ratings to bank facilities and bond issues aggregating to around MUR 90 billion (MUR 75 billion in FY22). CRAF also assigned credit ratings to almost 20% higher debt in FY23 as compared to FY22. 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 revenue grew by 27% in FY23.

CARE Ratings Nepal Limited

Being a credit rating agency, CRNL's business depends on the overall size of the rateable universe, which is directly impacted by the regulatory framework, financial market and economic growth in Nepal. The long-term prospect of credit rating business in Nepal remains positive as the market is still growing.

The near-term outlook, however, remains impacted by the slow pace of economic recovery, owing in part to the muted government spending so far this fiscal. Demand across various sectors is declining and amid tightened regulatory supervision, growth in lendable funds of Banks and Financial Institutions (BFI) remains meagre. The growth trend in inward remittance provides some relief to the economy. Furthermore, a more stable government could go a long way towards improving the pace of economic growth going forward. However, with increasing competition coupled with the low credit appetite of BFIs, business growth in the near term is likely to see some moderation.

During the period under review, the growth registered by CARE Nepal was 8.25% in rating revenue which was mainly due to the increase in surveillance revenue and better execution of initial cases. The growth in business was supported by CRNL's efforts to improve awareness about credit rating among various stakeholders by organising various training sessions and seminars.

CRNL's total revenue grew by 15% in FY23.

CARE Advisory Research and Training Limited

CARE Advisory Research and Training Limited (CART) offers services in the field of transaction advisory, project advisory (feasibility studies like Techno-Economic Viability (TEV) studies), corporate advisory (valuation and financial modelling, counterparty credit risk assessment, peer benchmarking studies), risk advisory services (design of credit risk exposure frameworks, setting up of exposure limits, vetting of the rating model) and policy advisory (with multi-lateral agencies on design of framework and process for bond issuance including structure and credit enhancement measures in ASEAN countries).

During FY2022-23, CART worked with many public sector banks, financial institutions, various Government authorities, public sector corporations as well as private sector corporations. During the year, CART executed around 45 Advisory and Techno-economic Viability (TEV) assignments. CART has also worked for multi-lateral organisations like ADB, World Bank.

CART also undertook Grading services (MFI Grading, AIF Grading, Code of Conduct Assessment Grading for MFIs, NGO Grading and LPG Grading) for various entities and completed 37 grading assignments during FY2022-23. During FY2022-23, CART also provided Counterparty Risk Assessments for 260 entities.

Research Division: CART services a variety of industry and sector research needs of its domestic and multi-national clients with credible, high-quality research and analysis spanning from the economy to various facets of industries including a global perspective in a

few instances. During FY2022-23, CART undertook 35 industry research assignments for clients to assist them in filing Draft Red Herring Prospectus. Further, CART also provides industry research, industry research outlook and industry risk scores on 80+ sectors.

ESG Division: CART offers customised and value add ESG services to corporate and financial institutions. Our services range from ESG assessments to ESG advisory solutions. CART is empanelled with the Association of Mutual Funds in India (AMFI) as an ESG rating provider for AMCs. Following are some of the accomplishments of your organisation during FY23:

ESG Assessment: CART has completed an assessment of over 900 listed Indian entities basis publicly available disclosures, along with deep dive into ESG performance metrics for the top Indian corporates. Entire ESG data analytics for over 900+ companies along with ESG metrics and raw data is made available on our data analytics platform called "SIRIUS". This platform is built with a vision of providing seamless access to data and analytics to financial institutions on financial and non-financial performance of corporates including industry research. Also, CART has successfully completed six ESG grading assignments.

ESG Advisory: CART has also made significant inroads in expanding our ESG advisory and consulting services to corporates and institutions. CART developed significant in-house capacity to assist our clients in achieving goals during their ESG journey. CART has worked with some of the leading industry players to help them define ESG strategies, policies and metrics and developed an ESG reporting framework which has helped these organizations to stay ahead of the curve when it comes to ESG compliance. This year, with a diverse set of capabilities your organization's ESG footprint has been expanded to corporates, financial institutions and fund houses. Your organization has also worked with some of the leading international investors in guiding their ESG strategies for their investment decisions in India. During the year, the division has been able to source around 24 mandates pertaining to advisory services. Your company has also expanded its footprint to other international geographies and has successfully completed its first grading assignment for a Mauritius-based entity.

In FY23, total revenue increased to Rs 8.02 crore from Rs 7.41 crore in FY22.

CARE Risk Solutions Private Limited

CARE Risk Solutions Private Limited (CRSPL) has more than 15 years of experience in risk and compliance and has expanded its operations to over 10 countries. In the past year, the company has re-engineered its strategy, built new offerings and strengthened its delivery teams, resulting in improved deliveries across different geographies. As a result of these efforts, CRSPL has also improved its billability ratio, employee productivity and collection.

To further expand its global presence, CRSPL is now expanding to some overseas markets. The company has reinvented its product strategy to upgrade its products with the latest technology and ensure they comply with the RBI's current regulatory framework. CRSPL is focused on enhancing its complete range of Risk offerings, including the new versions of Credit Risk, ALM and FTP. These products are in the advanced stage of development and will be ready for release in FY24.

CRSPL is also creating a centre of excellence around Data, Analytics and AI. Its goal is to bring smart and scalable data platforms to the market. Additionally,

CRSPL is developing its expertise in Liferay DXC Portal to improve its digital and customer experience offerings.

In the current fiscal year, CRSPL intends to improve its social and digital media presence and participate in domestic and select international events. CART is also planning to organise a CIO Roundtable conference for business development.

In FY23, total revenue was Rs 9.89 crore.

“The greatest glory in living lies not in never falling, but in rising every time we fall.” - Nelson Mandela

Technologically Sound

Your Company made substantial technological changes in FY23. Your Company has implemented Disaster Recovery (DR) for business-critical applications and to help analysts make superior decisions, we have implemented within the rating workflow system financial system reading capabilities using AI and ML. We are currently migrating our Finance ERP to Oracle Fusion on the cloud, which would allow better functionality and reporting.

Your Company has also built a new website for the Group -- rich with content and a user-friendly interface. The subsidiary websites are being worked on and will be rolled out soon.

“Believe you can and you’re halfway there.” - Theodore Roosevelt

For the People, Of the People

At CareEdge, our dedication to creating a thriving work environment and providing our employees with the best opportunities is a driving force for our team. We have consistently focused on attracting top-tier talent across all levels of the organization, from executive hires to mid-level and entry-level positions. In the fiscal year 2023, we prioritized recognizing and rewarding the hard work and dedication of our employees, as their contributions are integral to our success.

To cultivate a healthier workplace culture, we have implemented various initiatives, including regular social events and informative webinars for our employees. Our human resources policies undergo continuous updates to ensure alignment with industry best practices. As of March 31, 2023, we had a dedicated team of 517 employees and we are committed to fostering a positive and supportive work environment as we enter the fiscal year 2024.

“The future depends on what you do today.” - Mahatma Gandhi

Brand Power: Stronger than Ever

FY23 was the year for CareEdge’s rediscovery as a brand known for its stellar analytics and knowledge power. With a new vision and ambition, Your Company aimed to create an immersive and engaging experience for our stakeholders. We leveraged our knowledge repository through regular feedback and analysis to provide our customers with a more creative and meaningful experience.

Our philosophy, rooted in our core pillars of Group Impetus, People, Technology and Branding, guided our efforts to enhance every touchpoint. We were committed to improving our digital presence, publications, knowledge partnerships, knowledge-sharing forums, media tractions, opinion pieces and CSR initiatives, all of which were a testament to our brand’s impact. All of these have yielded tangible results and continue to reap rewards.

At CareEdge, we recognised the importance of staying ahead of the curve in terms of technology and innovation and we made significant investments in these areas to provide our customers with the best possible experience. We also focused on creating more value for our people in sync with our belief that it is they who form the backbone of the organisation. Your Company invested in their development and created a culture that prioritised collaboration and diversity.

Through our efforts, Your Company made a difference in the lives of our stakeholders and further cemented the bond of trust between the stakeholders. As we move forward, Your Company remains committed to our brand philosophy and will continue to leverage our knowledge and expertise to make a positive impact.

“Be the change you wish to see in the world.” - Mahatma Gandhi

Developments on the Regulatory Front

CareEdge Ratings has been actively engaging with the regulators on various regulatory aspects. In FY23, SEBI issued various circulars including a firewall between Credit Rating Agencies (CRAs) and their affiliates, standardisation of industry classification and credit ratings supported by credit enhancement. The RBI also issued a guidance note on bank loan credit enhanced (CE) ratings and related FAQs during the year. This apart, SEBI also issued an Operational Circular for CRAs in January 2023 superseding its earlier circulars. The various measures initiated by the regulator(s) are aimed at enhancing the standards of the credit rating industry.

CareEdge Ratings has put in place robust systems and processes such that it is in compliance with all the regulatory requirements. Your company is committed to maintaining the highest standards to ensure regulatory compliance.

“Success is not final, failure is not fatal: It is the courage to continue that counts.” - Winston Churchill

Opportunities

Despite major volatility in the global economy amid fears of recession and the continuing war between Russia and Ukraine, the Indian economy has been able to hold its ground in the year gone by. Soaring inflation has been a pain point, but the quick thinking on RBI’s part to curb its rise and bring it under control has ensured that businesses and the economy as a whole do not suffer.

The Indian economy grew by 7.2% in FY23. While the manufacturing sector faced challenges from high commodity prices, the rebound in the services sector supported GDP growth in FY23. We project GDP growth to moderate to around 6% in FY24 due to the waning of domestic pent-up demand and weakness in external demand.

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 the identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data.

Business Risk

The state of the economy poses a business risk, particularly in terms of economic growth. When the economy experiences negative or low growth, it leads to reduced investment activities, which, in turn, impacts the growth of the ratable universe. For instance, in the previous year, there was a notable period of decreased output growth in the economy. Consequently, this downturn had a detrimental effect on investment levels and subsequently hindered the growth of bank credit to the industrial and service sectors.

Mitigants

Your Company have adopted a Group approach that involves diversifying our business ventures, separating them from the ratings business. By expanding into other sectors, the Group can mitigate the impact of external factors on our overall operations.

In addition to economic risks, there are various business risks we encounter. These include competition within the industry, challenges in accessing relevant information, uncooperative issuers, reputation risk and potential non-payment of fees by clients. With six rating agencies operating in the market, acquiring and retaining clients while maintaining competitive fee structures can be demanding.

The availability of information directly affects the quality of our ratings. In cases such as the INC ratings, where limited public information is available, we face difficulties in conducting thorough assessments. Moreover, non-payment of fees presents a significant challenge, as income from surveillance activities forms a crucial component of our rating revenue.

Your Company's well-thought-out rating criteria/methodologies have led to even stronger acceptability of our ratings, which is very critical from a long-term perspective. The regulatory environment is ever-changing with a strong emphasis on processes and timely outcomes. Businesses are also becoming more complex and the cycles are also becoming shorter and more volatile. This is slowly but steadily resulting in the movement towards established rating agencies having strong analytical capabilities and being supported by robust processes. With three decades of presence in the credit markets, CARE Ratings is well poised to take benefit from the same.

To address reputation concerns associated with our ratings, the superior business performance posted by your company in FY23 was mainly attributable to the "Quality-led Growth" strategy pursued by the company. Focused efforts were taken during the year to deepen our relationship with our existing clients with targeted efforts to onboard clients from high-growth sectors.

The shift in your company's strategy was also well-timed to capitalise on the improvement in the operating environment. Deleveraged balance sheets of corporates, strong balance sheets of banks, steady improvement in capacity utilisation, government's push on infrastructure creation, schemes such as PLI etc will continue to drive credit growth in the coming years notwithstanding temporary aberrations induced by external factors. The company with its "Quality-led Growth" strategy is well poised to capture the long-term growth potential of India and have an even-bigger share in the market.

Market Intelligence Risk

Market Intelligence risk encompasses our capacity to accurately anticipate and identify the deteriorating ability of companies to meet their debt obligations, thereby providing early warning signals. Effectively managing this risk is crucial as any default, particularly in the case of market instruments such as bonds, can have a significant impact on individual investors and potentially tarnish the reputation of our firm.

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

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 the 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 monitored closely by the compliance and legal functions with the aim to mitigate them in coordination with the other functions/departments. 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.

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, 2023	March 31, 2022	(in %)
Revenue from operations	278.99	247.63	12.67%
Other income	37.94	27.19	39.52%
Total Income (A)	316.93	274.82	15.32%
Expenses			
Employee costs	133.94	126.41	5.96%
Depreciation, amortization & impairment	16.24	7.92	105.00%
Finance costs	1.00	0.46	117.75%
Other costs	40.00	41.40	(3.38%)
Total Expenses (B)	191.18	176.19	8.51%
Profit Before Tax (A-B)	125.75	98.63	27.50%
Taxes	40.29	21.80	84.81%
Profit After Tax	85.46	76.83	11.24%

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

Ratios	FY2022-23	FY2021-22
Debtors Turnover (in times)	12.97	14.48
Current Ratio (in times)	10.19	11.01
Inventory Turnover	NA	NA
Interest Coverage Ratio	NA	NA
Debt Equity Ratio	NA	NA
Operating Profit Margin (%)	37.65%	32.23%
PAT Margin (%)	26.96%	27.96%
Return on Net worth (%)	12.43%	11.60%

- Trade Receivable increased from Rs 16.64 crore to Rs 21.51 crore whereas revenue increased from Rs 247.63 crore to Rs 278.99 crore thereby resulting in a decrease in Debtor's Turnover ratio from 14.48 to 12.97 times.
- Current Assets decreased in current year as non-current investments were to be transferred to current investments based on period of maturity.

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

(Rs in Crore)

Details	March 31, 2023	March 31, 2022	Growth%
Property, plant, equipment etc	137.79	123.21	11.83%
Less accumulated depreciation	24.80	27.38	(9.43%)
Less Impairment on intangible assets	5.71	0.21	N.M.
Net Block	107.28	95.62	12.20%
Depreciation as % Total income	3.32%	2.80%	18.65%
Accumulated depreciation as % gross block	18.00%	22.22%	(19.00%)

- Net block of the group increased by 12.20% from Rs 95.62 crore to Rs 107.28 crore due to additions in FY23.

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

(Rs in Crore)

Details	As of March 31, 2023	As of March 31, 2022	Growth %
Non-Current Investments			
Investments in Equity instruments (Unquoted)	24.93	24.93	-
Investment in Tax Free Bonds	18.98	19.07	(0.47%)
(A) Total	43.91	44.00	(0.20%)
Current Investments & Treasury			
Investment in Mutual Funds & Bonds (Quoted)	30.06	-	N.M.
Cash and Bank Balances	7.27	17.63	(58.78%)
Fixed Deposits	537.12	516.96	3.90%
(B) Total	574.45	534.59	7.46%
Grand Total (A) + (B)	618.36	578.59	6.87%

- Total investments for the group were higher at Rs 618.36 crore, of this Rs 537.12 crore were in fixed deposits, Rs 30.06 in liquid mutual funds and Rs 18.98 crore in tax free bonds.

The Group's trade receivables are presented below:

(Rs in Crore)

Details	At March 31, 2023	At March 31, 2022	Growth %
Ratings & other services (Net)	16.45	13.64	20.59%
Non-Ratings	5.07	3.00	68.85%
Total	21.52	16.64	29.32%

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

(Rs in Crore)

Details	For the year ended		Growth (in %)
	March 31, 2023	March 31, 2022	
Revenue from operations	248.84	219.27	13.48%
Other income	37.10	28.36	30.83%
Total Income (A)	285.94	247.63	15.47%
Expenses			
Employee costs	104.03	106.76	(2.56%)
Depreciation, amortization & impairment	13.77	6.99	97.04%
Finance costs	0.70	0.40	76.44%
Other costs	29.30	26.50	10.58%
Total Expenses (B)	147.80	140.65	5.09%
Profit Before Tax (A-B)	138.14	106.98	29.12%
Taxes	34.34	22.51	52.56%
Profit After Tax	103.80	84.47	22.88%

The table below gives some important ratios for the CareEdge Standalone level.

Ratios	FY2022-23	FY2021-22
Debtors Turnover (in times)	15.25	16.12
Current Ratio (in times)	12.39	13.29
Inventory Turnover	NA	NA
Interest Coverage Ratio	NA	NA
Debt Equity Ratio	NA	NA
Operating Profit Margin (%)	46.42%	39.22%
PAT Margin (%)	36.30%	34.11%
Return on Net worth (%)	14.94%	12.99%

- Trade Receivable Increased from 13.60 crore to 16.32 crore whereas revenue increased from Rs 219.27 crore to Rs 248.84 crore whereby resulting in a decrease in Debtor's Turnover ratio from 16.12 to 15.25 times.
- Current Assets decreased in current year as non-current investments were required to be transferred to current investment based on period of maturity.
- Operating profit margin and net profit margin were higher at 46.42% and 36.30%

The Standalone Property, Plant, Equipment and Intangible assets at the end of the year were as follows.

(Rs in Crore)

Details	March 31, 2023	March 31, 2022	Growth%
Property, plant, equipment etc	116.69	99.35	17.46%
Less accumulated depreciation	21.86	17.40	25.63%
Less Impairment on intangible assets	3.98	-	N.M.
Net Block	90.85	81.95	10.86%
Depreciation as % Total income	2.82%	2.82%	(0.19%)
Accumulated depreciation as % gross block	18.73%	17.52%	6.95%

- Net block of the Company increased by 10.86 % from Rs 81.95 crore to Rs 90.85 crore due to additions in FY23.

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

(Rs in Crore)

Details	As at March 31, 2023	As at March 31, 2022	Growth %
Non-Current Investments			
Investments in Equity instruments (Unquoted)	93.21	51.44	81.19%
Investment in Tax Free Bonds	18.98	19.07	(0.47%)
(A) Total	112.19	70.51	59.11%
Current Investments & Treasury			
Investment in Mutual Funds & Bonds (Quoted)	30.06	-	N.M.
Cash and Bank Balances	5.15	4.03	27.72%
Fixed Deposits	499.87	508.18	(1.64%)
(B) Total	535.08	512.21	4.46%
Grand Total (A) + (B)	647.27	582.72	11.08%

- Total investments of the Company were higher at Rs 647.27 crore, of this Rs 499.87 crore were in fixed deposits, Rs 30.06 in liquid mutual funds and Rs 18.98 crore in tax free bonds.

Standalone trade receivables are presented below:

(Rs in Crore)

Details	At March 31, 2023	At March 31, 2022	Growth %
Ratings & other services (Net)	16.32	13.61	19.97%
Non-Ratings	-	-	-
Total	16.32	13.61	19.97%

“Strive not to be a success, but rather to be of value.” - Albert Einstein

Our View on FY24

The domestic economy has continued to show signs of resilience towards the beginning of FY24 despite uncertainties on the global front. The latest developments surrounding the banking sector crisis in the West, although contained, have added to the challenges of the global economy. Even while the Indian economy remains relatively better placed, these developments on the global front remain the key watch-outs going ahead.

While high inflation was the pain point in FY23, domestic inflationary pressures are expected to ease this year. A favourable base, waning pent-up demand and robust Rabi harvest are expected to support the moderation in retail inflation. This easing in retail inflation is a positive for rural consumption which has been slow to recover. However, weather-related uncertainties and the possibility of a rebound in global crude oil prices pose upside risks to inflation.

The external scenario remains challenging with merchandise exports remaining pressured amid slowing global demand. However, moderation in imports on account of lower commodity prices has helped ease the pressure on the trade deficit. On the current account front, India's services exports and remittances have shown an upbeat trend and are likely to support the moderation in the current account deficit to 1.6% of GDP in FY24 from the estimated 2.1% in FY23. On the capital account front, subdued global investment sentiment amid slowing growth is likely to weigh on the foreign investment flows. Broadly, an improvement in the external sector parameters is expected to bode well for the rupee. Moreover, the rupee could also benefit on the back of easing dollar strength as the US Federal Reserve eyes a pause in its current rate hike cycle.

Overall, the domestic economic growth is projected to moderate to around 6% in FY24 following a 7.2% growth in FY23. Lower commodity prices are expected to bode well for the manufacturing sector output. However, challenges on the external front due to weakness in global demand could keep exports under pressure. Thus, an uncertain global scenario and its spillovers on the domestic economy are likely to weigh on the overall growth.

Details pertaining to remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2022-23, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 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	% increase/ (decrease) in Remuneration in the financial year 2022-23	Ratio of Remuneration of each Director/ to median remuneration of employees
1.	Mr. Najib Shah Non-Executive Independent Director	26.92%	1.47:1
2.	Mr. V. Chandrasekaran Non-Executive Independent Director	58.33%	1.69:1
3.	Mr. Adesh Kumar Gupta Non-Executive Independent Director	27.59%	1.64:1
4.	Ms. Sonal Gunvant Desai Non-Executive Independent Director	10.34%	1.42:1
5.	Dr. M Mathisekaran Non-Executive Independent Director	35.00%	1.20:1
6.	Mr. Ananth Narayan Gopalakrishnan Non-Executive Independent Director (upto September 5, 2022)	(34.48%)	0.84:1
7.	Ms. Shubhangi Soman Non-Executive Non-Independent Director (upto November 24, 2022)	NA	NA
8.	Mr. Gurumoorthy Mahalingam Non-Executive Independent Director (w.e.f. November 21, 2022)	NA	NA
9.	Mr. Sobhag Mal Jain Non-Executive Non-Independent Director (w.e.f. January 28, 2023)	NA	NA
10.	Mr. Ajay Mahajan Managing Director & CEO (upto May 31, 2022)	(87.37%)	10.38:1
11.	Mr. Mehul Pandya Managing Director & CEO (w.e.f. July 29, 2022)	107.20%#	31.46:1
12.	Ms. Nehal Shah Company Secretary & Compliance Officer	*	10.78:1
13.	Mr. Jinesh Shah Chief Financial Officer	*	7.71:1

*Remuneration received in FY 2022-23 is not comparable with remuneration received in FY 2021-22 as it was for part of the year and hence not stated

#While calculating percentage increase, Remuneration from April 1, 2022 to March 31, 2023 is also considered he being KMP of the Company

Please refer Corporate Governance Report for details of remuneration paid/ to be paid to the Directors for FY2022-23.

2) The percentage increase in the median remuneration of employees in the Financial Year 2022-23:

The median remuneration of employees of the Company during the financial year 2022-23 was Rs 11,25,012/-. The percentage increase in the median remuneration of employees in the financial year is 27% compared to last financial year 2021-22.

3) 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 FY2023 over FY2022 was 9.92% for employees, excluding the KMP's. In comparison, the average increase in remuneration of KMP's during the same period was 10.24%.

4) The number of permanent employees on the rolls of the Company:

As of March 31, 2023, there were 517 full time employees compared with 491 last year with around 81% of the staff management professionally qualified in the areas of management, CA, CS, legal, economics, engineering etc. holding professional or post graduate degrees.

5) 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.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A : GENERAL DISCLOSURES

I. Details of the listed entity

Sl. No	Required Information	
1	Corporate Identity Number (CIN) of the Listed Entity	L67190MH1993PLC071691
2	Name of the Listed Entity	CARE Ratings Limited
3	Year of incorporation	1993
4	Registered office address	4 th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400022
5	Corporate address	Same as above
6	E-mail	investor.relations@careedge.in
7	Telephone	022-67543456
8	Website	https://www.careratings.com
9	Financial year for which reporting is being done	2022-2023 (April 1, 2022 - March 31, 2023)
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE")
11	Paid-up Capital	Rs 29,70,06,120
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Mradul Mishra, Head - Corporate Communications 022-67543456 investor.relations@careedge.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	This report is prepared on a Standalone basis

II. Products / Services

14 Details of business activities (accounting for 90% of the turnover):

Sl.No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Ratings	Providing credit ratings including Debt ratings, Bank Loan Ratings, Issuer Ratings, Securitisation Ratings and Expected Loss Ratings	91.6%

15 Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl.No	Product / Service	NIC Code	% of total Turnover contributed
1	Ratings	66190	91.6%

III. Operations

16 Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not Applicable	10*	10
International	Not Applicable	-	-

* includes Registered Office Address as mentioned in Point no. 4 above.

17 Market Served by the entity:

a.	Number of locations	
	Locations	Number
	National (No. of States)	The Company currently operates with 10 branches across 7 states.
	International (No. of Countries)	The Company undertakes overseas operations through its subsidiary companies in Mauritius and Nepal.

b.	What is the contribution of exports as a percentage of the total turnover of the entity?	0.38%
C.	A brief on type of customers	The Company caters to both public and private sector customers and operates in the B2B segment and has a client base spanning large corporations, insurance companies, private banks, public sector banks, asset management companies, controlled entities, MSMEs, global financial institutions, public sector enterprises and private equity.

IV. Employees

18 Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sl.No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
Employees						
1	Permanent (D)	517	314	61%	203	39%
2	Other than Permanent (E)	34	9	26%	25	74%
3	Total employees (D+E)	551	323	59%	228	41%

b. Differently abled Employees and workers:

Sl.No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
Differently Abled Employees						
1	Permanent (D)					
2	Other than Permanent (E)					
3	Total differently abled employees (D+E)			Nil		

19 Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors*	8	1	13%
Key Management Personnel*	3	1	33%

* Includes the Managing Director & CEO

20 Turnover rate for permanent employees and workers

	FY2022- 23 (Turnover rate in current FY)			FY2021 - 22 (Turnover rate in previous FY)			FY2020 - 21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	31%	23%	28%	43%	41%	42%	22%	22%	22%
Permanent Workers	NA*			NA			NA		

* Not Applicable ("NA")

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21 (a) Name of holding / subsidiary / associate companies / joint ventures

Sl.No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	CARE Risk Solutions Private Limited	Subsidiary	100%	No
2	CARE Advisory Research and Training Limited	Subsidiary	100%	No
3	CARE Ratings (Africa) Private Limited	Subsidiary	78%	No
4	CARE Ratings Nepal Limited	Subsidiary	51%	No

VI. CSR Details

22 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover (Rs in lakh.)	24,883.91
(iii) Net worth (Rs in lakh.)	69,486.17

VII. Transparency and Disclosure Compliances

23 Complaints/Grievances on any of the Principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY2022 - 23			FY2021 - 22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	All the community-related grievances are handled by the NGO Partners. The suggestions / solutions to mitigate the problem are then communicated to the community. Based on mutual agreement, the action plan is executed.	-	-	-	-	-	-
Investors (other than shareholders)	Yes - https://www.careratings.com/investors-contact	3	0	None	7	0	None
Shareholders	Yes - https://www.careratings.com/investors-contact	1	0	None	1	0	None
Employees and workers-grievances	Yes - https://www.careratings.com/Uploads/newsfiles/Financial-Reports/1679040341_Whistle%20Blower%20Policy.pdf	0	0	None	0	0	None
Customers	Yes - https://www.care-ratings.com/contactus	11	0	None	11	0	None
Value Chain Partners	Yes - https://www.careratings.com/contactus	0	0	None	0	0	None
Other (Total)	Yes - https://www.careratings.com/contactus	1	0	None	2	0	None

24 Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Ethics and Anti-Corruption	Risk	We have ensured strong ethical business culture and undertaken measures to have effective risk management such as a Board approved Risk Management Framework and the Risk Management Process.	<ul style="list-style-type: none"> The Company has created protocols and procedures to ensure that its Board of Directors are well-informed and competent to carry out its duties. All business choices are made with integrity and in accordance with the law. 	<p>Positive: Good governance practices imply a better response to a constantly changing environment.</p>
2	Transparency, Accountability & Reporting	Risk	<ol style="list-style-type: none"> Important in enhancing long-term value creation with stakeholders. Critical in the successful running of the company 		
3	Human Rights Practices	Risk and Opportunity	<p>Risk: The absence of a comprehensive Human Rights governance structure from the aspects of parameters such as working conditions, child/ forced labor, fair remuneration, gender diversity, prevention of sexual harassment, freedom of association and collective bargaining will impact the Company's performance in the social domain from the perspective of the employee workforce as well as the community.</p> <p>Opportunity: The presence of a Code of Conduct and a strong redressal mechanism outlines the Company's commitment to Human Rights protection</p>	<p>The Company remains committed to respecting and protecting Human Rights. The Company's Code of Business Conduct & Ethics and the Human Resource Practices cover most of these aspects. The Company does not hire child labor, forced labor, or involuntary labor. The Company treats all its employees at parity.</p> <p>Human Rights standards amplifies the Company's performance in the social aspect as well as reflects its commitment towards human rights integration within the Company's business model.</p>	<p>Positive: Comprehensive alignment of Human Rights principles in accordance with the guiding principles of national and international Human Rights standards amplifies the Company's performance in the social aspect as well as reflects its commitment towards human rights integration within the Company's business model.</p>

<p>4 Risk Management</p>	<p>Risk: Lack of robust controls across the risk management system may lead to adverse impacts across business operations.</p>	<p>The Board of Directors of the Company has constituted a Risk Management Committee (“RMC”) consisting of members of the Board of the Company. The RMC has been entrusted with the responsibility to monitor and review the Risk Management Plan for the Company.</p> <p>The composition of the Committee complies with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the detailed composition is provided in the Corporate Governance Report forming part of Annual Report. The Company has a Risk Management framework to identify and evaluate internal and external risks faced by your Company. This framework defines risk identification and its management across the enterprise covering various functions including documentation and reporting. Under each area of risk, various parameters are identified, benchmarked and scored under three risk quotients, viz., high, medium and low. The Risk quotient for most of the parameters so identified is tracked on a half-yearly/annual basis, to gauge the performance.</p> <p>The framework so monitored helps in understanding prevailing risk trends, exposure and potential impact analysis of various risks on the Company’s business to minimize the adverse impact, if any, of any type of Risk.</p>	<p>Positive: Compliance with relevant regulatory requirements pertaining to the rating domain reflects the Company’s commitment to business responsible practices.</p> <p>Negative: Non-compliance with the regulatory requirements, may affect the Company’s image and impact its business continuity in the long term.</p> <p>Positive: A strong workforce with a high retention rate highlights the Company’s efforts towards creating a conducive work environment in addition to creating a positive approach towards workforce development</p> <p>Negative: The workforce being an integral component of the Company’s value creation strategy plays a critical role in the business growth plan. The inability to meet the workforce expectations may result in adverse impacts on workforce productivity and the company’s growth plan in the long run.</p>
<p>5 Employee Practices and Benefits</p>	<p>Risk: Talent management parameters such as acquisition, retention and development are intrinsically linked to workforce welfare. The inability to meet the workforce expectations may impact the Company’s retention rate and affect the Company’s business continuity due to the criticality of the workforce as a part of the business’s growth plan.</p> <p>Opportunity: The company’s efforts towards workforce welfare and development directly conveys its resolute commitment towards the upliftment of the most integral asset.</p>	<p>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. The Company hires its staff at both, lateral and entry-level 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 an open learning environment which helps in personal development.</p> <p>Higher levels of responsibility are allocated to 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 competitive remuneration, the Company offers several employee engagement activities that foster team building, celebrating functions, wedding gifts, cash gifts on Diwali, organizing games, Annual health check-up, Comprehensive health insurance programs 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.</p>	

SECTION B : MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	https://www.careratings.com/corporate-governance								
2 Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4 Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	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). The Company has aligned its code of conduct with the 'Code of Conduct Fundamentals for credit rating agencies' (the 'IOSCO Code') issued by the International Organization of Securities Commissions (IOSCO), as amended.								
5 Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>A. People:</p> <ul style="list-style-type: none"> • Total Rewards: Make the compensation structure performance-based & aspirational by introducing Long Term Incentive Plan ("LTIP"). • Usher in a Transformative Culture: Launch an objective and robust Talent Framework and Succession Planning in the Company. In FY23-24, we will be covering some more Leaders, particularly, those who are transitioning into new Leadership roles. • Attract "high quality" entry-level talent from Campus for the Ratings function with a view to grooming the next set of Leaders at the Company. • Reduce Attrition by 15%, over the earlier year. <p>B. Process:</p> <ul style="list-style-type: none"> • Enhance our footprint in sustainability solutions through various ESG grading and advisory services through our subsidiary. • Commitment to review, monitor and report our emissions on a periodic basis to identify areas to improve in our operations. • Ensure 100% adherence to compliances and policies. <p>C. Community:</p> <ul style="list-style-type: none"> • Support CSR programs aligned to our CSR policy around community development, women empowerment, healthcare & education. • 100% utilization of funds with strict governance around utilization by NGOs. 								

<p>6 Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.</p>	<p>The Company is committed to enhancing sustainability practices in a formal manner by adopting the guidelines defined under NGRBC and will work on developing targets and measuring performance against them. We strive to achieve our goals through the following measures:</p> <p>People:</p> <ul style="list-style-type: none"> • LTIP policy firmed up and rolled out for junior to mid-senior level at the Company. • We also introduced a Virtual (Psychometric) Assessment of 4 parameters - Intellect, Drive, Agility & Resilience. • Launched CareEXA (The Company Employee Experience Assistant) which is an Artificial Intelligence (AI) powered conversational platform for employee experiences across the employee life cycle in the organization. • Managerial capability building program 'Unleash the Leader Within' was conducted for Group Heads in the Analytical team and for those at the same level in the Business Development team across 5 locations. • Attrition was brought down by 33% Y-o-Y basis. • We institutionalized the CLAP (CARE Leader Assimilation Program) for the Senior Leadership in the Company, covering 80% of our initial target population of Leaders in the Company. <p>Process:</p> <ul style="list-style-type: none"> • Your company has demonstrated strong performance on governance standards in adhering to all relevant compliances. <p>Community:</p> <ul style="list-style-type: none"> • The organization continued to support causes around healthcare, education & community development with some notable projects: • Distribution of Health Mix to Anganwadi Children in Sattur, Arupukottai and Tiruchulli Block of Virudhunagar District; • Sustainable Livelihood and Entrepreneurship Development of Rural Women by Millet Value Chain Enrichment and Popularization project; • Providing sustainable livelihood among young people and women through green initiatives & entrepreneurship development; • Sponsoring education of girl children through the Nanhi Kali project; and • Free pediatric cardiac surgeries for 25 patients through Shree Sathya Sai Health and Education Trust. <p>Environment:</p> <p>The Company has reduced electricity consumption over the past year by installing LEDs in offices.</p>
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Governance, leadership and oversight

<p>7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.</p>	<p>The businesses of the Company 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. Environmental, Social and Governance ("ESG") has emerged as much more than a responsibility. It's an opportunity to build a more sustainable business and a key differentiator to enhance relevancy and trust with organization stakeholders. The issue of climate change has become very alarming and we feel it is of utmost importance for all organizations to take this matter seriously and make strong sustainability commitments and act toward solving environmental issues. Social and environmental responsibility has always been at the forefront of the Company's operating philosophy. As a result, the Company's Corporate Social Responsibility (CSR) initiatives imbibe the deep symbolic relationship that it enjoys with the communities it is engaged with.</p> <p>Furthermore, we engage with our employees to provide a challenging, dynamic, inclusive and diverse work environment that supports their professional development, as well as promotes a good work-life balance that prioritizes their overall health and wellness. The Company promotes strong oversight, transparency and risk management at all levels of our organization, ensuring the resilience and long-term preservation of value for our business through these practices:</p> <ol style="list-style-type: none"> 1. Maintain high ethical standards with a strong Code of Ethics and Business Conduct, ethics training and executive leadership that promotes a culture of integrity. 2. Cultivate strong stakeholder relationships through transparency, open communications and responding to stakeholder input. 3. Establish clear and effective governance for ESG.
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8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). The Corporate Social Responsibility & Sustainability Committee along with the Board of the Company are responsible for the implementation and oversight of the Business Responsibility policy(ies)

9 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. The Board has authorized the Corporate Social Responsibility & Sustainability Committee to review the ESG/Sustainability matters of the Company, including initiatives and reporting sustainability performance and oversee the implementation of business responsibility policies.
To aid the Board to discharge its responsibility effectively, the Committee represents the Board in defining the Company’s strategy relating to ESG matters and the Committee meets at regular intervals to evaluate the environmental, social and economic performance of the Company and continues to strengthen the efforts on the sustainability-related issues.

10 Details of Review of NGRBCs by the Company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee	Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)																	
		P1	P2	P3	P4	P5	P6	P7	P8	P9									
Performance against above policies and follow up action	Relevant policies of the company are reviewed periodically or on a need basis. During this assessment, the efficacy of the policies is reviewed and necessary changes to policies & procedures are implemented								Quarterly										
Compliance with statutory requirements of relevance to the principles and, rectification of any non-compliances	The status of compliance with all applicable statutory requirements is reviewed on a quarterly basis by the Board. Quarterly Compliance Certificate on applicable laws is provided by respective department heads and placed before the Board.													On-going Basis					

11 Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency

	P1	P2	P3	P4	P5	P6	P7	P8	P9
	All policies are evaluated/ reviewed internally by the respective departments at defined intervals.								

12 If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____

All Principles are covered by the Policies.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1 Percentage coverage by training and awareness programmes on any of the Principles during the financial year:			
Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	The Directors are regularly updated by the Management on significant developments concerning the company, industry, business model, risk metrics and mitigation measures. An induction session is arranged for every Independent Director, on his/her appointment to the Board of Directors. The induction session, amongst others, includes an overview of the Company, its vision and mission, the industry in which it operates, its business strategies, risk management, ESG initiatives, Code of Conduct for Prevention of Insider Trading, Code of Conduct for Directors and Senior Management, Corporate Governance, changes in the regulatory environment as applicable and the roles and responsibilities as a member of each Committee and Board.		
Key Managerial Personnel	The Company’s Code of Conduct serves to guide our actions, which are governed by integrity, honesty, fair dealing and compliance with all applicable laws. The mandatory training on the Code of Conduct is designed to provide a framework against which conduct and behavior can be measured. It covers in detail the expected code but is not limited to the equal opportunity employer, data and people privacy, conflict of interest, insider trading, bribery, improper payment, compliance, POSH, etc.		
Employees	We strive to provide our employees with an inclusive workplace that helps them grow professionally and personally. The Company believes in promoting employee well-being and providing a supportive environment to all employees and guidelines on employee health and safety. At the Company, we have developed multiple training modules to cater to each function and individual training needs. We have invested in digital collaboration tools and have adopted an online and progressive learning ecosystem to engage with the workforce. Such training/awareness programs are on an array of topics, such as Advance Training Course on Managerial Capabilities, ESG Standards, Code of Conduct, Functional Training, Health and Safety, Insider Trading, Prevention of Sexual Harassment, Skill Upgradation, etc.		

2 Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In Rs)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine			Nil		NA
Settlement			Nil		NA
Compounding fee			Nil		NA
Non- Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions		Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment			Nil		NA
Punishment			Nil		NA

3 Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4 Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has a Code of Conduct for Directors and Senior Management. Further, the Company has a Code of Conduct for Directors and Employees of the Company. 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 are required to confirm his/ her acceptance of the Code of Conduct. Further, the Company has a Whistle Blower Policy which establishes the necessary mechanism for employees to report to the management, concerns about unethical behavior or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. We have "No Gift Policy" to demonstrate the Company's values and commitment to providing equal treatment to all individuals or organizations that we deal with for our business. The Company 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 the Company. The Company has many channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns.

5 Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2022-23	FY2021-22
Directors	Nil	Nil
KMPs		
Employees		

6 Details of complaints with regard to conflict of interest:

	FY2022-23		FY2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7 Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

NA

Leadership Indicators

1 Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
None	NA	NA

<p>2 Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same</p>	<p>The Company manages Conflict of Interest through various mechanisms such as “Policy on Firewall between the Company and its group entities and “Code of Conduct for the Board and Senior Management”.</p> <p>Further, the Board Members and KMPs confirm that there were no material, financial or commercial transactions, where they have interest that may have any potential conflict with the interest of the Company, at the beginning of every financial year and as and when there is any change in such interest.</p> <p>The Directors do not participate in agenda items at the Board/Committee Meetings in which they are interested or deemed to be an interested party.</p>
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PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

<p>1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively</p>	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 20%;">Segment</th> <th style="width: 30%;">Current Financial Year</th> <th style="width: 20%;">Previous Financial Year</th> <th style="width: 30%;">Details of improvements in environmental and social impacts</th> </tr> </thead> <tbody> <tr> <td>R & D Capex</td> <td colspan="3">Given the nature of our operations, there is limited applicability of R&D and Capex in our operations.</td> </tr> </tbody> </table>	Segment	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts	R & D Capex	Given the nature of our operations, there is limited applicability of R&D and Capex in our operations.		
Segment	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts						
R & D Capex	Given the nature of our operations, there is limited applicability of R&D and Capex in our operations.								
<p>a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)</p> <p>b. If yes, what percentage of inputs were sourced sustainably?</p>	<p>Considering the business activities of the Company, this question has limited applicability. As a rating agency, our resource use is mainly limited to electricity, office supplies and communication or IT equipment. Despite the limited scope, we ensure responsible sourcing of all our office requirements.</p>								
<p>2 Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for</p>	<table border="1" style="width: 100%;"> <tbody> <tr> <td style="width: 50%;">(a) Plastics (including packaging)</td> <td rowspan="4" style="width: 50%; vertical-align: middle;">Given the nature of the business, this point is not applicable</td> </tr> <tr> <td>(b) E-waste</td> </tr> <tr> <td>(c) Hazardous waste</td> </tr> <tr> <td>(d) other waste.</td> </tr> </tbody> </table>	(a) Plastics (including packaging)	Given the nature of the business, this point is not applicable	(b) E-waste	(c) Hazardous waste	(d) other waste.			
(a) Plastics (including packaging)	Given the nature of the business, this point is not applicable								
(b) E-waste									
(c) Hazardous waste									
(d) other waste.									
<p>3 Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.</p>	<p>Given the nature of the business, EPR is not applicable to the Company</p>								

Leadership Indicators

<p>1 Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?</p>	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 15%;">NIC Code</th> <th style="width: 30%;">Name of Product / Service</th> <th style="width: 20%;">% of total Turnover contributed</th> <th style="width: 15%;">Boundary for which the Life Cycle Perspective / Assessment was conducted</th> <th style="width: 15%;">Whether conducted by independent external agency (Yes/No)</th> <th style="width: 15%;">Results communicated in public domain (Yes/No) If yes, provide the web-link.</th> </tr> </thead> <tbody> <tr> <td colspan="6" style="text-align: center;">NA</td> </tr> </tbody> </table>	NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.	NA					
NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.								
NA													
<p>2 If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.</p>	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 30%;">Name of Product / Service</th> <th style="width: 40%;">Description of the risk / concern</th> <th style="width: 30%;">Action Taken</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;">NA</td> </tr> </tbody> </table>	Name of Product / Service	Description of the risk / concern	Action Taken	NA								
Name of Product / Service	Description of the risk / concern	Action Taken											
NA													

3 Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY2021-22

Considering the nature of business and operations, this point is not applicable

4 Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled and safely disposed, as per the following format:

	FY2022-23
Plastics (including packaging)	Given the nature of the business, the Company provides rating services to its customers and does not manufacture any products, hence this point is not applicable.
E-waste	The Company is working on developing systems and processes to safely dispose of e-waste.
Hazardous waste	Given the nature of the business, the Company provides rating services to its customers and does not manufacture any products, hence Hazardous waste is not applicable.
Other waste	The Company safely disposes of other waste (food & wet).

5 Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
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Given the nature of the business, this point is not applicable to the Company

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1 a Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)	
Permanent employees											
Male	314	314	100%	314	100%	-	-	314	100%	-	-
Female	203	203	100%	203	100%	203	100%	-	-	-	-
Total	517	517	100%	517	100%	203	100%	314	100%	-	-
Other than Permanent employees											
Male	9	9	100%	9	100%	-	-	9	100%	-	-
Female	25	25	100%	25	100%	25	100%	-	-	-	-
Total	34	34	100%	34	100%	25	100%	9	100%	-	-

2 Details of retirement benefits, for Current FY and Previous FY.

Benefits	FY2022-23		FY2021-22	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	517	Y	491	Y
Gratuity	517	Y	491	Y
ESI	14	Y	22	Y

3 Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Most of our offices are located in commercial premises which have elevators and infrastructure for differently abled individuals.

4 Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. Yes, the Company has an Equal Opportunity Policy under the Rights of Persons with Disabilities Act, 2016. The policy is available for our employees on the intranet.

5 Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%		
Female	100%	100%	NA	NA
Total	100%	100%		

6 Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Permanent Employees Please refer to point no. 4 given in Principle 1.

7 Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY2022-23			FY2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)

Total Permanent Employees

Male

Female

Total Permanent Workers

Male

Female

The Company recognizes the right to freedom of association in accordance with the laws of the land. However, we do not have a recognized employee association.

8 Details of training given to employees and workers:

Category	FY2022-23					FY2021-22*				
	Total (A)		On Health and safety measures		On Skill upgradation	Total (D)		On Health and safety measures		On Skill upgradation
	No. (B)	% (B/A)	No. (C)	% (C/A)	No. (E)	% (E/D)	No. (F)	% (F/D)		
Employees										
Male	314	282	90%	266	85%	302	150	50%	176	58%
Female	203	196	97%	178	88%	189	61	32%	127	67%
Total	517	478	92%	444	86%	491	211	43%	303	62%

* The Company's management has always been committed to the development journey of all employees. Various pieces of training are conducted across the year. FY2021-22 has been an exception given the COVID situation when most of the staff was working from home most of the year and balancing between work, families and health. Given the situation, the training coverage has been low as compared to 2022-23.

9 Details of performance and career development reviews of employees and worker*:

Category	FY2022-23			FY2021-22		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
Employees						
Male	314	280	89%	302	285	94%
Female	203	186	92%	189	176	93%
Total	517	466	90%	491	461	94%

* The performance review has been done for those employees who were eligible. All employees are not eligible for the performance review as few of the employees joined mid-year.

10 Health and safety management system:

a.	Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?	There are no occupational health and safety risks considering the nature of the business. Employee well-being and psychological safety continue to be a priority of the Company. Periodic training on fire safety and fire-fighting equipment is provided along with the evacuation drills. However, throughout the year, whether it was the seamless adaptation to a work-from-home setup or providing ample support in times of health adversity, The Company put its best foot forward. Our HR division took extra care in organizing 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.
b.	What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	Given the nature of business, this is not applicable to us. However, The Company continuously strives to identify and improve hazards at the workplace with measures like Fire/Smoke Sensors, Access Control, CCTV, 24-hour Security, water purifiers, etc.
c.	Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)	Given the nature of business, this point is not applicable.
d.	Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes. All employees are covered under the Company's health insurance and personal accident insurance.

11 Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2022-23	FY2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Given the nature of the business, this point is not applicable	
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No. of fatalities	Employees		
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

12 Describe the measures taken by the entity to ensure a safe and healthy work place

Please refer to the Q 10 above.

13 Number of Complaints on the following made by employees and workers:

Category	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

14 Assessments for the year:

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

Health and safety practices	Against the backdrop of the pandemic, the Company has been following standard operating procedures so as to comply with state/local level extant regulations and ensure safety and hygiene protocols and necessary social distancing is being followed by employees, customers and other visitors on any of the premises of the Company.
Working Conditions	

15	Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.	NA
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Leadership Indicators

1	Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).	Yes, the Company provides its employees with, personal accident cover, future service gratuity liability in addition to medical insurance. Benefits like provident fund, gratuity, etc., are settled on a priority basis.
2	Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.	The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners. All supply chain partners must adhere to it in every way in order to support business responsibility principles and ideals of transparency and accountability.
3	Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:	

Total no. of affected employees/ workers	No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment
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	FY2022-23	FY2021-22	FY2022-23	FY2021-22
Employees	Given the nature of the business, this point is not applicable.			
Workers				

4	Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)	The Company believes in hiring well-qualified talent on merits and continuously upskills the workforce to align with the changing business environment. In light of this, the need for these transition assistance programs is not envisaged currently.
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5	Details on assessment of value chain partners:	
	% of value chain partners (by value of business done with such partners) that were assessed	
	Health and safety practices	
	Working Conditions	NA

6	Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.	NA
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PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1	<p>Describe the processes for identifying key stakeholder groups of the entity - As a leading ratings agency focused on driving growth through the strong foundation of stakeholder relationships. The Company as a step forward has conducted its first materiality assessment in 2023, which will help the Company in its journey of ESG integration. The stakeholder groups are identified as part of the stakeholder engagement mechanism, built on the principles of accountability and responsibility. The Company identified key stakeholder groups based on those groups who are impacted as well as those who have a major influence on the business decisions. The key internal and external stakeholder groups identified by the Company as part of the engagement mechanism are - Investors/shareholders, regulators, suppliers/vendors, Non- Governmental Organizations (NGOs), Communities, Customers, Employees, Industry Associations and Clients.</p>
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2 List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1 Shareholders & Investors	No	Annual General Meeting, email communicate, Stock Exchange (SE) intimations, investor/analysts meet/ conference calls, annual reports, quarterly results, Press releases and Company website	Annual, Periodic	Quarterly and annual financial results, Company performance and updates, corporate governance
2 Employees	No	Senior leaders' communication, performance appraisal review, wellness initiatives, engagement survey, email, intranet, websites, poster campaigns, circulars, a quarterly publication and newsletters	Ongoing	Job satisfaction, Fair pay, performance remuneration, Training and Development initiatives that support career growth, Safe and healthy working conditions, Non-discrimination on the basis of color, gender, race, sexual orientation, or caste, Prompt grievance redressal mechanisms
3 Customers	No	Website, complaints management, helpdesk, conferences, customer surveys, face-to-face meetings, Email, Customer feedback, advertisement, newspapers and other digital platforms, customer helpline	Ongoing	All client information is driven through CRM which has been implemented across our offices and functions. We make use of business intelligence tools to provide efficient customer service and personalized business reports.
4 Industry Associations	No	Newsletters, websites, emails, webinars	Monthly or as deemed necessary by either party	Industry standards
5 Regulators/ Legislators	No	Emails, regular meetings with Regulators, Regulatory filling, correspondence & meetings	Periodic	Data security, regulatory updates
6 Communities	Yes	Community service events, surveys, emails, service campaigns, website	Ongoing	Access to education, employee engagement

Leadership Indicators

1 Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

We aim to create value for all our stakeholders. Our key stakeholders include employees, customers, partners and vendors, Government and regulatory bodies and the community. We engage with key stakeholder groups to understand their perspectives and cater to their needs. These ongoing engagements help us identify and monitor key economic, environmental and social trends that can be incorporated into our overall business strategy. At the Company, the stakeholder engagement mechanism is a key driving force towards strengthening and diversifying the stakeholder relationship, which further facilitates the identification of key material issues impacting the Company's growth. The stakeholder engagement and materiality assessment exercise conducted in FY2022-23 led to the prioritization of material issues, mapping of the risks relevant to each material topic and development of consequent risk mitigation steps. The primary outcome of the stakeholder engagement exercise resulted in the identification and prioritization of material issues relevant to environmental, social, governance and economic aspects. The identified material issues were presented to the highest governing member and the Board for their feedback and guidance on strategizing the sustainable growth model of the Company. As part of the Company's efforts to continually engage with internal and external stakeholder groups for the identification of key material issues impacting them, the stakeholder engagement exercise undergoes periodic review.

2 Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No).

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

No

3 Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

Please refer to the following link for information about the Company's community work [https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679039991_Corporate%20Social%20Responsibility%20\(CSR\)%20Policy.pdf](https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679039991_Corporate%20Social%20Responsibility%20(CSR)%20Policy.pdf)

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1 Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2022-23			FY2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	517	382	74%	491	369	75%
Other than permanent	34	29	85%	33	17	52%
Total Employees	551	411	75%	524	386	74%

2 Details of minimum wages paid to employees and workers, in the following format:

Category	FY2022-23					FY2021-22				
	Total (A)	Equal to Minimum Wage		More than minimum Wage		Total (D)	Equal to Minimum Wage		More than minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	314	0	0	314	100%	302	0	0	302	100%
Female	203	0	0	203	100%	189	0	0	189	100%
Other than permanent										
Male	9	0	0	9	100%	11	0	0	11	100%
Female	25	0	0	25	100%	22	0	0	22	100%

3 Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	7	12,25,000	1	10,75,000
Key Managerial Personnel**	2	1,16,78,066	1	1,10,30,548
Employees other than BoD and KMP	312	12,99,168	201	8,85,300
Workers	NA	NA	NA	NA

*Includes the Managing Director & CEO who is also Key Management Personnel

** Excludes ESOP cost

Note: Please refer Corporate Governance Report forming part of this Annual Report, for details of commission being paid to the Directors for FY2022-23

4 Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) The Company has formulated a Grievance Redressal in Employee Manual which states that the employees can address their complaints or grievances to the Human Resources department or to the Senior Management. There shall be no retaliation or reprisal taken against any employee or associate who raises concerns in accordance with the policy.

5 Describe the internal mechanisms in place to redress grievances related to human rights issues. Employees can contact the reporting manager (in writing) or the Functional Head/HR Head about the grievance

6 Number of Complaints on the following made by employees and workers:

	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	None	None	NA	None	None	NA
Discrimination at workplace	None	None	NA	None	None	NA
Child Labour	-	-	-	-	-	-
Forced Labour/ Involuntary Labour	-	-	-	-	-	-
Wages	None	None	NA	None	None	NA
Other Human rights related issues	None	None	NA	None	None	NA

7 Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases The Company believes in promoting employee well-being and providing a supportive environment to all employees and has guidelines on redressal mechanisms that are available internally for employees. For effective redressal of employee grievances, the Company has in place the Code of Conduct, Employee manual and the Whistle Blower Policy. The Company also has a Policy against Sexual Harassment at the workplace in adherence to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and also on a periodic basis conducts training.

8 Do human rights requirements form part of your business agreements and contracts? (Yes/No) Currently, the Company includes human rights requirements in the agreement and contracts as and when required.

9 Assessments for the year:	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% (audited by the external consultant)
Forced/involuntary labour	100% (audited by the external consultant)
Sexual harassment	100% (Handled on a case-to-case basis, as soon as they arise)
Discrimination at workplace	100% (The HR function is audited by Internal Auditors periodically)
Wages	100% (The HR function is audited by Internal Auditors periodically)
Others - please specify	-

10 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.	NA
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Leadership Indicators

1 Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.	The Company is of the belief that it has upheld the basic principles of human rights in all its dealings. The Company regularly sensitizes its employees on the Code of Conduct through various training programs. Training on POSH & Code of Conduct is mandatory for all new employees as a part of their induction process.
--	--

2 Details of the scope and coverage of any Human rights due-diligence conducted.	NA
---	----

3 Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?	Yes, all the offices of the Company are located on commercial premises and have elevators and infrastructure for differently-abled visitors.
--	--

4 Details on assessment of value chain partners:	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	No assessment has been done, however, the Company expects its value chain partners to adhere to the same values, principles and business ethics upheld by the Company in all their dealings.
Forced Labour/Involuntary Labour	
Wages	
Others - please specify	

5 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.	NA
--	----

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1	Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:		
	Parameter	FY2022-23	FY2021-22
	Total electricity consumption (A) (GJ)	5382.26	3501
	Total fuel consumption (B) (GJ)	90.30	51.77
	Energy consumption through other sources (C)	NA	NA
	Total energy consumption (A+B+C) (GJ)	5473	3553
	Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (Turnover in millions)	2.19*	1.62
	* The Company commenced its complete operations from Work-From-Office setup w.e.f April 1, 2022		
	Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	No external assessment has been done	
2	Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.	NA	
3	Provide details of the following disclosures related to water, in the following format:		
	Parameter	FY2022-23	FY2021-22
	Water withdrawal by source (in kilolitres)		
	(i) Surface water	NA	NA
	(ii) Groundwater	NA	NA
	(iii) Third party water (tanker)*	-	-
	(iv) Seawater / desalinated water	NA	NA
	(v) Water from municipal corporation*	-	-
	(vi) Water Bottles / Aquaguard (Ltr X number of bottle) (KL)**	224.22	62.79
	Total volume of water withdrawal (in KL) (i + ii + iii + iv + v)	NA	NA
	Total volume of water consumption (in KL)	224.22	62.79
	Water intensity per rupee of turnover (Water consumed / turnover) (turnover in millions)	0.09	0.02
	* Currently water charges are covered as part of overall maintenance and we do not track them separately		
	** The Company commenced its complete operations from Work-From-Office setup w.e.f April 1, 2022		
	Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	No independent assessment has been done	
4	Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.	NA	
5	Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:		
	Parameter	FY2022-23	FY2021-22
	NOx		
	Sox		
	Particulate matter (PM)	We do not have any DG supply on a regular basis. In some of the premises, the DG set is used for a few hours for which we don't measure the above-mentioned parameters.	
	Persistent organic pollutants (POP)		
	Volatile organic compounds (VOC)		
	Hazardous air pollutants (HAP)		
	Others – please specify		
	Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	NA	

6 Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY2022-23	FY2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	6.48	4
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	1181.11	768.23
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent	0.47	0.35

Note: Scope 1 and 2 calculations are based on the petrol and diesel consumption in owned vehicles and electricity consumed by offices and data center, respectively.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No independent assessment has been done

7 Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company operates as a credit rating agency in the services sector, conducting business operations in office spaces without direct involvement with the environment. However, as we maintain a strong awareness of environmental considerations, we offer specialised products that assess and evaluate how companies manage their environmental impact. Also, we do look at the impact companies have on the environment when doing our ratings assignments. We do have various grading products in our subsidiary that are directed to the improvement of the environment. The considerations with respect to Environment, Social and Governance aspects are an integral part of assessing credit risk and get addressed under various parameters in our sector methodologies, wherever relevant. For eg., Environmental risk is a concern for polluting sectors like Chemicals and the Company would look at mitigation in the form of pollution control certifications, effluent treatment measures, etc. as part of the assessments done for arriving at the credit ratings. Social risk is a concern in a labour/manpower intensive manufacturing industry as well as a services industry like BFSI or Hospitality and herein The Company would look at attritions/labour unrests in the past etc. as a part of the assessments done for arriving at the credit ratings.

8 Provide details related to waste management by the entity, in the following format:

Parameter	FY2022-23	FY2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	NA	NA
E-waste (B)*	-	-
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	NA	NA
Battery waste (E)	NA	NA
Radioactive waste (F)	NA	NA
Other Hazardous waste (Oil-soaked cotton waste, DG filters, paint cans, chemical cans, paint residue, oil sludge, DG chimney soot, coolant oil and used oil). Please specify, if any (G)	NA	NA
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	NA	NA
Total (A+B + C + D + E + F + G + H)	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled		
(ii) Re-used		
(iii) Other recovery operations	Nil	
Total		

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste

(i) Incineration

(ii) Landfilling (In MT)

(iii) Other disposal operations

Nil

Total

*Please refer section "Update on Certain Matters" in Director's Report for more details.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No external assessment has been done

9 Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Given the nature of the business, the Company does not have any recyclable waste. The only waste is the regular disposal of garbage.

10 If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sl.No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
	NA		

11 Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

NA

12 Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Sl.No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	The Company is compliant with all environmental laws.			

Leadership Indicators

1 Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY2022-23	FY2021-22
From renewable sources		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)		
Energy consumption through other sources (C)		
Total energy consumed from renewable sources (A+B+C)		
From Non-renewable sources		
Total electricity consumption (D) (in GJ)	5,382.26	3501
Total fuel consumption (E) (in GJ)	90.30	51.77
Energy consumption through other sources (F)	NA	NA
Total energy consumed from non renewable sources (D+E+F)	5473	3553
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	No external assessment has been done	

2 Provide the following details related to water discharged:

Parameter	FY2022-23	FY2021-22
(i) To Surface Water	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(ii) To Groundwater	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(iii) To Seawater	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(iv) Sent to third-parties	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(v) Others	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
Total Water discharged (in kilolitres)	NA	NA
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	NA	

3 Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area		NA
(ii) Nature of operations		
(iii) Water withdrawal, consumption and discharge in the following format:		
Parameter	FY2022-23	FY2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	-	-
(iv) Seawater / desalinated water	NA	NA
(v) Water Bottles (KL)	224.22	62.79
Total volume of water withdrawal (in KL)	NA	NA
Total volume of water consumption (in KL)	224.22	62.79
Water intensity per rupee of turnover (Water consumed / turnover)	0.09	0.02

Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(ii) Into Groundwater	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(iii) Into Seawater	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(iv) Sent to third-parties	NA	NA
-No treatment		
-With treatment - please specify level of treatment		
(v) Others -	NA	NA
-No treatment		
-With treatment - please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	NA	

4 Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY2022-23	FY2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	Currently, the organization is not measuring the Scope 3 emissions.	
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent		
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency		NA	

5 With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA

6 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sl. NO	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
		Yes. The Company is consciously striving to be responsible in terms of its actions/ operations and its impact on the environment. The Company has taken certain initiatives to create constant awareness about the conservation of resources such as paper, water, electricity, etc. The idea is to continually reinforce these messages so as not to lose their 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 the sustainability of the environment. In all our offices, in order to reduce paper usage a lot of processes involving manual documentation across different organizational functions have been moved onto 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 for printing.	

7 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the Company recognizes the importance of business continuity in its business and has put in place policies to ensure mission-critical operations continue in the event of an interruption.

8 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard

Given the nature of the business, this point is not applicable.

9 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

NA

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1	a.	Number of affiliations with trade and industry chambers/ associations.	The company is a member and associated with 2 trade and industry chambers/associations
	b.	List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.	
		Sl.No Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
		1 Association of Credit Rating Agencies in Asia (ACRAA)	International
		2 Association of Indian Rating Agencies(AIRA)	National
2	Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.		
	Name of authority	Brief of the case	Corrective action taken
	Not Applicable		

Leadership Indicators

1	Details of public policy positions advocated by the entity:				
	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others - please specify)	Web Link, if available
	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. The Company 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 and papers and holds seminars for the same to educate the participants and spread knowledge.				

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1	Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.					
	Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
	NA					
2	Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:					
	Sl.No	Name of Project for which R&R is ongoing	State District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In Rs)
	NA					
3	Describe the mechanisms to receive and redress grievances of the community.			For the CSR activity, there is a special team handling the planning and implementation of various schemes. The CSR activity and provision of facilities have been targeted and end use is monitored by the team. If any grievance comes to the team, it's been handled by our NGO partners.		

4	Percentage of input material (inputs to total inputs by value) sourced from suppliers:				
	Parameter	FY2022-23			
	Directly sourced from MSMEs/ small producers	NA			
	Sourced directly from within the district and neighbouring districts				
Leadership Indicators					
1	Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):				
	Details of negative social impact identified	Corrective action taken			
	NA				
2	Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:				
	Sl.No	State	Aspirational District	Amount spent (In Rs)	
	1	Tamilnadu	Viruddhanagar	20,87,000	
3	(a)	Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)		No, the Company does not have preferential procurement policy focusing on suppliers from marginalized/ vulnerable groups. The Company believes in an equal and fair opportunity for all vendors including marginalized/vulnerable employees.	
	(b)	From which marginalized /vulnerable groups do you procure?			
	(c)	What percentage of total procurement (by value) does it constitute?			
4	Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:				
	Sl.No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
	NA				
5	Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.				
	Name of authority	Brief of the Case		Corrective action taken	
	NA				
6	Details of beneficiaries of CSR Projects:				
	Sl.No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups	
	1	Prashanti medical services and research foundation	20 cardiac surgeries	100% are marginalized beneficiaries	
	2	Kamarajar Educational Trust	60 women in the women empowerment program 3000+ Anganwadi students are beneficiaries of Health Mix drink		
	3	Sri Sathya Sai Health & Education Trust	25 pediatric cardiac surgeries		
	4	Juvenile Diabetes Foundation	60 patients		
	5	Seva Sahyog Foundation	1900 students		
	6	Apex Kidney Foundation	1 patient		
	7	Impact Guru Foundation	1 patient		
	8	K.C. Mahindra Education Trust	434 adolescent girls		
	9	Land for Tillers Freedom (LAFTI)	120 women & farmers		
	10	LeapForward	Municipal schools across 9 states		
	11	Sri Sathya Sai Annapoorna Trust	1770 students		
	12	The Fine Arts Society	NA		NA

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1 Describe the mechanisms in place to receive and respond to consumer complaints and feedback. 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; this is our business's raison d'être. Therefore, we are constantly engaging with this spectrum of customers, which forms the core of our business. 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 is responded to promptly. The report is further put up to the Stakeholders Relationship Committee of the Company.

2 Turnover of products and/ services as a percentage of turnover from all products/services that carry information about:

As a percentage to total turnover

Environmental and social parameters relevant to the product

NA

Safe and responsible usage

Recycling and/or safe disposal

3 Number of consumer complaints in respect of the following:

	FY2022-23		Remarks	FY2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	NA	Nil	Nil	NA
Advertising	Nil	Nil	NA	Nil	Nil	NA
Cyber-security	Nil	Nil	NA	Nil	Nil	NA
Delivery of Products	Nil	Nil	NA	Nil	Nil	NA
Quality of Products	Nil	Nil	NA	Nil	Nil	NA
Restrictive Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Unfair Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Other	Nil	Nil	NA	Nil	Nil	NA

4 Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		

NA

<p>5 Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.</p>	<p>Yes, A Privacy Policy has been implemented which provides support and management direction and documents how Information Security is managed throughout the Company. It outlines the appropriate measures through which the Company will facilitate the secure and reliable flow of information, both within the Company and externally. The policy sets out the principles and an overarching framework for Information Security. It also details the supporting policies and guidelines, which will address the aspects of security. The link to access the policy is - https://www.careratings.com/privacy_policy</p>
<p>6 Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services</p>	<p>No, the company has not received any case filed against the company for cyber security and data privacy of customers, irresponsible advertising and/or anti-competitive behavior during the current financial year and pending as of the end of the financial year</p>

Leadership Indicators

<p>1 Channels / Platforms where information on products and services of the entity can be accessed (provide web link, if available).</p>	<p>The company displays all the information on products and services at https://www.careratings.com</p>
<p>2 Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.</p>	<p>NA</p>
<p>3 Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services</p>	<p>Na</p>
<p>4 Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)</p>	<p>The Company complies with all disclosure requirements for its product and services and the website https://www.careratings.com is a reservoir of such information and knowledge. The criteria and methodology used to assign ratings are available on the website in great detail for various support. Each press release also specifies an applicable list of criteria for rating. The rationale provided explains the reason for the rating. All changes in ratings are clearly spelled out in the relevant section. 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.</p>
<p>5 Provide the following information relating to data breaches:</p>	
<p>a. Number of instances of data breaches along-with impact</p>	<p>Nil</p>
<p>b. Percentage of data breaches involving personally identifiable information of customers</p>	<p>Nil</p>

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, 2022 to March 31, 2023 (Same as that of Holding Company)	
	As on March 31, 2023	As on March 31, 2022
Share Capital	49,29,77,300	15,79,77,300
Reserves and Surplus	(37,25,93,802)	(13,20,39,000)
Total Assets (Non-Current Assets + Current Assets)	27,99,09,594	24,55,31,602
Total Liabilities (Non-Current Liabilities + Current Liabilities)	15,95,27,095	21,95,93,619
Details of Investments (excluding investments in subsidiary company)	-	-
Turnover	9,88,87,225	13,45,10,000
Profit/(Loss) before Tax	(19,72,93,741)	(11,78,85,574)
Provision for Taxation Tax Expenses (Deferred Tax)	4,25,58,105	(2,08,91,915)
Profit/(Loss) after the Tax	(23,98,51,845)	(9,69,93,659)
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, 2022 to March 31, 2023 (Same as that of Holding Company)	
	As on March 31, 2023	As on March 31, 2022
Share Capital	14,09,55,000	4,09,54,500
Reserves and Surplus	(77,10,371)	(30,94,722)
Total Assets (Non-Current Assets + Current Assets)	15,17,52,225	5,94,62,824
Total Liabilities (Non-Current Liabilities + Current Liabilities)	1,85,06,341	2,16,02,435
Details of Investments (excluding investments in subsidiary company)	-	-
Turnover	8,02,62,049	7,40,68,037
Profit/(Loss) before Tax	(28,68,792)	(1,71,52,516)
Provision for Taxation Tax Expenses (Deferred Tax)	(19,20,410)	(7,71,015)
Profit/(Loss) for the Year	(47,89,202)	(1,79,23,531)
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, 2022 to March 31, 2023 (Same as that of Holding Company)	
	As on March 31, 2023	As on March 31, 2022
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	MUR Rs 1.7574/MUR	MUR Rs 1.6415/MUR
Share Capital	2,63,01,565	2,63,01,565
Reserves and Surplus	7,33,57,998	5,09,63,516
Total Assets (Non-Current Assets + Current Assets)	11,07,98,924	8,54,88,393
Total Liabilities (Non-Current Liabilities + Current Liabilities)	1,28,44,239	1,15,49,772
Details of Investments (excluding investments in subsidiary company)	-	-
Turnover	7,83,37,015	5,99,63,296

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, 2022 to March 31, 2023 (Same as that of Holding Company)	
	As on March 31, 2023	As on March 31, 2022
Profit/(Loss) before Tax	3,33,63,776	3,42,77,426
Provision for Taxation Tax Expenses (Deferred Tax)	(58,73,313)	(60,44,411)
Profit/(Loss) after the Tax	2,74,90,463	2,82,33,015
Proposed / Interim Dividend (including Dividend Tax)	87,86,930	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, 2022 to March 31, 2023 (Same as that of Holding Company)	
	As on March 31, 2023	As on March 31, 2022
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	6,42,23,671	4,44,60,925
Total Assets (Non-Current Assets + Current Assets)	11,68,69,929	9,98,02,807
Total Liabilities (Non-Current Liabilities + Current Liabilities)	2,07,23,528	2,40,91,882
Details of Investments (excluding investments in subsidiary company)	-	-
Turnover	4,81,49,058	4,44,70,854
Profit/(Loss) before Tax	3,64,54,186	2,94,69,222
Provision for Taxation Tax Expenses including Deferred Tax	91,66,354	70,19,588
Profit/(Loss) after the Tax	2,72,87,832	2,24,49,634
Proposed / Interim Dividend (including Dividend Tax)	65,78,948	65,78,948
% of shareholding	51%	51%

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

PART "B": ASSOCIATES AND JOINT VENTURES: NOT APPLICABLE

(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

- Name of associates or joint ventures which are yet to commence operations: Not Applicable
- 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: May 11, 2023
Place: Mumbai

Sd/-
Mehul Pandya
Managing Director and CEO
(DIN-07610232)
Date: May 11, 2023
Place: Mumbai

Sd/-
Adesh Kumar Gupta
Chairman-Audit Committee
(DIN-00020403)
Date: May 11, 2023
Place: Mumbai

Sd/-
Jinesh Shah
Chief Financial Officer
M. No.-117833
Date: May 11, 2023
Place: Mumbai

Sd/-
Nehal Shah
Company Secretary
M. No.- A18077
Date: May 11, 2023
Place: Mumbai

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

Corporate governance is about maximizing members value legally, ethically and on a sustainable basis. At CARE Ratings Limited ("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"). 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.

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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, 2023 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, 2023 are as follows:

As on March 31, 2023, 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 Six (6) are Non-Executive Independent Directors, One (1) of them is Non-Executive Non-Independent Director and One (1) of them is an Executive Director. The Board has one independent woman director on the Board 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/about-us>

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 Eight (8) 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 and Sustainability Committee (vi) Rating Sub-Committee (vii) Strategy and Investment Committee and (viii) Technology Committee.

None of the Directors on the Board are a member in 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, 2023 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 Ministry of Corporate Affairs, all Independent Directors have completed the registration with the Independent Directors databank.

Details of Directors for the financial year 2022-23 are as under:

Category	Name of Director	DIN	Date of Appointment
Non-Executive Non-Independent Director	Mr. Sobhag Mal Jain [#]	08770020	Jan 28, 2023
Non-Executive Independent Director	Mr. Najib Shah	08120210	July 17, 2019
	Mr. V. Chandrasekaran*	03126243	Nov 15, 2017
	Mr. Adesh Kumar Gupta	00020403	May 22, 2018
	Mr. Gurumoorthy Mahalingam**	09660723	Nov 21, 2022
	Ms. Sonal Guntant Desai	08095343	Mar 30, 2019
	Dr. M. Mathisekaran	03584338	Aug 19, 2019
Executive Director (Managing Director)	Mr. Mehul Pandya ^{\$}	07610232	Jul 29, 2022

[#] Mr. Sobhag Mal Jain was appointed as a Non-Executive Non-Independent Director on the Board w.e.f. January 28, 2023

* Mr. V. Chandrasekaran was redesignated as Non-Executive Independent Director from Non-Executive Non-Independent Director w.e.f. December 7, 2022

** Mr. Gurumoorthy Mahalingam was appointed as a Non-Executive Independent Director on the Board w.e.f. November 21, 2022

^{\$} Mr. Mehul Pandya was appointed as an Interim CEO w.e.f. June 1, 2022 and was later appointed as a Managing Director and CEO w.e.f. July 29, 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 functionalities of the Company and to assist them in performing their role as Independent Directors of the Company.

The familiarization programme for Independent Directors is disclosed on the Company's website and the same may be accessed at the link https://www.careratings.com/Uploads/newsfiles/FinancialReports/1688361211_Familiarisation%20Programme%20for%20Non-Executive%20and%20Independent%20Directors.pdf

1.3. Disclosure regarding appointment or re-appointment of directors

During the year, Mr. Ajay Mahajan (DIN-05108777) resigned as Managing Director and Chief Executive officer (“MD 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 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, erstwhile 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 and his appointment was further approved by the Members of the Company at the Annual General Meeting held on September 26, 2022.

The Members at the 29th Annual General Meeting held on September 26, 2022 had approved re-appointment of Mr. Najib Shah, Ms. Sonal Gunvant Desai and Dr. M. Mathisekaran as an Independent Director for another term of three (3) years from the conclusion of 29th Annual General Meeting to the conclusion of 32nd Annual General Meeting.

Later, pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors vide resolution passed by circulation on November 21, 2022 had approved appointment of Mr. Gurumoorthy Mahalingam (DIN-09660723) as an Additional Director (Non-Executive Independent Director) and his appointment was further approved by the Members through Postal Ballot, the results of which was declared on January 23, 2023.

The Members through Postal Ballot, the results of which were declared on January 23, 2023 approved re-designation of Mr. V. Chandrasekaran as a Non-Executive Independent Director from Non-Executive Non-Independent Director with effect from December 7, 2022.

Further, as per the recommendation of Nomination and Remuneration Committee, the Board at its Meeting held on January 28, 2023 has appointed Mr. Sobhag Mal Jain (DIN-08770020) as an Additional Director (Non-Executive Non-Independent Director) of the Company and later, his 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 April 17, 2023.

At the ensuing Annual General Meeting (“AGM”), in accordance with the provisions of the Act, Mr. Mehul Pandya (DIN-07610232), Managing Director and CEO retires by rotation and being eligible, offers himself for re-appointment.

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 Ten (10) times during the financial year 2022-23 on April 11, 2022, April 26, 2022, May 28, 2022, July 20, 2022, July 29, 2022, August 17, 2022, November 8, 2022, December 7, 2022, January 28, 2023 and March 16, 2023. The maximum gap between two Board Meetings was not more than one hundred and twenty days.

Details of attendance as on March 31, 2023:

Name of the Director	No. of Board meetings held during the tenure of the director	No. of meetings attended	AGM held on September 26, 2022*	Number of Directorships in other Companies		Number of positions held in Audit/ Stakeholders` Relationship Committee in other Public Companies	Directorship in other listed entity (Category of Directorship)
				Public	Private		
Mr. Najib Shah	10	10	Yes	-	2	-	-
Mr. V. Chandrasekaran	10	9	Yes	6	1	5	<ul style="list-style-type: none"> Tamilnadu Newsprint and Papers Limited- Non-Executive Independent Director TATA Investment Corporation Limited- Non-Executive Independent Director Grasim Industries Limited- Non-Executive Independent Director
Mr. Adesh Kumar Gupta	10	10	Yes	7	1	3	<ul style="list-style-type: none"> ZEE Entertainment Enterprises Limited-Non-Executive Director Vinati Organics Limited- Non-Executive Independent Director India Pesticides Limited- Non-Executive Independent Director Grasim Industries Limited- Non-Executive Independent Director
Mr. Gurumoorthy Mahalingam##	3	3	-	9	1	3	<ul style="list-style-type: none"> Infrastructure Leasing and Financial Services Limited-Director Life Insurance Corporation of India-Non-Executive Independent Director City Union Bank Limited- Non-Executive Independent Director Central Depository Services (India) Limited- Non-Executive Independent Director

Name of the Director	No. of Board meetings held during the tenure of the director	No. of meetings attended	AGM held on September 26, 2022 [#]	Number of Directorships in other Companies		Number of positions held in Audit/ Stakeholders' Relationship Committee in other Public Companies	Directorship in other listed entity (Category of Directorship)
				Public	Private		
Ms. Sonal Gunvant Desai	10	10	Yes	1	1	-	2 Sharda Cropchem Limited- Independent Director
Dr. M. Mathisekaran	10	10	Yes	1	-	-	-
Mr. Sobhag Mal Jain [^]	1	1	-	-	-	-	-
Mr. Ananth Narayan Gopalakrishnan*	6	6	-	-	-	-	-
Ms. Shubhangi Soman**	7	7	Yes	-	-	-	-
Mr. Ajay Mahajan***	3	3	-	-	-	-	-
Mr. Mehul Pandya [§]	6	6	Yes	3	-	-	-

[#] was held through Audio/Video conference mode

^{##} Mr. G. Mahalingam was appointed as an Additional Director under the category Non-Executive Independent Director vide circular resolution passed by the Board on November 21, 2022. His appointment as Non-Executive Independent Director was further approved by the Members of the Company through Postal Ballot on January 21, 2023, the results of which was declared on January 23, 2023.

[^] Mr. Sobhag Mal Jain was appointed as an Additional Director under the category Non-Executive Non-Independent Director at the Board meeting held on January 28, 2023. His appointment was further approved by the Members of the Company passed through Postal Ballot on April 15, 2023, the results of which was declared on April 17, 2023.

* Mr. Ananth Narayan Gopalakrishnan resigned as Non-Executive Independent Director effective from the close of business hours on September 5, 2022.

** Ms. Shubhangi Soman resigned as Non-Executive Non-Independent Director effective from the close of business hours on November 24, 2022.

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

[§] Mr. Mehul Pandya was appointed as Managing Director and CEO at the Board Meeting held on July 29, 2022 for a term of 5 years. His appointment was further approved by the Members at the Annual General Meeting held on September 26, 2022.

As on March 31, 2023, the Board confirms that in the opinion of the Board, the Independent Directors fulfil the conditions 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. The same are tracked till their closure and an 'Action Taken Report' is placed before each Board and Committee meeting for noting.

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 Personnels (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 Personnels of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2023. 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:

Skillssets	Najib Shah	V. Chandrasekaran	Adesh Kumar Gupta	Sonal Desai	M. Mathisekaran	G. Mahalingam	Sobhag Mal Jain	Mehul Pandya
Taxation	Y	Y	Y	Y	N	N	Y	N
Finance and Investments	Y	Y	Y	Y	Y	Y	Y	Y
Leadership and Board Experience	Y	Y	Y	Y	Y	Y	Y	Y
Risk Management	Y	Y	Y	Y	Y	Y	Y	Y
Global Business Perspective	Y	Y	Y	Y	Y	Y	Y	Y
Technology	N	N	Y	Y	N	N	N	Y
Business Strategy	Y	Y	Y	Y	Y	N	Y	Y
Industry and Market Expertise	Y	Y	Y	N	Y	Y	Y	Y
Governance	Y	Y	Y	Y	Y	Y	Y	Y
People and Talent Understanding	Y	Y	Y	Y	Y	Y	Y	Y

Yes-(Y) No-(N)

(C) None of the Directors of the Company resigned from the Board in lieu of prioritizing the Limits prescribed for the directors to hold the number 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 as 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.

Composition of Audit Committee:

Name of the Director	Position held
Mr. Adesh Kumar Gupta	Chairman
Ms. Sonal Gunvant Desai	Member
Mr. Ananth Narayan Gopalakrishnan*	Member
Ms. Shubhangi Soman [#]	Member
Mr. Gurumoorthy Mahalingam [§]	Member
Mr. Sobhag Mal Jain ^{**}	Member

*ceased to be a member of the Committee with effect from September 5, 2022

[#]inducted as a member of the Committee with effect from May 28, 2022 and ceased to be a member of the Committee with effect from November 24, 2022

[§]inducted as a member of the Committee with effect from December 7, 2022

^{**}inducted as a member of the Committee with effect from March 16, 2023

Mr. Adesh Kumar Gupta, Chairman of Audit Committee attended the Annual General Meeting of the Company which was held on September 26, 2022.

(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 and
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 Four (4) times during the financial year 2022-23 on May 28, 2022, July 29, 2022, November 8, 2022 and January 28, 2023. 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 Meetings held	No. of Meetings attended
Mr. Adesh Kumar Gupta	4	4
Ms. Sonal Gunvant Desai	4	4
Mr. Ananth Narayan Gopalakrishnan	2	2
Ms. Shubhangi Soman	2	2
Mr. Gurumoorthy Mahalingam	1	1

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 (“NRC”) has been constituted in compliance

with the provisions of Section 178 of the Act read with Regulation 19 of the Listing Regulations.

During the year under review, there were no changes in the composition of the Committee.

Composition of NRC:

Name of the Director	Position held
Ms. Sonal Gunvant Desai	Chairperson
Mr. Najib Shah	Member
Mr. V. Chandrasekaran	Member

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 of 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 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 and
 - 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 2022-23 on May 20, 2022, July 20, 2022, August 16, 2022, September 20, 2022 and December 6, 2022.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Ms. Sonal Gunvant Desai	5	4
Mr. Najib Shah	5	5
Mr. V. Chandrasekaran	5	5

(D) Remuneration/Sitting Fees paid to Directors

During the Financial year 2022-23, 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 26, 2022 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 for making payments to Non-Executive Directors:

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

Details of Remuneration/Sitting Fees and Commission paid/ to be paid to Directors:

Sr.No.	Name of the Director	Amount (in Rs)	
		Sitting Fees	Commission
1	Mr. Najib Shah (Non-Executive Independent Director)	16,50,000	24,20,222
2	Mr. V. Chandrasekaran (Non-Executive Independent Director)	19,00,000	12,10,111
3	Mr. Adesh Kumar Gupta (Non-Executive Independent Director)	18,50,000	12,10,111
4	Ms. Sonal Gunvant Desai (Non-Executive Independent Director)	16,00,000	12,10,111
5	Dr. M Mathisekaran (Non-Executive Independent Director)	13,50,000	12,10,111
6	Mr. Gurumoorthy Mahalingam (Non-Executive Independent Director)	5,50,000	12,10,111
7	Mr. Sobhag Mal Jain (Non-Executive Non-Independent Director)	1,50,000	-
8	Mr. Ananth Narayan Gopalakrishnan (Non-Executive Independent Director)	9,50,000	12,10,111
9	Ms. Shubhangi Soman [#] (Non-Executive Non-Independent Director)	7,50,000	12,10,111
10	Mr. Ajay Mahajan* (Managing Director and CEO)	As mentioned below	
11	Mr. Mehul Pandya** (Managing Director and CEO)		

[#] Being paid to the public financial institution, the Director represented.

* 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-07613202) was appointed as Managing Director and CEO with effect from July 29, 2022.

The details of the remuneration to Mr. Ajay Mahajan, erstwhile Managing Director and CEO and Mr. Mehul Pandya, Managing Director and CEO are as follows:

Particulars	(Amount in Rs)	
	Mr. Mehul Pandya	Mr. Ajay Mahajan
Salary and Allowance	1,24,75,548	1,14,64,524
Variable Pay (for FY22-23)	85,00,000	-
Provident Fund Contribution	5,15,268	1,25,000
Perquisite Value-Stock Option (ESOP)*	52,52,892	-
Leave Travel Allowance	3,64,768	88,542
Total	2,71,08,476	1,16,78,066

*Mr. Mehul Pandya, Managing Director and CEO was granted 100,000 (One 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. On January 3, 2023, 5,000 equity shares of the Company were allotted to Mr. Mehul Pandya pursuant to exercise of stock options at an exercise price of Rs 416/- 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 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 NRC and 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 related matters.

Name of the Director	Position held
Dr. M. Mathisekaran	Chairman
Mr. Ananth Narayan Gopalakrishnan*	Member
Mr. Ajay Mahajan*	Member
Ms. Shubhangi Soman [§]	Member
Mr. Najib Shah [§]	Member
Mr. Mehul Pandya [^]	Member
Mr. Sobhag Mal Jain ^{^^}	Member

*ceased to be a member of the Committee with effect from May 28, 2022

§ inducted as a member of the Committee with effect from May 28, 2022

^ inducted as a member of the Committee with effect from November 8, 2022

^^ceased to be a member of the Committee with effect from November 24, 2022

^^^ inducted as a member of the Committee with effect from March 16, 2023

Ms. Nehal Shah, Company Secretary of your Company is the Secretary to the Stakeholders' Relationship Committee and acts as the Compliance Officer of the Company.

(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 2022-23 on March 28, 2023.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Dr. M. Mathisekaran	1	1
Mr. Najib Shah	1	1
Mr. Mehul Pandya	1	1
Mr. Sobhag Mal Jain	1	1

Details of shareholders complaints during Financial Year ended March 31, 2023 are as follows:

The Company has received One (1) complaint from the shareholder during the financial year ended March 31, 2023. The details are as follows-

Sr. No.	Description	Com-plaints received	Com-plaints attended	Com-plaints pending
1	Non-Receipt of Dividend Warrant	0	0	0
2	Non-receipt of Electronic Credits	0	0	0

3	Non-receipt of Annual Reports	0	0	0
4	Non-receipt of Securities	0	0	0
5	Non-receipt of Refund Order	0	0	0
6	Non-receipt of Dividend (complaints received through regulatory authorities)	1	1	0
TOTAL		1	1	0

2.4 Corporate Social Responsibility and Sustainability Committee

(A) Composition of Corporate Social Responsibility and Sustainability Committee

During the period under review, the nomenclature of the Committee was changed from "Corporate Social Responsibility Committee" to "Corporate Social Responsibility and Sustainability Committee" by the Board at its meeting held on January 28, 2023 authorising the Committee to review the ESG/ Sustainability matters pertaining to the Company, including initiatives and reporting sustainability performance and oversee implementation of business responsibility policies.

Composition of Corporate Social Responsibility and Sustainability Committee:

Name of the Director	Position held
Dr. M. Mathisekaran	Chairman
Ms. Sonal Gunvant Desai	Member
Mr. V. Chandrasekaran	Member
Mr. Ajay Mahajan*	Member
Mr. Mehul Pandya [#]	Member

*ceased to be a member of the Committee with effect from May 28, 2022

[#]inducted as a member of the Committee with effect from November 8, 2022

(B) Terms of Reference

The term of reference of the Corporate Social Responsibility and Sustainability Committee approved by the Board as per the provisions of Section 135 of the Act 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.
- 6) Explore the benchmarks available, if any, for formulating BRSR policy.
- 7) Periodically review Environmental, Social and Governance (ESG)/ Sustainability matters pertaining to the Company, including initiatives and reporting and
- 8) Review and recommend to the Board the Business Responsibility and Sustainability Report which is required to be included in the Annual Report of the Company.

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

The Committee met Thrice (3) during the financial year 2022-23 on June 23, 2022, November 28, 2022 and February 20, 2023.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Dr. M. Mathisekaran	3	3
Ms. Sonal Desai	3	3
Mr. V. Chandrasekaran	3	3
Mr. Mehul Pandya	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.

Name of the Director	Position held
Ms. Sonal Gunvant Desai [#]	Chairperson (upto May 28, 2022)
Dr. M. Mathisekaran	Member
Mr. Ajay Mahajan [#]	Member
Mr. Ananth Narayan Gopalakrishnan ^{##}	Member
Mr. V. Chandrasekaran [^]	Member (re-designated as a Chairperson with effect from November 8, 2022)
Mr. Mehul Pandya ^{^^}	Member
Mr. Sobhag Mal Jain ^{\$\$}	Member

[#] ceased to be a member of the Committee with effect from May 28, 2022

^{\$} inducted as a member and Chairperson of the Committee with effect from May 28, 2022

[^] inducted as a member of the Committee with effect from May 28, 2022

^{##} ceased to be a member of the Committee with effect from November 8, 2022

^{^^} inducted as a member of the Committee with effect from November 8, 2022

^{\$\$} inducted as a member of the Committee with effect from March 16, 2023

(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 and
- 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 2022-23 on June 30, 2022 and December 20, 2022.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Ananth Narayan Gopalakrishnan	1	1
Dr. M. Mathisekaran	2	2
Mr. V. Chandrasekaran	2	2
Mr. Mehul Pandya	1	1

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 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.

Composition of Rating Sub-Committee:

Name of the Director	Position held
Mr. Ananth Narayan Gopalakrishnan [§]	Chairperson (upto September 5, 2022)
Mr. Adesh Kumar Gupta	Member
Mr. Najib Shah	Member
Mr. V. Chandrasekaran*	Member
Mr. Gurumoorthy Mahalingam [#]	Member (re-designated as a Chairman with effect from January 28, 2023)

§ ceased to be a member of the Committee with effect from September 5, 2022

* inducted as a member of the Committee with effect from October 8, 2022

inducted as a member of the Committee with effect from December 7, 2022

(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
- v. Employees
- vi. Whistle- blower policy for ratings

b) Review the following

- Compliance Status of IOSCO Code of Conduct
- Internal Audit reports on
 - o Semi-annual SEBI mandated Audit (which incorporates Compliance Officer’s observation) for the comments of Board
 - o 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 Chief Rating Officer will have the responsibilities as per the Charter of this Committee.
- 6) The minutes of the Committee shall be placed before the Board.

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

The Committee met Five (5) times during the financial year 2022-23 on May 13, 2022, July 12, 2022, November 7, 2022, January 24, 2023 and February 9, 2023.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Ananth Narayan Gopalakrishnan	2	2
Mr. V. Chandrasekaran	3	3
Mr. Adesh Kumar Gupta	5	5
Mr. Najib Shah	5	5
Mr. Gurumoorthy Mahalingam	2	2

2.7. Independent Directors Meeting

As on March 31, 2023, the Company had Six (6) Independent Directors i.e. Mr. Najib Shah, Mr. V. Chandrasekaran, Mr. Adesh Kumar Gupta, Ms. Sonal Gunvant Desai, Dr. M. Mathisekaran and Mr. Gurumoorthy Mahalingam 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 2022-23, one meeting of the Independent Directors was held on March 28, 2023. The meeting was attended by Mr. Najib Shah, Mr. V. Chandrasekaran, Mr. Adesh Kumar Gupta, Ms. Sonal Gunvant Desai, Dr. M Mathisekaran and Mr. Gurumoorthy Mahalingam 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.

2.8 Technology Committee

(A) Composition of Technology Committee

The Board at its meeting held on January 28, 2023 had constituted Technology Committee for monitoring the progress of IT projects and approval of cost of projects.

Composition of Technology Committee:

Name of the Director	Position held
Mr. Najib Shah	Chairman
Mr. Adesh Kumar Gupta	Member
Mr. Gurumoorthy Mahalingam	Member

(B) Terms of Reference

- To provide an oversight on critical IT projects / initiatives;
- To approve the cost of IT projects/initiatives (capex exceeding Rs 3 crores) and monitor the progress of the same and
- Any other matter pertains to IT as it may deem fit.

(C) Meetings & attendance of the Technology Committee

During the financial year 2022-23, the Committee met Once (1) i.e. on February 15, 2023.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Najib Shah	1	1
Mr. Adesh Kumar Gupta	1	1
Mr. G. Mahalingam	1	1

2.9 Strategy and Investment Committee

In view of pursuing a growth path, your Company has formed a Strategy and Investment Committee on April 15, 2021. The Committee was formed for evaluating the strategic and investment decisions.

Composition of Strategy and Investment Committee:

Name of the Director	Position held
Mr. V. Chandrasekaran	Chairman
Mr. Adesh Kumar Gupta	Member
Mr. Ananth Narayan Gopalakrishnan [§]	Member
Ms. Shubhangi Soman ^{*#}	Member

* inducted as a member of the Committee with effect from April 26, 2022

#ceased to be a member of the Committee with effect from November 24, 2022

§ ceased to be a member of the Committee with effect from September 5, 2022

During the year under review, the Committee met Twice (2) i.e. on May 20, 2022 and July 20, 2022.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. V. Chandrasekaran	2	2
Mr. Adesh Kumar Gupta	2	2
Mr. Ananth Narayan Gopalakrishnan	2	2
Ms. Shubhangi Soman	2	2

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
2021-22	The Company conducted AGM through VC/ OAVM pursuant to the MCA Circular dated April 08, 2020, April 13, 2020, May 5, 2020, December 31, 2020, January 13, 2021, December 14, 2021 and May 5, 2022 and as such there is no requirement to have a venue for the AGM	September 26, 2022 at 3:00 p.m.	4	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Najib Shah (DIN:08120210) as an Independent Director of the Company for a second term; 2. Re-appointment of Ms. Sonal Gunvant Desai (DIN:08095343) as an Independent Director of the Company for a second term and 3. Re-appointment of Dr. M. Mathisekaran (DIN:03584338) as an Independent Director of the Company for a second term
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	<ol style="list-style-type: none"> 1. Approval of remuneration payable to Mr. Ajay Mahajan (DIN: 05108777) as the Managing Director and Chief Executive Officer of the Company; 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 8, 2020 at 3:30 p.m.	4	<ol style="list-style-type: none"> 1. Appointment and approval of remuneration payable to Mr. Ajay Mahajan (DIN:05108777) as the Managing Director & CEO; 2. Grant of Employee Stock Options to the employees of the Company under CARE Employee Stock Option Scheme 2020; 3. Grant of Employee Stock Options to the employees of the Subsidiary Companies of the Company under CARE Employee Stock Option Scheme 2020 and 4. Grant of Employee Stock Options equal to or more than 1% of the issued capital of the Company to the identified employees.

4. Resolution passed through Postal Ballot:

During the financial year 2022-23, the Company sought the approval of the Members through postal ballot pursuant to Section 110 of the Act read with rules thereunder, the details of which are given below:

Date of the Notice	Date of Declaration of Result	Resolutions passed through Postal Ballot	Type of Resolution
July 26, 2022	September 2, 2022	Approval for Buy-back of Equity Shares of the Company	Special Resolution
December 7, 2022	January 23, 2023	Approval for payment of remuneration by way of commission to Non-Executive Directors including Independent Directors of the Company	Ordinary Resolution
		Amendments to CARE Employee Stock Option Scheme 2020	Special Resolution
		Grant of employee stock options under the CARE Employee Stock Option Scheme 2020 to employees of subsidiary companies, group companies, holding companies and associate companies as applicable	Special Resolution
		Appointment of Mr. G. Mahalingam (DIN: 09660723) as a Non-Executive Independent Director of the Company	Special Resolution
		Re-designation of Mr. V. Chandrasekaran (DIN:03126243) as a Non-Executive Independent Director of the Company	Special Resolution
January 28, 2023	April 17, 2023	Appointment of Mr. Sobhag Mal Jain (DIN:08770020) as a Non-Executive Non-Independent Director of the Company	Ordinary Resolution

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 all the aforesaid postal ballots in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Section 108 and 110 and other applicable provisions of the Act 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, General Circular No.20/2021 dated December 8, 2021, General Circular No.03/2022 dated May 5, 2022 and General Circular No.11/2022 dated December 28, 2022 (“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 the aforesaid Postal Ballots.

For this purpose, the Company had 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:

No Special Resolution is proposed to be conducted through Postal Ballot.

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 necessary 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 2022-23 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 employee 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, half yearly and annual 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 Members.

iii. Unmodified Opinion:

The Statutory Auditors have expressed an unmodified opinion on the Company's financial statements for the financial year 2022-23.

iv. Separate posts of Chairperson and the Managing Director

The Chairman of the Board is Non-Executive Director and not related to the Managing Director & Chief Executive officer of the company.

v. 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, half yearly and annual financial results are published in English and Marathi daily newspapers i.e. Business Standard, Financial Express, Free Press Journal 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 2022-23, the Company had declared one Interim Dividend of Rs 10/- (Rupees Ten only) per equity share. Further, the Board of Directors recommended a Final Dividend and Special Dividend of Rs 7/- (Rupees Seven only)

and Rs 8/- (Rupees Eight only) per equity share, respectively 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 of the Act read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("IEPF Rules"), Companies retains dividends, for seven years with them for payment to investors and after expiry of seven years, transfer the said amount to IEPF along with all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more.

In accordance with the said IEPF Rules and any amendments thereto, the Company had sent notices to all the Members 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 165,228/- of unpaid/unclaimed dividends and 79 shares were transferred during the financial year 2022-23 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 March 31, 2023 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, 2023 shall be updated on or before September 26, 2023.

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 2022-23, 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.

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 2022-23 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, 2023 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 2022-23 is annexed to this report as **Annexure VIIB**.

20. Recommendations of Board/Committees:

During the financial year 2022-23, 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 2022-23 are as under:

Sr. No.	Services provided	Amount (Rupees in lakh)
1	Audit Fees	48.82
2	Tax Audit Fees	3.15
3	Other Services	3.30
4	Reimbursement of Expenses	2.62
	Total	57.89

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(11)	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
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1), (5), (6) & (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)	Not Applicable
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
Policy with respect to Obligations of Directors and senior management	26(2)	Yes
Policy with respect to Obligation of Directors and senior management	26(5)	Not Applicable
Obligation with respect to KMPs, Directors and Promoters	26(6)	Not Applicable

Pursuant to Regulation 7(2) of the Listing Regulations, certificates on half yearly basis have been issued by a qualified Practising Company Secretary confirming the compliance of share transfer formalities by the Company.

23. Details of Non-compliance of any requirement of Corporate Governance

The Company has complied with all the requirements of Corporate Governance specified under Listing Regulations.

24. General Shareholders Information:

a) Annual General Meeting:	Friday, July 28, 2023
Time	3:30 p.m.
Venue	The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated December 28, 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 1, 2022 to March 31, 2023
Financial Reporting for the quarter ending June 30, 2023:	On or before August 14, 2023
Financial Reporting for the quarter and half year ending September 30, 2023	On or before November 14, 2023
Financial Reporting for the quarter and nine months ending December 31, 2023	On or before February 14, 2024
Financial Reporting for the quarter and year ending March 31, 2024	On or before May 30, 2024
c) Dates of Book Closure/Record Date	Friday, July 7, 2023
d) Dividend Payment Date	Final and Special Dividend on equity shares for the year ended March 31, 2023 as recommended by the Directors, if approved by the Members at the Annual General Meeting will be paid on or before Saturday, August 26, 2023 i.e within 30 days from the date of approval of the Members.

e) Listing on Stock Exchange	<p>The Company got listed on December 26, 2012. The shares of your Company are listed on:</p> <p>a. BSE Limited P.J. Towers, Dalal Street, Mumbai 400 001, Maharashtra, India</p> <p>b. National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India</p> <p>The Company has paid Annual Listing fees to BSE Limited and National Stock Exchange of India Limited for financial year 2022-23</p>
f) Stock Code:	BSE Limited: 534804 National Stock Exchange of India Limited: CARERATING ISIN: IN752H01013
g) Registrar and Share Transfer Agent	<p>KFin Technologies Limited</p> <p>Unit: CARE Ratings Limited</p> <p>Selenium Building, Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032. Tel. No. 040 - 67162222, Fax No. 040 - 23001153</p> <p>Email: einward.ris@kfintech.com, Website: www.kfintech.com</p> <p>Contact Person: Mr. Ganesh Chandra Patro and Mr. Anandan K.</p>
h) Share Transfer System	<p>As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective April 1, 2019, transfer of shares in physical form has ceased. Shareholders who had lodged their request for transfer prior to March 31, 2019 and have received the same under objection can re-lodge the transfer request after rectification of the documents. Request for transmission of shares and dematerialization of shares will continue to be accepted.</p> <p>99.99% of the equity shares of the Company are in electronic form. Transfer of shares is done through the depositories with no involvement of the Company.</p>

i) Top 10 equity shareholders of the Company as on March 31, 2023:

Sr. No.	Name	Total Shares	% to Equity
1	Life Insurance Corporation of India	28,68,230	9.66
2	Crisil Limited	26,22,431	8.83
3	Nippon Life India Trustee Ltd-A/C Nippon India Mul	25,92,756	8.73
4	Pari Washington India Master Fund, Ltd.	15,66,456	5.27
5	Pari Washington Investment Fund	8,89,899	3.00
6	India Insight Value Fund	7,20,000	2.42
7	Russell Investments Limited	5,31,000	1.79
8	1729 Capital	4,69,283	1.58
9	Tata Steel Limited	3,54,000	1.19
10	Aquamarine Master Fund L.P	3,50,000	1.18

j) Market Price Data high / low during each month from April 2022 to March 2023:

Period- 2022-23	BSE		NSE	
	High	Low	High	Low
April 2022	578.20	450.00	579.00	450.00
May 2022	475.95	402.75	475.90	403.00
June 2022	485.35	405.35	485.40	406.00
July 2022	492.25	410.60	492.00	410.15
August 2022	521.80	452.75	522.00	452.20
September 2022	549.95	490.95	550.00	490.25
October 2022	536.70	468.10	536.85	467.30
November 2022	565.00	490.75	565.45	489.50
December 2022	619.80	530.00	619.90	544.15
January 2023	677.15	595.00	677.00	592.10
February 2023	698.00	590.00	698.50	590.00
March 2023	688.85	609.85	689.00	610.15

k) Distribution Schedule and Shareholding Pattern as on March 31, 2023:

Sr. No.	No. of Equity Shares	No. of Shareholders		No. of Shares		% of Equity Capital	
		Physical	Demat	Physical	Demat	Physical	Demat
1	1-5000	3	57,982	965	32,36,014	-	10.90
2	5001-10000	0	1,510	0	11,28,559	-	3.80
3	10001-20000	0	750	0	11,02,951	-	3.71
4	20001-30000	0	260	0	6,47,891	-	2.18
5	30001-40000	0	137	0	4,87,603	-	1.64
6	40001-50000	0	74	0	3,46,835	-	1.17
7	50001-100000	0	144	0	10,20,703	-	3.44
8	100001 and above	0	190	0	2,17,29,091	-	73.16
	Total	3	61,047	965	2,96,99,647	-	100.00

l) Shareholding Pattern as on March 31, 2023

Sr. No.	Category	No. of Shares held	Percentage (%)
I	Promoters	-	-
II	Non-Promoters		
a)	Alternative Investment Fund	11,95,172	4.02
b)	Banks	12	-
c)	Clearing Members	6,490	0.02
d)	Employees	2,16,303	0.73
e)	Foreign Portfolio-Corp	59,48,548	20.03
f)	Foreign Portfolio Investors	2,900	0.01
g)	HUF	435,703	1.47
h)	Indian Financial Institutions	-	-
i)	Bodies Corporates	54,06,105	18.20
j)	Mutual Funds	27,79,215	9.36
k)	NBFC	295	-
l)	Nationalised Bank	537	-
m)	Non-Resident Indians	5,93,909	2.00
n)	NRI Non-repatriation	2,22,448	0.75
o)	Resident Individuals	97,71,372	32.90
p)	QIB	30,92,776	10.41
q)	Trusts	4,745	0.02
r)	IEPF	227	-
s)	Directors & their relatives	23,855	0.08
	Total	2,97,00,612	100.00

m) Dematerialization of Shares and Liquidity

2,96,99,647 equity shares which constitutes 99.99% of the paid-up capital as on March 31, 2023 of your Company are held in electronic mode.

n) Registered Office and Address for correspondence

CARE Ratings Limited
4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off. Eastern Express Highway,
Sion (East), Mumbai -400 022
Tel No.- 022-6754 3456

o) 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:

<p>Ahmedabad 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015. Phone: +91-79-4026 5656</p>	<p>Coimbatore T-3, 3rd Floor, Manchester Square, Puliakulam Road, Coimbatore- 641037 Phone: +91-422-4332399/4502399</p>	<p>Mumbai - Andheri A Wing - 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road,Chakala, Andheri (E), Mumbai - 400 093. Phone: +91-22-6837 4400</p>
<p>Bengaluru Unit No. 205 -208, 2nd Floor, Prestige Meridian 1, No. 30, M. G. Road, Bengaluru -560001 Phone: +91-80-4662 5555</p>	<p>Hyderabad 401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad - 500 029, Phone: +91-40-40102030</p>	<p>Noida Plot no. C-001 A/2 Sector 16B, Berger Tower, Noida, Gautam Budh Nagar (UP) – 201301 Phone: +91-120-4452000</p>
<p>Chennai Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Phone: +91-44-2849 0876 /0811</p>	<p>Kolkata 3rd Floor, Prasad Chambers (Shagun Mall Building),10A, Shakespeare Sarani, Kolkata - 700 071 Phone: +91-33- 40181600</p>	<p>Pune 9th Floor, Pride Kumar Senate, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune-411015 Phone: +91-20-4000 9000</p>

p) Email: care@careedge.in

q) Investor Complaints ID: investor.relations@careedge.in

r) Website: www.careedge.in

s) Compliance Officer:

Ms. Nehal Shah
Company Secretary & Compliance Officer
CARE Ratings Limited
4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off. Eastern Express Highway, Sion (East),
Mumbai – 400 022
Tel No: 022 - 67543456,

t) 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.

To enable the Company to send its Annual Report, Notice of AGM and other documents for the financial year ended March 31, 2023 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.

u) CARE Share Price Vs. NSE Nifty

Month	CARE Closing Price (Rs)(NSE)	NSE Nifty
April 2022	460.10	17102.55
May 2022	472.90	16584.55
June 2022	419.80	15780.25
July 2022	453.75	17158.25
August 2022	504.90	17759.30
September 2022	505.80	17094.35
October 2022	489.50	18012.20
November 2022	549.20	18758.35
December 2022	606.90	18105.30
January 2023	611.65	17662.15
February 2023	655.05	17303.95
March 2023	642.80	17359.75

v) CARE Share Price Vs. BSE Sensex

Month	CARE Closing Price (Rs) (BSE)	BSE SENSEX
April 2022	460.45	57060.87
May 2022	473.00	55566.41
June 2022	419.10	53018.94
July 2022	452.50	57570.25
August 2022	504.45	59537.07
September 2022	505.05	57426.92
October 2022	489.60	60746.59
November 2022	545.20	63099.65
December 2022	607.85	60840.74
January 2023	610.75	59549.90
February 2023	654.30	58962.12
March 2023	642.80	58991.52

w) The Company has not received any complaint during the financial year ended March 31, 2023 relating to sexual harassment at Workplace.

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

Your Company does not have outstanding Global Depository Receipt, American Depository Receipt or Warrant or any Convertible instrument during the financial year ended March 31, 2023.

y) Commodity Price risk or foreign exchange risk and hedging activities:

Commodity Price Risk/Foreign Exchange Risk and Hedging is not applicable to the Company.

CEO & 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, Mehul Pandya, 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 2023 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/-
Mehul Pandya
Managing Director & Chief Executive Officer**

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

Place: Mumbai

Date: May 11, 2023

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 400 022

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 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 as on 31st March 2023 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. Venkatadri Chandrasekaran	03126243	15/11/2017
2	Mr. Adesh Kumar Gupta	00020403	22/05/2018
3	Ms. Sonal Gunvant Desai	08095343	30/03/2019
4	Mr. Najib Shah	08120210	17/07/2019
5	Mr. Madasamy Mathisekaran	03584338	19/08/2019
6	Mr. Mehul Harshadray Pandya	07610232	29/07/2022
7	Mr. Mahalingam G.	09660723	21/11/2022
8	Mr. Sobhag Jain	08770020	28/01/2023

Ensuring the eligibility 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

Ashish Kumar Jain
Proprietor
Peer Review Certificate No.1485/2021
FCS: 6058, CP: 6124
UDIN:F006058E000293026

Place: Mumbai
Date: 11th May, 2023

**DECLARATION BY THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER OF THE COMPANY UNDER
REGULATION 26 (3) AND AS PER PARA D OF SCHEDULE V 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, 2023.

For CARE RATINGS LIMITED

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

**Place: Mumbai
Date: May 11, 2023**

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 2 May, 2023.
2. We have examined the compliance of conditions of Corporate Governance by CARE Ratings Limited ("the Company"), for the year ended 31 March, 2023, 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 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, 2023.
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: 23067114BGWPHZ2172

Place: Mumbai

Date: 11 May, 2023

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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 of providing assistance and infrastructure to local bodies, government offices, schools and public places and women empowerment.

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, 2023):

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)	3	3
2.	Mr. V Chandrasekaran	Member (Independent Director)	3	3
2.	Ms. Sonal Gunvant Desai	Member (Independent Director)	3	3
2.	Mr. Mehul Pandya*	Member (Managing Director)	3	2

* Appointed as a member of the Committee w.e.f. November 8, 2022.

^ The nomenclature of the Committee was changed to 'Corporate Social Responsibility and Sustainability Committee' by the Board at its meeting held on January 28, 2023.

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/FinancialReports/1681728380_Composition%20of%20Committees.pdf
- CSR Policy: [https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679039991_Corporate%20Social%20Responsibility%20\(CSR\)%20Policy.pdf](https://www.careratings.com/Uploads/newsfiles/FinancialReports/1679039991_Corporate%20Social%20Responsibility%20(CSR)%20Policy.pdf)
- CSR projects approved: https://www.careratings.com/Uploads/newsfiles/FinancialReports/1686050878_CSR%20Committee%20and%20CSR%20projects%20March%2031%202023.pdf

4. Provide the executive summary along with web-link(s) 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: Not Applicable

- (a) Average net profit of the company as per sub-section (5) of section 135: Rs 95,81,00,134/-
 - (b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs 1,91,62,003/-
 - (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: N.A
 - (d) Amount required to be set off for the financial year, if any: N.A
 - (e) Total CSR obligation for the financial year (b+c-d): Rs 1,91,62,003/-
- (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs 1,91,62,003/-
 - (b) Amount spent in Administrative Overheads: NIL
 - (c) Amount spent on Impact Assessment, if applicable: Not Applicable
 - (d) Total amount spent for the Financial Year (a+b+c): Rs 1,91,62,003/-
 - (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 2022-23 (in Rs)	Amount Unspent (in Rs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs 1,91,62,003	-	-	-	-	-

(f) 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 sub-section (5) of section 135	Rs 1,91,62,003
(ii)	Total amount spent for the Financial Year	Rs 1,91,62,003
(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

7. (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)	Balance Amount in Unspent CSR Account under section 135 (6) (in Rs)	Amount spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso of section 135(5), if any		Amount remaining to be spent in succeeding Financial Years. (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY2021-22	-	-	Rs 1,98,12,869	Rs 39,02,242	July 28, 2022	NIL	
2	FY2020-21				NA			
3	FY2019-20				NA			

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. 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 and Sustainability Committee

Date: May 11, 2023

Place: Mumbai

Sd/-

Mehul Pandya
Managing Director and CEO

Date: May 11, 2023

Place: Mumbai

Independent Auditor's 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 March 31, 2023 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 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 March 31, 2023 and its profit and other comprehensive loss, 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matter

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. In addition to the matter described in the Basis for Opinion section, we have determined matter described below to be the key audit matter to be communicated in our report.

Key audit matter

See Note 26 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company's revenue from operations primarily comprises of income from providing rating services to customers. Refer note 26 for details of revenue from operations for current financial year. The revenue is recognized based on completion of identified performance obligation from customer contracts in accordance with Ind AS 115 "Revenue from Contracts with Customers" (Ind AS 115).</p> <p>There is a risk that revenue recognized is not based on completion of identified performance obligation arising from valid customer contracts.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the revenue related business process and assessed the appropriateness of revenue recognition policies adopted by the Company. • Tested the design and implementation and operative effectiveness of internal controls related to the process of revenue recognition. • On selected samples of contracts we performed the following procedures: <ol style="list-style-type: none"> a) Reviewed the terms and conditions in the contracts. b) Evaluated the identification of the performance obligations for the respective contracts. c) Evaluated the appropriateness of management's assessment of manner of satisfaction of performance obligations and consequent revenue recognition. d) Verified the revenue recognition for cut off transactions to assess whether the timing of revenue recognition is appropriate. • Evaluated the appropriateness and adequacy of the disclosures made in the standalone financial statements for the revenue recognized 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 auditor's report thereon.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities 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 the 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 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 in preparation of standalone 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 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: a. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2023 on the consolidated financial position of the Group. Refer Note 34B to the consolidated financial statements.
- a. The Company has disclosed the impact of pending litigations as at March 31, 2023 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 has been no delay in transferring amounts, 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, other than as disclosed in the Note 50 to the standalone financial statements, 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 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.

- (ii) (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 50 to the standalone financial statements, 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 directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- 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.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

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 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 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act 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
ICAI UDIN:23067114BGWPIB3411

Place: Mumbai
Date: May 11, 2023

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of CARE Ratings Limited for the year ended March 31, 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of 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.
- (i) (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 once every 2 years. In accordance with this programme, no 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.
- (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 the 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 it has 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 investment in equity shares of 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 to any other entity and other parties as below:

Particulars	Guarantees	Security	Loans (Rs in lakh)	Advances in nature of loans
Aggregate amount during the year				
- Subsidiaries (CRSPL)*			817.60	
- Others (employee loans)			36.44	
Balance outstanding as at balance sheet date				
- Subsidiaries (CRSPL)*			110.60	
- Others (employee loans)*			61.26	

*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, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year 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 (Rs in lakh)	Remarks, if any
Loan to CARE Risk Solutions Private Limited ("CRSPL")	817.60	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 110.60 lakh 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"):

Particulars	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 817.60 lakh
Total (A+B)			Rs 817.60 lakh
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, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is 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 Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been generally regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (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 lakh)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	177.23	A.Y. 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	143.64	A.Y. 2020-21	Commissioner of Income Tax (Appeals)
Goods and Service Tax Act, 2017	GST	7.81	A.Y. 2019-20	Deputy Commission of Sales Tax

- (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 subsidiaries as defined under the Act.
- (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 (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.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (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, other information accompanying the standalone financial statements, 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.
- (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
ICAI UDIN:23067114BGWPIB3411

Place: Mumbai
Date: May 11, 2023

Annexure B to the Independent Auditor's Report on the consolidated financial statements of CARE Ratings Limited for the year ended March 31, 2023

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

(Referred to in paragraph 2(A)(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 March 31, 2023 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 March 31, 2023, 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 and Board of Directors' Responsibilities 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 Act.

Auditor's 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone 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 standalone 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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
ICAI UDIN:23067114BGWPIB3411

Place: Mumbai
Date: May 11, 2023

Standalone Balance Sheet

As at March 31, 2023

(Rs in lakh)

Particulars	Note Number	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property plant and equipment	2	7,735.10	7,794.32
Right-of-use assets	46	1,333.53	365.12
Intangible assets	3 (a)	16.29	35.38
Intangible assets under development	3 (b) - 3 (d)	285.64	652.02
Financial assets			
Investments (non-current)	4	11,219.06	7,051.21
Loans	5	144.45	957.09
Other financial assets	6	72.90	1,216.03
Other non-current assets	7	35.42	36.99
Total non-current assets		20,842.39	18,108.16
Current assets			
Financial assets			
Investments (current)	8	-	-
Trade receivables	9	1,632.26	1,360.54
Cash and cash equivalents	10	4,250.92	1,196.18
Bank balances other than cash and cash equivalents	11	24.62	5,931.28
Loans	12	27.41	21.91
Other financial assets	13	49,355.73	43,159.08
Contract assets	14	46.07	38.71
Current tax asset (Net)	15	248.75	724.57
Other current assets	16	295.29	321.13
Total current assets		55,881.05	52,753.39
Total assets		76,723.44	70,861.55
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	17	2,970.05	2,964.65
Other equity	18	66,516.12	62,058.29
Total equity		69,486.17	65,022.94
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	46	1,241.46	183.04
Provisions	19	990.69	1,078.81
Deferred tax liabilities (net)	20	493.91	606.20
Total non-current liabilities		2,726.06	1,868.05
Current liabilities			
Financial liabilities			
Lease liabilities	46	123.56	238.97
Trade payables	21	-	0.70
Total outstanding dues of micro enterprises and small enterprises		-	0.70
Total outstanding dues of other than micro enterprises and small enterprises		419.34	285.92
Other financial liabilities	22	1,702.88	1,556.27
Contract liabilities	23	1,588.99	1,234.31
Other current liabilities	24	105.25	417.93
Provisions	25	571.19	236.45
Total current liabilities		4,511.21	3,970.56
Total equity and liabilities		76,723.44	70,861.55

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

[Ajit Viswanath]

Partner

Membership No. 067114

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Standalone Statement of Profit and Loss

For the year ended March 31, 2023

(Rs in lakh)

Particulars	Note Number	Year Ended March 31, 2023	Year Ended March 31, 2022
Income			
Revenue from operations	26	24,883.91	21,927.29
Other income	27	3,710.39	2,836.12
Total income		28,594.30	24,763.41
Expenses			
Employee benefit expenses	28	10,403.14	10,676.40
Finance costs	29	69.94	39.64
Depreciation and amortisation expense	30	805.42	698.82
Impairment of non current assets		571.55	-
Other expenses	31	2,930.40	2,650.64
Total expenses		14,780.45	14,065.50
Profit before tax		13,813.85	10,697.91
Tax expense			
Current tax	38 (A)	3,677.91	2,831.73
Adjustment of tax relating to earlier periods	38 (A)	(161.22)	-
Deferred tax	38 (A)	(83.03)	(581.06)
Total tax expense		3,433.66	2,250.67
Profit after tax		10,380.19	8,447.24
Other comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		(116.32)	918.61
(ii) Income tax relating to items that will not be reclassified to profit or loss	38 (B)	29.27	(137.72)
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		(87.05)	780.89
Total comprehensive Income for the year		10,293.14	9,228.13
Earnings per equity share (Face value Rs 10/- each)			
- Basic	37	35.00	28.62
- Diluted	37	35.00	28.47

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

[Ajit Viswanath]

Partner

Membership No. 067114

For and on behalf of the Board of Directors of CARE Ratings Limited**[Najib Shah]**

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Standalone Cash Flow Statement

For the year ended March 31, 2023

(Rs in lakh)

Particulars	Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash flows from Operating Activities			
Profit before tax		13,813.85	10,697.91
Adjustments for			
Interest income	27	(3,001.21)	(2,426.68)
Dividend income from equity securities	27	(133.64)	(158.93)
Notional income on fair value of security deposits		(11.19)	(9.71)
Realized gain on sale of investments		(55.31)	-
Unrealized gain on fair valuation of investments through profit and loss		-	(108.76)
Provision for bad debts	31	37.03	(20.38)
Bad debts written off	31	6.26	18.65
Loss / (gain) on sale of property, plant and equipment		0.81	1.98
Share based payment expenses	28	14.73	629.01
Lease concession		(11.03)	-
Gain on termination of lease		(30.84)	-
Finance costs on lease liabilities	29	69.94	39.64
(Reversal of)/impairment losses on property, plant and equipment and intangible assets		571.55	-
Depreciation and amortization expenses	30	805.42	698.82
Operating profit before working capital changes		12,076.37	9,361.57
Movements in working capital			
Decrease/(Increase) in financial assets		(230.72)	59.50
Decrease/(Increase) in other assets		2.30	(24.56)
Decrease/(Increase) in contract assets		(7.36)	(13.62)
Decrease/(Increase) in other current assets		25.84	8.24
(Decrease)/Increase in financial liabilities		452.58	293.85
(Decrease)/Increase in contract liabilities		354.68	(366.76)
(Decrease)/Increase in other liabilities and provisions		(182.22)	(339.92)
Total movements in working capital		415.10	(383.27)
Taxes paid		(3,040.87)	(2,624.03)
Net cash from operating activities.....(1)		9,450.60	6,354.27
Cash flows from investing activities			
Interest received		1,651.17	2,416.91
Dividend received	27	133.64	158.93
Investment in fixed deposits		2,082.50	(23,775.52)
Interest on loan to subsidiaries		36.84	46.64
Proceeds from sale of property plant and equipment		2.63	18.14
Acquisition of property, plant & equipment and capital advances		(655.92)	(1,404.02)
Loan to subsidiary		821.80	(532.40)
Investment in subsidiary		(4,350.00)	-
Purchase of investments		(15,075.00)	(0.53)
Redemption of investments		15,130.31	20,784.62
Net cash used in investing activities.....(2)		(222.03)	(2,287.22)
Cash flows from financing activities			
Dividend and dividend tax paid		(5,933.88)	(3,829.96)
Buyback related expenses		(163.40)	-
Premium paid on buy back of share		(21.20)	-
Redemption of share capital on account of buy back during the year	17	(0.42)	-
Proceeds from exercise of share options		242.38	644.32
Repayment of lease liability		(227.37)	(233.43)
Payment of interest on lease liability		(69.94)	(39.64)
Net cash used in financing activities..... (3)		(6,173.83)	(3,458.71)
Net increase / (decrease) in cash and cash equivalents (1+2+3)		3,054.74	608.32
Cash and cash equivalents at the beginning		1,196.18	587.86
Cash and cash equivalents at the end		4,250.92	1,196.18
Cash and cash equivalents comprise of: (Refer note 10)			
Cash on hand	10	0.65	0.46
Liquid Mutual fund	10	3,005.70	-
Balances with Banks			
On current account	10	513.29	402.02
Other Bank balances			
Prepaid cards	10	0.71	0.47
Deposit accounts	10	730.57	793.23
Total		4,250.92	1,196.18

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

[Ajit Viswanath]

Partner

Membership No. 067114

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Standalone Statement of Changes In Equity

For the year ended March 31, 2023

(Rs in lakh)

A. Equity Share Capital

for the year ended March 31, 2023

Balance as at April 01, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
2,964.65	5.40	2,970.05

For the year ended March 31, 2022

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

Standalone Statement of Changes In Equity

For the year ended March 31, 2023

B. Other Equity

for the year ended March 31, 2023

(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, 2022	786.67	22.50	7,369.56	22,150.74	30,701.65	1,027.17	62,058.29
Profit for the year (1)	-	-	-	-	10,380.19	-	10,380.19
Other comprehensive income/ (loss) for the year	-	-	-	-	-	(116.32)	(116.32)
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	-	-	-
Fair value gain on investments measured through other comprehensive income (3)	-	-	-	-	-	-	-
Tax impact on (2 and 3) (4)	-	-	-	-	-	29.27	29.27
Total comprehensive income/(loss) for the year (1+2+3+4)	-	-	-	-	10,380.19	(87.05)	10,293.14
Contribution by and distribution to owners	-	-	-	-	-	-	-
Dividends	-	-	-	-	(5,932.96)	-	(5,932.96)
Nominal value of shares bought back transferred to CRR	-	0.42	-	(0.42)	-	-	-
Buyback related expenses	-	-	(163.40)	-	-	-	(163.40)
Premium paid on buy back of share	-	-	(21.20)	-	-	-	(21.20)
Employee stock option exercised	(153.31)	-	389.86	-	-	-	236.55
Employee stock option granted/charge for this period*	45.70	-	-	-	-	-	45.70
Employee stock option lapsed during the period	(34.06)	-	-	34.06	-	-	-
Balance as at March 31, 2023	645.00	22.92	7,574.82	22,184.38	35,148.88	940.12	66,516.12

* Amount of Rs 45.70 lakh includes Rs 30.96 lakh relating to options issued to employees of subsidiaries.

Standalone Statement of Changes In Equity

For the year ended March 31, 2023

(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

* Amount of Rs 652.80 lakh includes Rs 23.79 lakh relating to options issued to employees of subsidiaries.

Standalone Statement of Changes In Equity

For the year ended March 31, 2023

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

Chartered Accountants

Firm registration No.: 101248W/W-100022

[Ajit Viswanath]

Partner

Membership No. 067114

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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, Chennai, Coimbatore, Hyderabad, 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 11, 2023. 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

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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

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

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For the year ended March 31, 2023

- 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 (Note 42 Fair value measurement):

- 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

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For the year ended March 31, 2023

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 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

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For the year ended March 31, 2023

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 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.

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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 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.

ii) 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

Notes to the Standalone Financial Statements

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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 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.

iii) 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.

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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 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.

I. 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.

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For the year ended March 31, 2023

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 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

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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 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.

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.

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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 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 March 23, 2022, MCA has notified amendments in the Companies (Indian Accounting Standards) Amendment Rules, 2022, which are applicable from April 1, 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, 2023

Note 2: Property, Plant and Equipment

(Rs in lakh)

Description of Assets	Gross block			As at March 31, 2023	Accumulated depreciation			Net block		
	As at April 01, 2022	Additions during the year	Deductions during the year		As at April 01, 2022	For disposals the year	On deletions/ during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Tangible Assets*										
Furniture and fixtures	597.99	87.20	(17.26)	667.93	147.74	57.17	(13.88)	191.03	476.90	450.25
Office equipment	375.52	87.92	(18.43)	445.01	152.37	71.63	(18.37)	205.63	239.38	223.15
Computers	839.52	34.52	(17.12)	856.92	450.47	178.19	(17.12)	611.54	245.38	389.05
Vehicles	48.83	128.53	-	177.36	13.44	14.22	-	27.66	149.70	35.39
Electrical installations	176.31	18.80	-	195.11	48.72	17.43	-	66.15	128.96	127.59
Buildings	7,238.78	60.69	-	7,299.47	669.89	134.80	-	804.69	6,494.78	6,568.89
Total Tangible Assets	9,276.95	417.66	(52.81)	9,641.80	1,482.63	473.44	(49.36)	1,906.70	7,735.10	7,794.32

(Rs in lakh)

Description of Assets	Gross block			As at March 31, 2022	Accumulated depreciation			Net block		
	As at April 01, 2021	Additions during the year	Deductions during the year		As at April 01, 2021	For disposals the year	On deletions/ 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

Note:- *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. The Company has assessed the likelihood of outflow of resources in relation to this litigation and has concluded that such likelihood is remote.

Note 3:

(a) Intangible assets

(Rs in lakh)

Description of Assets	Gross block			As at March 31, 2023	Accumulated depreciation			Net block		
	As at April 01, 2022	Additions during the year	Deductions during the year		As at April 01, 2022	For disposals the year	On deletions/ during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	293.05	5.64	(2.84)	295.85	257.67	24.72	(2.84)	279.55	16.29	35.38
Total Intangible assets	293.05	5.64	(2.84)	295.85	257.67	24.72	(2.84)	279.55	16.29	35.38

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(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	On de-letions/ For disposals the year	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
Total Intangible assets	301.05	8.88	(16.88)	293.05	220.37	54.18	(16.88)	257.67	35.38	80.68

(b) Intangible assets under development

(Rs in lakh)

Description	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning	652.02	374.04
Additions	205.99	310.48
Capitalised during the year	(1.74)	-
Write off during the year	(570.63)	(32.50)
Balance at the end	285.64	652.02

(c) Intangible assets under development Ageing Schedule

(Rs in lakh)

As at March 31, 2023	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	205.99	79.65	-	-	285.64
Projects temporarily suspended	-	-	-	-	-
Total	205.99	79.65	-	-	285.64

(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

(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	40.00	-	-	-	40.00
Total	40.00	-	-	-	40.00

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 4: Investments - Non-current

(Rs in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	4,92,97,730	5,186.26	1,57,97,730	1,836.26
Less Provision for impairment		(173.26)		
		5,013.00		
CARE Advisory Research and Training Limited	1,40,95,450	1,450.00	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	-	-	-	-
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	744.20
Face value of RM 1 each fully paid:				
Malaysian Rating Corporation Berhad	20,00,000	1,748.20	20,00,000	1,748.20
Investments in Association of Indian Rating Agencies		0.53		0.53
Total unquoted investments		9,320.99		5,144.25
Quoted:				
Investment measured at amortized cost				
Tax free bonds*		1,898.07		1,906.96
Total quoted investments		1,898.07		1,906.96
Total investments		11,219.06		7,051.21
Aggregate amount of quoted investments		1,898.07		1,906.96
Market value of quoted investments		2,046.28		2,160.14
Aggregate amount of unquoted investments		9,320.99		5,144.25
Aggregate amount of impairment in value of investment		-		-

*This includes accrued interest of Rs 63.92 lakh (Previous year: Rs 63.92 lakh)

Note 5: Loans - Non-current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and Considered Good		
Loan to CARE Risk Solutions Private Limited (Wholly owned subsidiary)* (Refer Note 48)	110.60	932.40
Loans to employees#	33.85	24.69
Total	144.45	957.09

This includes Rs 2.05 lakh accrued interest on loans to employees (Previous Year = Rs 6.91 lakh)

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Type of borrower	As at March 31, 2023	% of total Loans and Advances	As at March 31, 2022	% of total Loans and Advances
(a) Amounts repayable on demand				
Promoter	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Loan to related party	-	-	-	-
(b) Without specifying any terms or period of repayment				
Promoter	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Loan to related party - CARE Risk Solutions Private Limited (Wholly owned subsidiary)	110.60	100%	932.40	100%
Total	110.60	100%	932.40	100%

Note 6: Other Non-current financial assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with banks (with more than 12 months of original maturity)*	12.66	1,125.62
Security deposits - unsecured	60.24	90.41
Total	72.90	1,216.03

*This includes accrued interest of Rs 0.66 lakh (Previous year: Rs 3.62 lakh)

Note 7: Other Non-current assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered Good		
Capital advances	4.88	4.15
Others	30.54	32.84
Total	35.42	36.99

Note 8: Investments - Current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Quoted:		
Investment measured at Fair value through Profit and Loss:		
Investment in various debt mutual funds	-	-
Investment measured at amortized Cost:		
Tax free bonds	-	-
Total Quoted investments	-	-
Total Unquoted investments	-	-
Total current investments	-	-
Aggregate amount of Quoted investments	-	-
Market Value of Quoted investments	-	-
Aggregate amount of Unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 9: Trade receivables

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
(a) Trade receivables - Considered good secured;	-	-
(b) Trade receivables - Considered good unsecured;	1,632.26	1,360.54
(c) Trade receivables which have significant increase in credit risk;	83.50	46.47
(d) Trade receivables - credit impaired	-	-
Total trade receivables	1,715.76	1,407.01
Less: Allowance for credit losses (Refer Note 42 (B))	(83.50)	(46.47)
Total	1,632.26	1,360.54

Trade receivables ageing schedule

(Rs in lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	As at March 31, 2023	Less than 6 months	6 months- 1 year	1-2 Years	2-3 years	
Provision rate		Nil/ 100%	25%/ 50%	75%/ 100%	100%	100%
(i) Undisputed Trade receivables - considered good"	1,513.40	1,17.39	1.48	-	-	1,632.26
(ii) Undisputed Trade receivables - which have significant increase in credit risk	16.11	62.97	4.43	-	-	83.50
(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	1,529.51	180.36	5.90	-	-	1,715.76
Allowance for bad and doubtful debts	(16.11)	(62.97)	(4.43)	-	-	(83.50)
Net trade receivables						1,632.26

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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	
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		(32.89)	(13.58)	-	-	- (46.47)
Net trade receivables						1,360.54

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 10: Cash and cash equivalents

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Cash on hand	0.65	0.46
Liquid Mutual fund	3,005.70	-
Balances with Banks		
On current account	513.29	402.02
Other Bank Balances		
Deposit accounts (with original maturity of less than three months)*	730.57	793.23
Prepaid cards	0.71	0.47
Total	4,250.92	1,196.18

* - This includes accrued interest of Rs 0.24 lakh (Previous year - Rs 0.63 lakh)

Note 11: Bank Balances other than Cash and cash equivalents

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend account	24.62	25.54
Fixed deposits*	-	5,905.74
Total	24.62	5,931.28

* - This includes accrued interest of Rs 0.00 lakh (previous year - Rs 250.19 lakh)

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 12: Loans – Current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and considered good		
Loan to employees*	27.41	21.91
Total	27.41	21.91

* - This includes accrued interest of Rs 0.54 lakh (previous year – Rs 0.35 lakh)

Type of borrower	As at March 31, 2023	% of total Loans and Advances	As at March 31, 2022	% 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 13: Other current financial assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits - unsecured	55.27	46.20
Other receivables	56.24	118.98
Deposits with banks (with more than 12 months of original maturity)*	49,102.88	42,852.55
Lienmarked Deposit with HDFC Bank	141.35	141.35
Total	49,355.74	43,159.08

* - This includes accrued interest of Rs 1396.93 lakh (previous year – Rs 1637.99)

Note 14: Contract assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unbilled revenue	46.07	38.71
Less: Loss allowance	-	-
Total	46.07	38.71

Note 15: Current tax assets (Net)

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance payment of taxes (Net of Provision for tax Provision FY2022-23 Rs 18,915.23 lakh P.Y. Provision FY2021-22 Rs 53,165.61 lakh)	248.75	724.57
Total	248.75	724.57

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 16: Other current assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	243.89	219.43
Deposits with statutory authorities	25.00	25.00
Other advances	26.40	76.70
Total	295.29	321.13

Note 17: Equity share capital

(Rs in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorized	3,50,00,000	3,500.00	3,50,00,000	3,500.00
Equity shares of Rs 10/- each				
Issued, subscribed and fully paid up	2,96,46,547	2,964.65	2,94,61,214	2,946.12
Equity shares of Rs 10/- each				
Opening balance	2,96,46,547	2,964.65	2,94,61,214	2,946.12
Issued during the year	58,264	5.83	1,85,333	18.53
Buy back during the year	(4,199)	(0.42)	-	-
Total	2,97,00,612	2,970.05	2,96,46,547	2,964.65

17(a): List of shareholders holding more than 5% of Paid-Up equity Share Capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	% Holding	Nos.	% Holding
CRISIL LIMITED	26,22,431	8.83%	26,22,431	8.85%
LIFE INSURANCE CORPORATION OF INDIA AND LIC P&GS FUND	28,68,230	9.66%	29,02,136	9.79%
PARI WASHINGTON INDIA MASTER FUND, LTD.	15,66,456	5.27%	15,66,456	5.28%
NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA SMALL CAP FUND	25,92,756	8.73%	-	-
Total	96,49,873	32.49%	70,91,023	23.92%

17(b): The reconciliation of the number of shares outstanding is set out below:

Particulars	As at March 31, 2023	As at March 31, 2022
	Nos.	Nos.
Equity shares at the beginning of the year	2,96,46,547	2,94,61,214
Add: Shares issued under employee stock options scheme (ESOS)	58,264	1,85,333
Buy back during the year	(4,199)	-
Equity Shares at the end of the year	2,97,00,612	2,96,46,547

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.

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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 during the period of five years immediately preceding the reporting date.

Note 18: Other Equity

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital redemption reserve	22.92	22.50
Securities premium	7,574.82	7,369.56
Share options outstanding account	645.00	786.66
General reserve	22,184.38	22,150.73
Retained earnings	35,148.88	30,701.66
Equity instruments through other comprehensive income	940.12	1,027.17
Total Other Equity	66,516.12	62,058.29

Note - Refer statement of changes in equity for description of the nature and purpose of each reserve.

Note 19: Provisions - non-current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for Gratuity - Non Current	387.59	345.42
Provision for Compensated Absence - Non Current	603.10	733.39
Total	990.69	1,078.81

Note 20: Deferred tax liabilities (net)

(Rs in lakh)

Particulars	April 1, 2022	Recognised in statement of profit and loss	Recognised in other comprehensive income	March 31, 2023
Deferred tax liability				
Depreciation on property, plant and equipment	892.25	285.10	-	1,177.35
Fair valuation of investments	186.38	-	(108.82)	77.56
Deferred tax asset				
Provisions for employee benefits	(302.72)	(105.90)	-	(408.62)
Others	(169.71)	(262.21)	79.53	(352.39)
Total	606.20	(83.01)	(29.28)	493.91

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(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

Note 21: Trade Payables

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises * (Refer Note 45)	-	0.70
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	419.34	285.92
Total	419.34	286.62

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables to Related Parties	-	-
Trade payables to Others	419.34	286.62
Total	419.34	286.62

Trade payables ageing schedule

(Rs in lakh)

Particulars	Accrued expenses	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023						
(i) MSME	-	-	-	-	-	
(ii) Others	412.03	7.31	-	-	419.34	
(iii) Disputed Dues - MSME	-	-	-	-	-	
(iv) Disputed Dues - Others	-	-	-	-	-	
Total	412.03	7.31	-	-	419.34	

Particulars	Accrued expenses	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022						
(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	

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 22: Other financial liabilities

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Other Liabilities	25.65	200.10
Unclaimed Dividend	24.62	25.54
Provision for Credit notes /discount	113.30	-
Provision for Salary, Performance Related Pay and Commission	1,539.31	1,330.63
Total	1,702.88	1,556.27

Note 23:

(a) Contract liabilities (Refer Note 26(a) and Note 26(b))

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unearned revenue	938.18	771.97
Advance from customers	650.81	462.34
Total	1,588.99	1,234.31

Note 24: Other current liabilities

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	105.25	417.93
Total	105.25	417.93

Note 25: Provision - Current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for compensated absence	245.27	136.45
Other provisions (Refer note 32)	325.92	100.00
Total	571.19	236.45

Note 26: Revenue from operations

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contracts with customers		
Sale of Services		
Rating Income (including Surveillance)*	24,883.91	21,860.44
Total revenue from contracts with customers (A)		
Other operating revenue (B)	-	66.85
Total revenue from operations (A+B)	24,883.91	21,927.29

*Rating Income (including Surveillance) includes Provision for discount/credit note of Rs (113.30)

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(a) Revenue recognized from past performance obligations

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rating Income	461.77	762.83
Total	461.77	762.83

(b) Revenue recognized that was included in contract liability balance at the beginning of the period:

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rating income	799.92	1,428.11
Total	799.92	1,428.11

(a) Transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) as at March 31, as follows:

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	938.18	771.97
More than one year	-	-
Total	938.18	771.97

Note 27: Other Income

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on assets carried at amortised cost	3,001.21	2,426.68
Dividend income	133.64	158.93
Interest on IT Refund	340.56	-
Gain on fair valuation of investments through profit and loss	61.01	108.76
Miscellaneous income	173.97	141.75
Total	3,710.39	2,836.12

Note 28: Employee benefits expense

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and other allowances	9,562.99	9,277.27
Contribution to provident, gratuity and other funds (Refer Note 34)	555.50	573.65
Employee shared-based payment expense (Refer Note 39)	14.73	629.01
Staff welfare expenses	269.92	196.47
Total	10,403.14	10,676.40

Note 29: Finance costs

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Finance costs on lease liabilities (refer note 46)	69.94	39.64
Total Finance costs	69.94	39.64

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 30: Depreciation and amortization expense

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Property, plant and equipment (refer note 2)	473.44	396.98
Right-of-use assets (refer note 46)	307.26	247.66
Intangible assets (refer note 3 (a))	24.72	54.18
Total depreciation and amortization expense	805.42	698.82

Note 31: Other expenses

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Electricity Charges	100.07	75.21
Postage and telephone charges	44.72	48.59
Rent	9.72	13.62
Travelling and conveyance expenses	202.75	75.01
Directors' sitting fees	103.50	78.50
Insurance premium	48.51	55.03
Legal expenses	182.23	187.13
Professional fees	364.27	268.04
Off-roll manpower cost	79.73	102.27
Rates and taxes	85.76	99.90
Repairs and maintenance		
- Buildings	136.38	116.23
- Others	25.69	26.58
Advertisement and sponsorship expenses	51.10	100.59
Security, housekeeping and office supplies	176.46	152.60
Membership and subscription	61.89	48.81
Provision for bad and doubtful debts	37.03	46.47
Bad debts written off	6.26	18.65
Auditors remuneration		
- Audit fees (including limited review fees)	36.30	28.25
- Tax audit fees	1.65	1.50
- Other services	3.30	3.74
- Reimbursement to auditors	2.34	0.25
Corporate social responsibility (refer note 47)	191.62	237.15
Technology Cost	757.49	726.79
Recruitment expenses	57.17	66.98
Miscellaneous expenses	164.46	72.75
Total	2,930.40	2,650.64

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, 2023	As at March 31, 2022
Contingent Liability on account of Income Tax	-	72.51

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(B) Provisions

The closing balance of provisions as of March 31, 2023 aggregates Rs 325.92 lakh. Of such amount, provisions amounting Rs 100 lakh (March 31, 2022 - Rs 100 lakh) relates to adjudication proceedings initiated by Regulator / Government agencies pertaining to certain Credit ratings assigned by the Company to its clients, which is still in the process of being completed. Further, provision of Rs 225.92 lakh has been recognised in the current year towards expected cost of cancellation of a long term contract for procurement of services.

Further, the Company has assessed the probability of outflow of resources on account of other pending litigations and has concluded that the likelihood of outflow of resources in relation to such litigations is remote.

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	100.00	125.00
Charge/(Reversal) for the year	225.92	(15.00)
Payment	-	(10.00)
Closing balance	325.92	100.00

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 lakh (Previous Year Rs 141.35 lakh)

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 21.22 lakh (March 31, 2022 - 43.53 lakh).

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long-term contracts has been made in the books of account.

Note 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, 2023	As at March 31, 2022
i. Change in present value of obligations:		
Opening defined benefit obligation	1,176.76	1,208.53
Current service cost	122.76	198.59
Interest cost	76.09	75.77
Actuarial (gain)/loss on obligations due to change in financial assumptions	(2.09)	29.59
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	37.21	91.68
Actuarial (gain)/loss on obligations due to experience	77.47	(136.62)
Benefits paid	(190.01)	(290.79)
Closing defined benefit obligations	1,298.19	1,176.76

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Particulars	Gratuity (Funded)	
	As at March 31, 2023	As at March 31, 2022
ii. Change in fair value of plan assets:		
Opening fair value of the plan assets	831.34	936.45
Interest income	56.86	64.24
Expected return on plan assets	(3.73)	(10.14)
Contribution by the employer	216.13	131.58
Benefits paid	(190.01)	(290.79)
Closing fair value of the plan assets	910.60	831.34
iii. Net asset / (liability) recognized in the balance sheet		
Present value of the funded defined benefit obligation at the end of the period	(1,298.19)	(1,176.76)
Fair value of plan assets	910.60	831.34
Net asset / (liability)	(387.59)	(345.42)
iv. Expenses recognized in the statement of profit and loss		
Current service cost	122.76	198.59
Interest on defined benefit obligations	19.23	11.53
Past service cost	-	-
Amount recognized in statement of profit and loss	141.99	210.13
v. Re-measurements recognized in other comprehensive income (OCI):		
Actuarial (gains)/losses on obligation for the period	112.59	(15.35)
Expected return on plan assets	3.73	10.14
Amount recognized in other comprehensive income (OCI)	116.32	(5.21)
vi. Maturity profile of defined benefit obligation:		
Within the next 12 months	271.44	128.52
Between 1 and 5 years	760.36	526.67
Between 5 and 10 years	490.02	533.08
10 Years and above	313.27	873.26
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.)	7.31%	6.84%
Expected return on plan assets (p.a.)	7.31%	6.84%
Turnover rate	For service 4 years and below 36.00% p.a. For service 5 years and above 19.00% p.a.	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Salary escalation Rate (p.a.)	10.00% p.a	10.00% p.a. for the next 4 years, 8.00% p.a. thereafter,
Retirement age	60 years	60 years
ix. Weighted average duration of defined benefit obligation	2.52 years	3.71 years
x. Sensitivity analysis for significant assumptions: *		
Increase present value of defined benefits obligation at the end of the year	1,298.19	1,176.76
1% increase in discount rate	(49.39)	(73.31)
1% decrease in discount rate	53.68	82.93
1% increase in salary escalation rate	30.57	41.02
1% decrease in salary escalation rate	(30.37)	(40.57)
1% increase in employee turnover rate	1.52	7.86
1% decrease in employee turnover rate	(1.83)	(8.97)

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

* The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

xi. Basis used to determine expected rate of return on plan assets:

Expected rate of return on Plan Assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

xii. Salary escalation rate:

Salary escalation rates are determined considering seniority, promotion, inflation and other relevant factors.

xiii. Asset liability matching (ALM) strategy:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

xiv. The Company's expected contribution during next year is Rs 271.44 lakh

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 384.26 lakh (March 31, 2022 - Rs 657.98 lakh)

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 327.84 lakh (March 31, 2022- Rs 307.49 lakh).

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 36.49 lakh (March 31, 2022 - 36.29 lakh).

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:

Name of Related Parties	Nature of Relationship	% Shareholding and Voting Power	
		As at March 31, 2023	As at March 31, 2022
Related party where control exists			
CARE Risk Solutions Private Limited	Wholly Owned Subsidiary	100.00%	100.00%
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	100.00%	100.00%
CARE Ratings (Africa) Private Limited	Subsidiary	78.00%	78.00%
CARE Ratings (Nepal) Limited	Subsidiary	51.00%	51.00%

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

B. Other Related Parties:

Name of Related Parties	Nature of Relationship
Key management personnel:	
Mr. Ajay Mahajan (upto May 31, 2022)	Managing Director & CEO
Mr. Mehul Pandya (w.e.f. July 29, 2022)*	Managing Director & CEO
Mr. Najib Shah	Independent Director
Mr. V. Chandrasekaran	Independent Director
Mr. Adesh Kumar Gupta	Independent Director
Ms. Sonal Guntant Desai	Independent Director
Dr. M Mathisekaran	Independent Director
Mr. S.M.Jain (w.e.f. January 28, 2023)	Non-Executive Director
Mr. Gurumoorthy Mahalingam (w.e.f. November 21, 2022)	Independent Director
Ananth Narayan Gopalakrishnan (upto September 5, 2022)	Independent Director
Shubhangi Soman (up to November 24, 2022)	Non-Executive Director

* Mr Mehul Pandya was Executive director and designated KMP from April 01, 2022 to May 31, 2022 and Interim CEO from June 01, 2022 to July 28, 2022.

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, 2023	As at March 31, 2022
CARE Risk Solutions Private Limited (CRSPL)	Wholly owned subsidiary	Loan given to CRSPL	817.60	592.40
		Loan repaid by CRSPL	1,639.40	60.00
		Interest on loan given to CRSPL	36.84	46.64
		Reimbursement of expenses	-	30.82
		Professional fees paid to CRSPL	-	22.50
		Software development by CRSPL for company	1.25	272.23
		Expense related to ESOP granted to CRSPL employees	18.72	11.56
		Bank Guarantee commission	-	0.71
		Income from laptop rent	1.65	3.30
		Fair value gain on Preference shares	-	49.75
		Dividend received by company	-	0.50
		Investments in equity shares	3,350.00	-
		AMC of software	2.55	-
		Manpower cost recharge	21.47	-
		Capital work in progress	1.25	-
Rent income	2.52	-		
CARE Ratings (Africa) Private Limited (CRAF)	Subsidiary	Royalty income from CRAF	23.94	18.05
		Expense related to ESOP granted to CRAF employee	2.72	15.32
		Dividend received	68.48	55.70
CARE Advisory Research and Training Limited (CART)	Wholly owned subsidiary	Rent income	50.19	51.27
		Reimbursement of expenses	-	63.31
		Investments in equity shares	1,000.00	-
		Expense related to ESOP granted to CART employees	9.53	-
		Manpower cost recharge	20.93	-
		Rent income from laptop	1.28	-
		Professional fees paid to CART	21.80	-

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Name of the related party	Relationship	Nature of transactions	As at March 31, 2023	As at March 31, 2022
CARE Ratings Nepal Limited (CRNL)	Subsidiary	Dividend income from CRNL	33.55	31.85
		Sitting fees income	1.14	0.40
		Royalty income from CRNL	24.07	22.24
Mr. Najib Shah	Independent Director	Director sitting fees	16.50	13.00
Mr. Adesh Kumar Gupta	Independent Director	Director sitting fees	18.50	14.50
Dr. M Mathisekaran	Independent Director	Director sitting fees	13.50	10.00
Mr. Ananth Narayan Gopalakrishnan	Independent Director (upto September 05, 2022)	Director sitting fees	9.50	14.50
Mrs. Sonal Gunvant Desai	Independent Director	Director sitting fees	16.00	14.50
Mr. V. Chandrasekaran	Independent Director	Director sitting fees	19.00	12.00
Ms. Shubhangi Soman	Non-Executive Non-Independent Director (upto November 24, 2022)	Director sitting fees	7.50	NA
Mr. Gurumoorthy Mahalingam	Independent Director (w.e.f. November 21, 2022)	Director sitting fees	5.50	NA
Mr. S.M.Jain	Non-Executive Non-Independent Director (w.e.f. January 28, 2023)	Director sitting fees	1.50	NA

D. Outstanding balances:

(Rs in lakh)

Name of the related party	Relationship	Nature of transactions	As at March 31, 2023	As at March 31, 2022
CARE Risk Solutions Private Limited (CRSPL)	Wholly owned subsidiary	Receivable related to ESOP granted to CRSPL Employees	-	11.56
		Investments*	5,186.26	1,836.26
		Loan Advances	110.60	932.40
		Other liabilities	-	172.33
CARE Ratings (Africa) Private Limited (CRAF)	Subsidiary	Investments	205.15	205.15
		Receivable related to ESOP granted to CRAF Employees	18.04	15.32
		Royalty Receivable	23.85	17.39
CARE Advisory Research and Training Limited (CART)	Wholly owned subsidiary	Investments	1,450.00	450.00
		Receivable related to ESOP granted to CART Employees	2.35	-
CARE Ratings Nepal Limited (CRNL)	Subsidiary	Investments	159.91	159.91
		Sitting fees receivable	0.43	-
		Royalty Receivable	14.34	12.89

*During the year, the Company has recognized an impairment loss on non current assets i.e. investments in subsidiaries of Rs 173.26 lakh

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Other liabilities amounting Rs 172.33 lakh pertaining to payments outstanding in relation to development work performed for certain intangible assets under development (refer note on impairment - note 52). During the year, the same has been reversed and adjusted with intangible assets under development and the balance amount of intangible assets under development has been impaired during the current year.

E. Compensation of Key Management Personnel of the company:

(Rs in lakh)

Nature of Transaction/Relationship	As at March 31, 2023	As at March 31, 2022
Short term employee benefits*	381.98	663.77
Other long terms benefits	6.12	8.41
Share based payments **	82.56	311.68
Directors' sitting fees	103.50	78.50
Total Compensation	574.16	1,062.36

*Previous year amount includes provision for compensated absences paid in the current year.

**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):

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
A) Basic EPS		
(i) Net Profit attributable to Equity Shareholders (Rs in lakh)	10,380.19	8,447.25
(ii) Weighted average number of Equity shares outstanding (Nos.)	2,96,55,883	2,95,10,126
Basic Earnings Per Share (i)/(ii)	35.00	28.62
B) Diluted EPS		
(i) Weighted average number of Equity shares outstanding (Nos.)	2,96,55,883	2,95,10,126
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	-	1,64,443
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS (Nos.)	2,96,55,883	2,96,74,569
Diluted EPS {(A)(i)/(B)(iii)}	35.00	28.47

Note 38: Income Taxes:

A. Income tax recognized in Statement of Profit and Loss:

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax	3,677.91	2,831.73
Adjustment of tax relating to earlier periods	(161.22)	-
Deferred tax	(83.03)	(581.06)
Total income tax recognized in statement of profit and loss	3,433.66	2,250.67

B. Income tax recognized in Other comprehensive income:

Particulars	As at March 31, 2023	As at March 31, 2022
Unrealised (gain)/loss on FVTOCI equity securities	-	136.41
Net loss/(gain) on remeasurements of defined benefit plans	29.27	1.31
Total tax recognized in other comprehensive income	29.27	137.72

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

C. Reconciliation of Effective Tax Rate:

Particulars	As at March 31, 2023	As at March 31, 2022
Profit/(loss) before tax (Rs in lakh)	13,813.85	10,697.91
Applicable tax rate	25.17%	25.17%
Tax effect of tax-exempt income	(0.51%)	(0.66%)
Tax effect of non-deductible expenses	1.47%	4.49%
Tax effect of allowances for tax purpose		(7.96%)
Tax effect of prior period expenses for tax purpose	(1.17%)	-
Tax effect of lower rate for tax purpose	(0.10%)	-
Effective Tax Rate	24.86%	21.04%

Note 39: Share based payments:

The company has granted 11,52,500 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, EX MD	3,22,000 to others	1,23,500 to others	25,000 to others	1,00,000 to Mr. Mehul Pandya, MD	72,000 to others	10,000 to others	5,37,908
Method of Accounting	Fair Value method							
Vesting Plan	1/3 rd on completion of one year from the grant date 1/3 rd on completion of two years from the grant date 1/3 rd 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	May 28, 2022	July 29, 2022	November 08, 2022	January 04, 2023	September 01, 2017
Exercise Price (Per Share)	Rs 340/ share	Rs 416/ share	Rs 682/ share	Rs 464.50/ share	Rs 427/ share	Rs 506/ share	Rs 585/ share	Rs 1,139/ share
Fair value on the date of grant of option (Per share)	Rs 107.77/ share Rs 131.70/ share Rs 151.16/ share	Rs 249.24/ share Rs 282.97/ share Rs 310.18/ share	Rs 187.89/ share Rs 232.29/ share Rs 269.57/ share	Rs 103.04/ share Rs 145.44/ share Rs 150.02/ share	Rs 109.41/ share Rs 148.04/ share Rs 151.59/ share	Rs 119.29/ share Rs 164.91/ share Rs 182.99/ share	Rs 149.56/ share Rs 205.08/ share Rs 234.40/ share	Rs 1,506.65/ share
Method of Settlement	Equity							Equity

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(B) Movement of Options granted:

Particulars	As at March 31, 2023		As at March 31, 2022		
	ESOS (2020) (MD)	ESOS (2020) (Others)	ESOS (2020) (MD)	ESOS (2020) (Others)	ESOS (2017)
Options outstanding at beginning of the year	3,33,333	3,40,334	5,00,000	3,22,000.00	3,72,505
Granted during the year	1,00,000	1,07,000	-	1,23,500	-
Exercised during the year	-	(58,264)	(1,66,667)	(18,666)	-
Lapsed during the year	(3,33,333)	(35,667)	-	(86,500)	(3,72,505)
Options outstanding at the end of the year	1,00,000	3,53,403	3,33,333	3,40,334	-
Options unvested at the end of year	1,00,000	2,43,653	3,33,333	2,73,000	-
Options exercisable at the end of the year	-	1,09,750	-	67,334	-
Weighted Average exercise price	Rs 427/-	Rs 416 - Rs 682	Rs 340/-	Rs 416 - Rs 682	Rs 1,139/-
Weighted average remaining contractual life (years)	3.33	1.68 to 3.61	3.04	2.75 to 3.59	-

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 14.73 lakh (Previous Year 629.01 lakh) 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:

Particulars	ESOS 2020		ESOS 2017
	MD	Other employees	
Share price at grant date			
Risk free interest rate (%)	4.29%-6.93%	4.01%-7.59%	6.39%
Option life (Years)	3 years to 5 years	3 years to 5 years	3 years
Expected volatility	42.36% - 54.36%	36.91% - 60.25%	31.80%
Expected dividend yield (%)	0.95% - 3.83%	0.96% - 3.51%	1.86%
Weighted average fair value per option	Rs 107.77 to Rs 151.59	Rs 187.89 to Rs 616.10	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, 2023	As at March 31, 2022
Total Carrying Amount	645.00	786.66

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 40: Financial instruments: disclosure:

A. Classification of financial assets and liabilities:

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets at amortized cost:		
Investment (non-current)	1,898.07	1,906.96
Loans (non-current)	144.45	957.09
Investment (current)	-	-
Loans (current)	27.41	21.91
Trade receivables	1,632.26	1,360.54
Cash and cash equivalents	4,250.92	1,196.18
Other bank balances	24.62	5,931.28
Other non-current financial assets	72.90	1,216.03
Other current financial assets	49,355.73	43,159.08
Financial assets at fair value through profit and loss:		
Investments (non-current)	-	-
Investment (current)	-	-
Financial assets at fair value through OCI:		
Investment (non-current)	2,492.93	2,492.93
Total	59,899.29	58,242.00
Financial liabilities at amortized cost:		
Lease liabilities (non current)	1,241.46	183.04
Lease liabilities (current)	123.56	238.97
Trade payables	419.34	286.62
Other current financial liabilities	1,702.88	1,556.27
Total	3,487.24	2,264.90

B. Investments in equity instruments designated at Fair Value through other comprehensive income

As on March 31, 2023 and March 31, 2022, 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, 2023	As at March 31, 2022
Financial assets at fair value through OCI:		
- Malaysian Rating Corporation Berhad	1,748.20	1,748.20
- ARC Ratings Holdings Limited	744.20	744.20
Total	2,492.40	2,492.40

The Company has received Rs 34.91 lakh (Previous Year Rs 70.88 lakh) 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, 2023

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 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, 2023			
Investments measured at			
Fair Value through OCI	-	-	2,492.40
Fair Value through Profit and Loss	-	-	-
Amortised cost	1,898.07	-	-
As at March 31, 2022			
Investments measured at			
Fair Value through OCI	-	-	2,492.40
Fair Value through Profit and Loss	-	-	-
Amortised cost	1,906.96	-	-

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, 2023 and 2022.

The valuation of investments in Malaysian Rating Corporation Berhad and ARC Ratings Holding Limited has been done by registered 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.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

Note 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

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For the year ended March 31, 2023

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)

Description	Currency	As at March 31, 2023		As at March 31, 2022	
		Amount in FC	Amount in Rs	Amount in FC	Amount in Rs
Other Receivable	MUR	13.62	41.89	10.60	17.39
Trade Receivables	USD	-	-	0.11	7.45

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, 2023	As at March 31, 2022
MUR	0.42	0.17
USD	-	0.07

Note: If the rate is decreased by 100 bps profit will increase by an equal amount

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating (primarily Trade receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

The Company measures and manages its Credit Risk by diversification of its surplus funds into various mutual fund schemes based on its investment policy.

Total Trade receivable as on March 31, 2023 is Rs 1,632.26 lakh (March 31, 2022 - Rs 1,360.54 lakh). 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.

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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 off at a higher rate with reasons whenever felt necessary.

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Provision	46.47	66.85
Add: Provided (utilized) during the Year	37.03	(20.38)
Closing Provision (refer note 9)	83.50	46.47

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 liquid 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, 2023	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade payables	419.34	-	-	419.34
Other current financial liabilities				
Other Liabilities	25.65	-	-	25.65
Unclaimed Dividend	24.62	-	-	24.62
Provision for Salary, Performance Related Pay and Commission	1,539.31	-	-	1,539.31
Lease liabilities. (Refer Note 46)	245.56	-	-	245.56
Other non current financial liabilities				
Lease liabilities (Refer Note 46)	-	869.95	-	869.95
Total	2,254.48	869.95	-	3,124.43

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, 2023

Note 43: Distribution made and proposed:

(Rs in lakh)

Particulars	Period Ended March 31, 2023	Year Ended March 31, 2022
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2022: Rs 10.00/- per share and Interim Dividend for the period ended till March 31, 2023 Rs 10/- per share (March 31, 2022: Interim Rs 7.00/- per share)	5,932.96	3,829.96
Total Dividend paid	5,932.96	3,829.96
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, 2023: Rs 15/- Per share, (March 31, 2022: Rs 10.00/-per share)	4,455.09	2,964.65
Total dividend proposed	4,455.09	2,964.65

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.

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, 2023	As at March 31, 2022
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	0.70
- 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	-	-
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.	-	-

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, 2023:

(Rs in lakh)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	365.12	588.52
Additions	1,411.96	25.27
Deletions	(136.29)	(1.01)
Depreciation	(307.26)	(247.66)
Balance as at end of the year	1,333.53	365.12

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For the year ended March 31, 2023

Amounts recognized in profit and loss:

(Rs in lakh)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Depreciation expense on Right-of-use assets	307.26	247.66
Interest expense on Lease liabilities	69.94	39.64
Expense relating to short-term leases	9.72	13.62
Total	386.92	300.92

The following is the break-up of current and non-current Lease liabilities as at March 31, 2023

(Rs in lakh)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Current lease liabilities	123.56	238.97
Non-current lease liabilities	1,241.46	183.04
Total	1,365.02	422.01

The following is the movement in Lease liabilities during the year ended March 31, 2023:

(Rs in lakh)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	422.01	648.90
Additions	1,348.53	25.27
Deletions	(178.15)	(18.71)
Finance costs accrued during the period	69.94	39.64
Payment of lease liabilities	(297.32)	(273.09)
Balance at the end of the year	1,365.01	422.01

The table below provides details regarding the contractual maturities of Lease liabilities on an undiscounted basis:

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Less than one year	245.56	270.23
One to five years	869.95	185.44
More than five years	894.76	-

The total cash outflow for leases is Rs 307.04 lakh for the Year ended March 31, 2023, 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 191.62 lakh (Previous Year Rs 237.15 lakh)

Amount spent during the year on the following:

(Rs in lakh)

Particulars	As at March 31, 2023
Apex Kidney Foundation	8.00
Impact Guru Foundation	2.50
Juvenile Diabetes Foundation	16.00
K.C. Mahindra Education Trust	23.44
Kamarajar Educational Trust	20.87
Land for Tillers Freedom (LAFTI)	21.48

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For the year ended March 31, 2023

Particulars	As at March 31, 2023
LeapForWord	7.00
Prashanti medical services and research foundation	25.00
Seva Sahayog Foundation	21.00
Sri Sathya Sai Annapoorna Trust	2.33
Sri Sathya Sai Health & Education Trust	31.50
The Fine Arts Society	12.50
Total	191.62

Particulars	As at March 31, 2023	As at March 31, 2022
Amount required to be spent during the year	191.62	237.15
Amount of expenditure incurred during the year	191.62	237.15
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, Providing sustainable livelihood among young people and women through green initiatives & entrepreneurship development, Health and Nutrition, Sustainable livelihood, Education.	Health care, education, community development, mid-day meals, nutritional food to aanganwadi children, computers
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 FY22-23, the company had granted unsecured loans amounting to Rs 707 lakh to its wholly owned subsidiary CARE Risk Solutions Private Limited for meeting working capital requirements. CARE Risk Solutions Private Limited had repaid the entire outstanding loan amounting to Rs 1,639.40 lakh on August 3, 2022. This repayment was made from capital infusion of Rs 33.50 crores made in the form of equity shares by Care Ratings Limited on August 1, 2022.

Further, Care Ratings Limited had granted unsecured loan in November 2022 amounting to Rs 110.60 lakh (previous year = Rs 592.40 lakh) (closing balance – Rs 110.60 lakh, previous year – Rs 932.40 lakh) to CARE Risk Solutions Private Limited. 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, 2023	Year Ended March 31, 2022
CARE Ratings (Nepal) Limited	Subsidiary	-	-
CARE Ratings (Africa) Private Limited	Subsidiary	-	-
CARE Risk Solutions Pvt. Limited	Subsidiary	3,350	778.42
Credit Advisory Research and Training Limited	Subsidiary	1,000	-

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 49: Ratio Analysis

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	Reasons for major variance
Current Ratio	Total current assets	Total current liabilities	12.39	13.29	(6.77%)	
Debt-Equity Ratio	Borrowings and lease liabilities	Total equity	0.02	0.01	202.68%	The increase is due to increase in lease liability and increase in total equity during the year.
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	37.86	33.64	12.55%	
Return on Equity Ratio	Profit for the year less preference dividend (if any)	Average total equity	14.94	12.99	14.99%	
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	16.63	14.48	14.86%	The increase is due to decrease in trade receivables
Trade payables turnover ratio	Net Credit Purchases/ Other expenses	Average trade payables	41.87	45.40	(7.77%)	The decrease in ratio is primarily on account of increase in trade payables
Net capital turnover ratio	Revenue from operations	Average working capital (i.e. Total Current assets - Total Current liabilities)	0.48	0.45	7.77%	
Net profit ratio	Profit for the year	Revenue from operations	0.42	0.39	8.28%	
Return on Capital employed	EBIT	Capital Employed= Net worth+ Lease Liabilities+ Deferred tax liabilities	0.20	0.16	19.44%	
Return on investment	Income generated from invested funds	Average invested funds in treasury investments	0.28	0.38	(25.45%)	The decrease is primarily on account of increase in interest income and increase in investments in the current financial year compared with pervious financial year

Note 50:

- 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.
- 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.

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Note 51:

The Board of Directors at its meeting held on July 20, 2022, approved a proposal for buy-back of up to 23,68,000 fully paid-up equity shares of face value of Rs 10/- each (representing 7.99% of the total issued, subscribed and paid-up equity share capital of the Company as on March 31, 2022) by way of a tender offer at a price of Rs 515/- per equity share, payable in cash for an aggregate amount not exceeding Rs 1,21,95,20,000/- ("Buy-back"), in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended and the Companies Act, 2013 and the rules made thereunder. The Buy-back was approved by shareholders by means of a special resolution through postal ballot on September 2, 2022. The Tendering Period of the Buy-back was concluded on December 1, 2022. Capital Redemption Reserve was created to the extent of share capital extinguished (Rs 0.42 lakh). The Company bought back 4,199 equity shares out of shares that were tendered by the eligible shareholders and extinguished the Equity Shares on December 19, 2022. The related expenses were appropriately recognized directly in other equity (adjusted against securities premium).

Note 52: Impairment

Impairment loss of non current assets are as follows

- a) Impairment of intangible assets under development
- b) Impairment of Investment in subsidiaries
 - a) Impairment of intangible assets under development - During the year ended March 31, 2023, the Company has recognised an impairment loss in relation to an intangible asset under development (after adjustment for related liabilities) amounting to Rs 398.29 lakh. The impairment was based on the Management's assessment of the development completed in context of the related ratings' business requirements except for intangible asset under development amounting Rs 40.00 lakh which is expected to developed in the subsequent periods.
 - b) Impairment of Investment in subsidiaries - During the year ended March 31, 2023, the Company has recognized an impairment loss in relation to investments in subsidiaries of Rs 173.26 lakh.

During the year ended March 31, 2023, the performance of a subsidiary company along with relevant economic conditions and conditions of the market in which the entity operates, resulted in indicators of impairment. Accordingly, the Company determined the recoverable amount of the entity i.e. Rs 5,013.00 lakh which is based on fair value less cost of disposal and recorded an impairment loss of Rs 173.26 lakh (FY 2022: Nil) for the year ended March 31, 2023. The valuation of investment is considered in the nature of level 3 valuation. The value in use calculation use discount rate of 15% on median EV / Revenue multiple of the comparable companies.

Note 53:

There are no funds advanced or loaned or invested by the Company or received by the Company to / from any other persons or entities, including foreign entities (Intermediaries / Funding Parties).

Significant Accounting Policies 1

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

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

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Independent Auditor's Report

To the Members of CARE Ratings Limited

Report on the Audit of the 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 March 31, 2023 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 the 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 March 31, 2023, of its consolidated profit and other comprehensive loss, 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 reports of the other auditors referred to in paragraph (a) of the "Other Matters" section 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.

Key audit matter

See Note 28 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company's revenue from operations primarily comprises of income from providing rating services to customers. Refer note 28 for details of revenue from operations for current financial year. The revenue is recognized based on completion of identified performance obligation from customer contracts in accordance with Ind AS 115 "Revenue from Contracts with Customers" (Ind AS 115).</p> <p>There is a risk that revenue recognized is not based on completion of identified performance obligation arising from valid customer contracts.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the revenue related business process and assessed the appropriateness of revenue recognition policies adopted by the Company. • Tested the design and implementation and operative effectiveness of internal controls related to the process of revenue recognition. • On selected samples of contracts we performed the following procedures: <ol style="list-style-type: none"> a) Reviewed the terms and conditions in the contracts. b) Evaluated the identification of the performance obligations for the respective contracts. c) Evaluated the appropriateness of management's assessment of manner of satisfaction of performance obligations and consequent revenue recognition. d) Verified the revenue recognition for cut off transactions to assess whether the timing of revenue recognition is appropriate. • Evaluated the appropriateness and adequacy of the disclosures made in the standalone financial statements for the revenue recognized 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 financial statements and auditor's report thereon.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of 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 are 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 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 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 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 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 the 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 paragraph (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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter(s)

- a. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of Rs 2,269.96 lakh as at March 31, 2023, total revenues (before consolidation adjustments) of Rs 1,431.77

lakh and net cash flows (before consolidation adjustments) amounting to Rs 440.43 lakh 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 reports of the other auditors.

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 reports of other auditors and the conversion adjustments prepared by the management of the Holding 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 this matter/ the above matter(s) with respect to our reliance on the work done and the reports of the other auditors.

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 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, 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 March 31, 2023 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 March 31, 2023 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 B".
- 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 Auditors) 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:
- a. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2023 on the consolidated financial position of the Group. Refer Note 34B to the consolidated financial statements.
- b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2023.
- c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023.
- d (i) The management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, other than as disclosed in the Note 51 to the consolidated financial statements, 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 any of such subsidiary companies 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 directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, other than as disclosed in the Note 51 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- 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.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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 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 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act 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
ICAI UDIN:23067114BGWP1A5374

Place: Mumbai
Date: May 11, 2023

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of CARE Ratings Limited for the year ended March 31, 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) 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, qualification or adverse remarks given by its 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)

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

Ajit Viswanath
Partner
Membership No.: 067114
ICAI UDIN:23067114BGWPIA5374

Place: Mumbai
Date: May 11, 2023

Annexure B to the Independent Auditor's Report on the consolidated financial statements of CARE Ratings Limited for the year ended March 31, 2023

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 Act

(Referred to in paragraph 2(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 CARE Ratings Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act 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 financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to 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 and Board of Directors' Responsibilities for Internal Financial Controls

The respective 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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
ICAI UDIN:23067114BGWPJA5374

Place: Mumbai
Date: May 11, 2023

Consolidated Balance Sheet

As at March 31, 2023

(Rs in lakh)

Particulars	Note Number	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property plant and equipment	2	8,023.13	7,879.60
Right-of-use assets	48	1,712.07	849.51
Goodwill on consolidation	3 (e)	795.03	795.03
Other intangible assets	3 (a)	198.13	37.66
Intangible assets under development	3 (b) - 3 (d)	423.03	818.66
Financial Assets			
Investments (non current)	4	4,391.00	4,399.89
Loans	5	33.85	24.68
Other financial assets	6	1,171.43	1,266.41
Deferred tax assets (net)	7	-	234.20
Other non-current assets	8	35.42	36.99
Total Non-current Assets		16,783.09	16,342.63
Current Assets			
Financial Assets			
Investments (current)	9	-	-
Trade receivables	10	2,151.38	1,664.11
Cash and cash equivalents	11	4,942.47	1,763.26
Bank balances other than cash and cash equivalents	12	702.84	6,453.09
Loans	13	29.05	21.91
Other financial assets	14	50,831.44	44,255.11
Contract assets	15	64.84	678.95
Current tax assets (net)	16	449.94	1,151.94
Other current assets	17	1,148.09	409.69
Total current assets		60,320.05	56,398.07
Total assets		77,103.14	72,740.70
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	18	2,970.05	2,964.65
Other equity	19	64,250.74	61,784.81
Equity attributable to equity holders of the parent		67,220.79	64,749.46
Non-controlling interests	18 (h)	683.33	531.42
Total equity		67,904.12	65,280.88
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Lease liabilities	48	1,527.69	564.08
Provisions	20	1,255.13	1,166.33
Deferred tax liabilities (net)	21	493.91	606.2
Total Non-Current Liabilities		3,276.73	2,336.61
Current Liabilities			
Financial Liabilities			
Lease liabilities	48	220.12	327.24
Trade payables	22	-	0.70
Total outstanding dues of micro enterprises and small enterprises		995.25	512.74
Total outstanding dues of other than micro enterprises and small enterprises		1,774.87	1,848.65
Other financial liabilities	23	1,704.85	1,619.79
Contract liabilities	24	477.55	500.96
Other current liabilities	25	721.65	291.83
Provisions	26	28.00	21.30
Current tax liability (net)	27	-	-
Total Current Liabilities		5,922.29	5,123.21
Total Equity and Liabilities		77,103.14	72,740.70

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

[Ajit Viswanath]

Partner

Membership No. 067114

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Consolidated Statement of Profit and Loss

For the year ended March 31, 2023

(Rs in lakh)

Particulars	Note Number	Year Ended March 31, 2023	Year Ended March 31, 2022
Income			
Revenue from operations	28	27,899.30	24,763.28
Other income	29	3,793.65	2,719.11
Total Income		31,692.95	27,482.39
Expenses			
Employee benefit expenses	30	13,394.37	12,641.27
Finance costs	31	100.17	46.38
Depreciation and amortization expenses	32	1,052.94	770.59
Impairment of non current assets	3 (a)	570.62	21.29
Other expenses	33	4,000.20	4,139.86
Total Expenses		19,118.30	17,619.39
Profit before exceptional item and tax		12,574.65	9,863.00
Exceptional items		-	-
Profit before tax expense		12,574.65	9,863.00
Tax expenses			
Current tax	38 (A)	3,830.43	2,932.09
Adjustment of tax relating to earlier periods	38 (A)	49.36	-
Deferred tax	38 (A)	149.06	(751.99)
Total tax expense		4,028.85	2,180.10
Profit after tax		8,545.80	7,682.90
Profit for the year attributable to:			
Non-controlling interest		192.86	172.11
Owners of the parent		8,352.94	7,510.79
Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss		(121.59)	936.69
(ii) Income tax relating to items that will not be reclassified to profit or loss	38 (B)	29.27	(140.93)
B. (i) Items that will be reclassified to profit or loss		9.38	(16.42)
(ii) Income tax relating to items that will be reclassified to profit or loss		(2.36)	4.13
Other comprehensive income for the year		(85.30)	783.47
Other comprehensive income for the year attributable to:			
Non-controlling interest		1.54	(2.70)
Owners of the parent		(86.84)	786.17
Total Comprehensive Income for the year		8,460.50	8,466.37
Total Comprehensive Income for the year attributable to:			
Non-controlling interest		194.40	169.41
Owners of the parent		8,266.10	8,296.96
Earnings per equity share (Face Value Rs 10/- each)	39		
- Basic		28.17	25.45
- Diluted		28.17	25.31

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

[Ajit Viswanath]

Partner

Membership No. 067114

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

Consolidated Cash Flow Statement

For the year ended March 31, 2023

(Rs in lakh)

Particulars	Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash flows from Operating Activities			
Profit before tax		12,574.65	9,863.02
Adjustments for			
Interest income	29	(3,164.39)	(2,477.31)
Notional income on fair value of security deposits		(11.19)	(9.71)
Dividend received	29	(31.60)	(70.89)
Realized gain on sale of investments		(55.31)	-
Unrealized gain on fair valuation of investments through profit and loss		-	(59.01)
Provision for doubtful debts	33	40.30	640.53
Bad debts written off	33	11.78	37.83
Loss/(gain) on sale of fixed assets		0.81	1.98
Share based payment expenses	30	48.28	652.81
(Reversal of)/impairment losses on property, plant and equipment and intangible assets	3(a)	570.62	21.29
Lease concession		(11.03)	-
Gain on termination of lease		(30.84)	-
Unrealised foreign exchange (gain)/ loss	29	(111.73)	(57.98)
Finance Cost on lease liabilities	31	100.16	46.38
Depreciation and amortization expenses	32	1,052.94	770.59
Operating Profit before working capital changes		10,983.45	9,359.52
Movements in working capital			
Decrease/(Increase) in trade receivables		(427.64)	471.46
Decrease/(Increase) in non-financial assets		614.09	(46.99)
Decrease in financial Assets		94.14	620.62
Increase in other current assets		(738.40)	-
Decrease/(Increase) in non-current financial assets		2.30	(53.27)
(Decrease)/Increase in non-financial liabilities		85.06	(574.80)
Increase in financial liabilities		408.94	116.29
(Decrease)/Increase in other liabilities & provisions		373.61	(159.71)
Total Movements in working capital		412.10	373.61
Taxes paid		(3,171.31)	(2,932.79)
Net cash from operating activities..... (1)		8,224.24	6,800.33
Cash flows from Investing Activities			
Interest received		1,841.04	2,440.44
Dividend received	29	31.60	70.89
Net proceeds from/(investment in) fixed deposits		508.09	(23,929.08)
Proceeds from sales of property plant & equipment		2.63	22.09
Acquisition of property plant and equipment		(1,150.64)	(1,898.33)
Purchase of Investments		(15,075.00)	(0.53)
Redemption of Investments		15,130.31	20,562.68
Net cash from investing activities..... (2)		1,288.03	(2,731.83)
Cash flows from Financing Activities			
Dividend and dividend tax paid		(5,976.37)	(3,829.96)
Buyback related expenses		(163.40)	-
Premium paid on buy back of share		(21.20)	-
Redemption of share capital on account of buy back during the year	18	(0.42)	-
Proceeds from exercise of share options		242.38	644.32
Repayment of lease liability		(313.89)	(281.78)
Payment of interest on lease liability	31	(100.16)	(46.38)
Net cash used in financing activities..... (3)		(6,333.06)	(3,513.80)

Consolidated Statement of Changes In Equity

For the year ended March 31, 2023

Particulars	Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Effects of un-realized exchange gain on cash and cash equivalents		-	-
Net increase / (decrease) in cash and cash equivalents (1 + 2 + 3)		3,179.21	554.71
Cash and cash equivalents at the beginning		1,763.26	1,208.55
Cash and cash equivalents at the end		4,942.47	1,763.26
Cash and cash equivalents comprise of:			
Cash on hand	11	0.94	0.57
Liquid Mutual fund	11	3,005.70	-
Balances with Banks			
On Current Account	11	725.05	665.34
Other Bank balances			
Deposit Accounts	11	1,210.07	1,096.87
Prepaid Cards	11	0.71	0.47
Total		4,942.47	1,763.26

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

[Ajit Viswanath]

Partner

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

[Najib Shah]

Chairman

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Managing Director & CEO

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Independent Director

DIN No. - 00020403

[Jinesh Shah]

Chief Financial Officer

M No.- 117833

[Nehal Shah]

Company Secretary

M No.- A18077

Mumbai

Date : May 11, 2023

Mumbai

Date : May 11, 2023

A. Equity Share Capital

For the year ended March 31, 2023

(Rs in lakh)

Balance as at April 01, 2022	Changes in Equity Share Capital during the year	Balance as at March 31, 2023
2,964.65	5.40	2,970.05

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

Consolidated Statement of Changes In Equity

For the year ended March 31, 2023

B. Other Equity

For the year ended March 31, 2023

(Rs in lakh)

Particulars	Reserves and Surplus				Total equity		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			
Balance as at April 01, 2022	786.66	22.50	7,369.56	22,148.48	(26.43)	30,410.61	1,073.44	61,784.81	531.42
Profit for the year (1)	-	-	-	-	-	8,352.94	-	8,352.94	192.86
Other comprehensive income/ (loss) for the year									
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	-	-	(121.59)	(121.59)	-
Foreign currency translation adjustments (4)	-	-	-	-	7.32	-	-	7.32	2.06
Deferred tax impact on above Adjustments (2,3 and 4) (5)	-	-	-	-	(1.84)	-	29.27	27.43	(0.52)
Total comprehensive income/ (loss) for the year (1+2+3+4+5)	-	-	-	-	5.48	8,352.94	(92.32)	8,266.09	194.40
Contribution by and Distribution to owners									
Dividends	-	-	-	-	-	(5,932.96)	-	(5,932.96)	(42.49)
Nominal value of shares bought back transferred to CRR	-	0.42	-	(0.42)	-	-	-	-	-
Buyback related expenses	-	-	(163.40)	-	-	-	-	(163.40)	-
Premium paid on buy back of share	-	-	(21.20)	-	-	-	-	(21.20)	-
Other adjustments	-	-	-	-	-	35.14	-	35.14	-
ESOP Exercised During the period	(153.31)	-	389.86	-	-	-	-	236.55	-
Employee stock option granted/charge for this period*	45.70	-	-	-	-	-	-	45.70	-
Employee stock option lapsed during the period	(34.06)	-	-	34.06	-	-	-	-	-
Balance as at March 31, 2023	644.99	22.92	7,574.82	22,182.12	(20.95)	32,865.74	981.12	64,250.74	683.33

* Amount of Rs 45.70 lakh includes Rs 30.96 lakh relating to options issued to employees of subsidiaries.

Consolidated Statement of Changes In Equity

For the year ended March 31, 2023

B. Other Equity

For the year ended March 31, 2023

Particulars	Reserves and Surplus					Total equity		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)	-	-	-	-	-	-	913.4	913.4	-	
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 Distribution 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	-	-	-	-	-	-	
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	

* Amount of Rs 652.80 lakh includes Rs 23.79 lakh relating to options issued to employees of subsidiaries.

Consolidated Statement of Changes In Equity

For the year ended March 31, 2023

The description of the nature and purpose of each reserve within equity is as follows:

a. Share 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 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

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

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

Chartered Accountants

Firm registration No.: 101248W/W-100022

[Ajit Viswanath]

Partner

Membership No. 067114

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

[Najib Shah]

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Chief Financial Officer

M No.- 117833

[Nehal Shah]

Company Secretary

M No.- A18077

Mumbai

Date : May 11, 2023

Mumbai

Date : May 11, 2023

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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, Chennai, Coimbatore, Hyderabad, Kolkata, New Delhi and Pune.

The details of subsidiaries are as under:

Name of the Company :	CARE Risk Solutions Private Limited ("CRSPL")
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Country of Incorporation:	India
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Ownership in % either directly or through Subsidiaries:	100%
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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")
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Country of Incorporation:	India
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Ownership in % either directly or through Subsidiaries:	100%
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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")
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Country of Incorporation:	Mauritius
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Ownership in % either directly or through Subsidiaries:	78%
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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")
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Country of Incorporation:	Nepal
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Ownership in % either directly or through Subsidiaries:	51%
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The Financial year for the above subsidiary company is 16th July to 15th July, however the accounts for the purpose of consolidation are prepared from April 2022 to March 2023.

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 11, 2023. 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 March 31, 2023. 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

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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 March 31. 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 AS as would be required if the Group had directly disposed of the related assets or liabilities

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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 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 its 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.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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 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 standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

the fair value measurement as a whole (Note 42 Fair value measurement):

- 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 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 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

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For the year ended March 31, 2023

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 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.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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.

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.

Notes to the Consolidated Financial Statements

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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.

ii) 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

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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 Group'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.

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

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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 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.

I. 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, 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.

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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) 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 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.

e) 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

Notes to the Consolidated Financial Statements

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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.

f) 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

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

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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.

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.

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For the year ended March 31, 2023

Note 2: Property, Plant and Equipment

(Rs in lakh)

Description of Assets	Gross block			Accumulated depreciation				Net block		
	As at April 01, 2022	Additions during the year	Deductions during the year	As at March 31, 2023	As at April 01, 2022	For disposals the year	On deletions/ during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Tangible Assets*										
Furniture and fixtures	624.57	87.71	(17.26)	695.03	162.99	62.00	(13.88)	211.12	483.91	462.45
Office Equipment	395.66	88.06	(18.43)	465.29	152.36	79.22	(18.37)	213.21	252.08	244.20
Computers	942.12	264.30	(17.12)	1,189.31	503.91	258.86	(17.12)	745.65	443.65	435.47
Vehicles	48.83	198.03	-	246.86	13.44	25.79	-	39.23	207.62	35.40
Electrical Installations	176.31	18.80	-	195.11	48.72	17.43	-	66.15	128.96	127.60
Buildings	7,238.78	60.69	-	7,299.47	669.89	134.80	-	804.69	6,494.78	6,568.90
Leasehold improvements	12.92	12.94	(3.57)	22.28	7.44	6.23	(3.51)	10.16	12.12	5.48
Total Tangible Assets	9,439.19	730.53	(56.37)	10,113.34	1,558.75	584.33	(52.87)	2,090.22	8,023.13	7,879.60

(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 disposals the year	on deletions / 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	198.75	(153.41)	397.34	256.92	38.90	(142.71)	152.34	244.2	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	-	669.9	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

Note:- *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. The Company has assessed the likelihood of outflow of resources in relation to this litigation and has concluded that such likelihood is remote.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 3:

(a) Other Intangible Assets

(Rs in lakh)

Description of Assets	Gross block			Accumulated depreciation			Net block			
	As at April 01, 2022	Additions during the year	Deductions during the year	As at March 31, 2023	As at April 01, 2022	On deletions/ For disposals the year	On deletions/ during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	358.38	213.55	(2.84)	569.09	320.70	53.08	(2.84)	370.94	198.15	37.66
Software development	18.64	-	-	18.64	18.64	-	-	18.64	-	-
Intangible asset under development*	818.66	343.18	(737.56)	424.27	-	-	-	-	424.27	59.95
Total Intangible assets	1195.67	556.73	(740.40)	1012.00	339.34	53.08	(2.84)	389.58	622.42	97.61

*This includes impairment of intangible assets under development pertaining to parent company for Rs 570.63 lakh

(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 disposals 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	(17.00)	377.01	273.00	83.24*	(17.00)	339.35	37.66	33.09
Total Intangible assets	306.09	87.80	(17.00)	377.01	273.00	83.24*	(17.00)	339.35	37.66	33.09

*This includes impairment of training software of one of the subsidiary company for Rs 21.29 lakh

(b) Intangible assets under development

(Rs in lakh)

Description	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning	818.66	315.07
Additions	341.93	536.09
Capitalised during the year	(166.94)	-
Write off during the year	(570.63)	(32.50)
Balance at the end	423.03	818.66

(c) Intangible assets under development Ageing Schedule

(Rs in lakh)

As at March 31, 2023	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	283.43	139.60	-	-	423.03
Projects temporarily suspended	-	-	-	-	-
Total	283.43	139.60	-	-	423.03

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

(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

(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	40.00	-	-	-	40.00
Total	40.00	-	-	-	40.00

(e) Goodwill

Goodwill arising from consolidation as of March 31, 2023 and March 31, 2022 aggregated Rs 795.03 lakh. 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 than 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.

Note 4: Investments - non current

(Rs in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	744.20
Face value of RM 1 each fully paid:				
Malaysian Rating Corporation Berhad	20,00,000	1,748.20	20,00,000	1,748.20
Investments in Association of Indian Rating Agencies	-	0.53	-	0.53
Total unquoted investments		2,492.93		2,492.93
Quoted:				
Investment measured at amortized cost:				
Tax free bonds*		1,898.07		1,906.96
Total quoted investments		1,898.07		1,906.96
Total investments		4,391.00		4,399.89
Aggregate amount of quoted investments		1,898.07		1,906.96
Market value of quoted investments		2,046.28		2,160.14
Aggregate amount of unquoted investments		2,492.93		2,492.93
Aggregate amount of impairment in value of Investment		-		-

*This includes accrued interest of Rs 63.92 lakh (Previous year: Rs 63.92 lakh)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 5: Loans – Non-current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and Considered Good		
Loans to employees*	33.85	24.68
Total	33.85	24.68

*This includes Rs 2.05 lakh accrued interest on loans to employees (Previous Year = Rs 6.91 lakh)

Type of borrower	As at March 31, 2023	% of total Loans and Advances	As at March 31, 2022	% of total Loans and Advances
(a) Amounts repayable on demand				
Promoter	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
(b) Without specifying any terms or period of repayment				
Promoter	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Total	-	-	-	-

Note 6: Other Non-current financial assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with banks (with more than 12 months of original maturity)*	1,056.37	1125.62
Security Deposits - unsecured	104.53	136.29
Other Receivable	7.92	2.50
Earnest Money Deposit	2.60	2.00
Total	1,171.42	1,266.41

*This includes accrued interest of Rs 7.33 lakh (Previous year: Rs 3.62 lakh)

Note 7: Deferred Tax Asset (Net)

(Rs in lakh)

Particulars	April 1, 2022	MAT Credit utilization	Recognised in profit and loss	Recognised in other comprehensive income	As at March 31, 2023
Deferred Tax Asset	342.44	-	-	-	-
MAT credit entitlement	-	-	-	-	-
Provisions allowed under tax on payment basis	342.44	-	(342.44)	-	-
Deferred tax liability	(108.24)	-	-	-	-
Property, plant and equipment	(108.24)	-	108.24	-	-
Others	-	-	-	-	-
Total	234.20	-	(234.20)	-	-

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

(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

Note 8: Other non-current assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	4.88	4.15
Prepaid expenses	30.54	32.84
Total	35.42	36.99

Note 9: Investments - Current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Quoted:		
Investment measured at Fair value through Profit and Loss:		
Investment in various fixed maturity plans of debt mutual funds	-	-
Investment measured at amortized Cost:		
Tax free bonds	-	-
Total Quoted investments	-	-
Total current investments	-	-
Aggregate amount of Quoted investments	-	-
Market Value of Quoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
Aggregate amount of Unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note 10: Trade receivables

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
(a) Trade receivables - Considered good secured;	-	-
(b) Trade receivables - Considered good unsecured;	2,108.40	1,555.22
(c) Trade receivables which have significant increase in credit risk;	337.28	335.99
(d) Trade receivables - credit impaired	-	-
Total trade receivables	2,445.68	1,891.21
Less: Allowance for credit losses (Refer Note 43 (B))	(294.30)	(227.10)
Total	2,151.38	1,664.11

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Trade receivables ageing schedule

(Rs in lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 Years	2-3 years	More than 3 years	
As at March 31, 2023						
(i) Undisputed Trade receivables – considered good	1,618.39	472.61	17.41	-	-	2,108.40
(ii) Undisputed Trade receivables – which have significant increase in credit risk	16.11	62.97	16.62	13.24	228.35	337.28
(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	1,634.49	535.58	34.02	-	-	2,445.68
Allowance for bad and doubtful debts	-	-	-	-	-	(294.30)
Net trade receivables						2,151.38

Trade receivables ageing schedule

(Rs in lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 Years	2-3 years	More than 3 years	
As at March 31, 2022						
(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	48.80	-	225.43	1,891.21
Allowance for bad and doubtful debts	-	-	-	-	-	(227.10)
Net trade receivables						1,664.11

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 Consolidated Financial Statements

For the year ended March 31, 2023

Note 11: Cash and cash equivalents

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Cash on hand	0.94	0.57
Liquid Mutual fund	3,005.70	-
Balances with Banks		
On current account	725.05	665.34
Other Bank Balances		
Deposit accounts (with original maturity of less than three months)*	1,210.07	1,096.87
Prepaid cards	0.71	0.47
Total	4,942.47	1,763.26

* - This includes accrued interest of Rs 4.16 lakh (Previous year - Rs 0.63 lakh)

Note 12: Bank Balances other than Cash and cash equivalents

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend account	24.62	25.54
Fixed deposits*	505.81	6,342.95
Lien marked deposit#	172.41	84.61
Total	702.84	6,453.09

* - This includes accrued interest of Rs 4.63 lakh (previous year - Rs 250.19 lakh)

This includes accrued interest of Rs 17.33 lakh (previous year - Rs 11.77 lakh)

Note 13: Loans - Current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and considered good		
Loan to employees*	29.05	21.91
Total	29.05	21.91

* - This includes accrued interest of Rs 0.54 lakh (previous year - Rs 0.35 lakh)

Type of borrower	As at March 31, 2023	% of total Loans and Advances	As at March 31, 2022	% 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	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 14: Other current financial assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits - unsecured	55.27	50.23
Other Receivable	7.70	61.82
Deposits with banks (with more than 12 months of original maturity)*	50,626.32	44,001.71
Lienmarked Deposit with HDFC Bank	141.35	141.35
Earnest Money Deposit	0.80	-
Total	50,831.44	44,255.11

* This includes accrued interest Rs 1423.88 lakh (previous year - Rs 1,657.22 lakh)

Note 15: Contract assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unbilled revenue	64.84	1,194.95
Less: Loss allowance	-	(516.00)
Total	64.84	678.95

Note 16: Current tax assets (Net)

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance payment of taxes (net of provision for tax Rs 18,968.02 lakh (PY Rs 53,235.48 lakh))	449.94	1,151.94
Total	449.94	1151.94

Note 17: Other current assets

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	322.93	276.52
GST, other taxes and statutory deposits	114.19	17.18
Deposits with statutory authorities	25.01	25.00
Other advances	87.52	90.99
Unbilled Revenue	1,079.74	-
(Less): Allowance for bad and doubtful debts - Unbilled	(490.20)	-
Advances to suppliers	8.90	-
Total	1,148.09	409.69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 18: Equity share capital

(Rs in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorized				
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				
Equity shares of Rs 10/- each				
Opening balance	2,96,46,547	2,964.65	2,94,61,214	2,946.12
Issued during the year	58,264	5.83	1,85,333	18.53
Buy back during the year	(4,199)	(0.42)	-	-
Total	2,97,00,612	2,970.05	2,96,46,547	2,964.65

118(a): List of shareholders holding more than 5% of Paid-Up equity Share Capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	% Holding	Nos.	% Holding
CRISIL LIMITED	26,22,431	8.83%	26,22,431	8.85%
LIFE INSURANCE CORPORATION OF INDIA AND LIC P&GS FUND	28,68,230	9.66%	29,02,136	9.79%
PARI WASHINGTON INDIA MASTER FUND, LTD.	15,66,456	5.27%	15,66,456	5.28%
NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA SMALL CAP FUND	25,92,756	8.73%	-	-
Total	96,49,873	32.49%	70,91,023	23.92%

18(b): The reconciliation of the number of shares outstanding is set out below:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	Nos.	Nos.
Equity shares at the beginning of the year	2,96,46,547	2,94,61,214
Add: Shares issued under employee stock options scheme (ESOS)	58,264	1,85,333
Buy back during the year	(4,199)	-
Equity Shares at the end of the year	2,97,00,612	2,96,46,547

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 Company: 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.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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 during the period of five years immediately preceding the reporting date.

18(h) Non-controlling interest

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
CARE Ratings Africa Limited		
Share in equity capital	57.86	57.86
Share in Reserves and Surplus	157.64	107.53
Share in Other Comprehensive Income (if any)	-	(2.70)
Total (A)	215.50	162.69
CARE Ratings Nepal Limited		
Share in equity capital	153.12	153.13
Share in Reserves and Surplus	314.70	215.60
Share in Other Comprehensive Income (if any)	-	-
Total (B)	467.82	368.73
Total Non-controlling interests (A+B)	683.32	531.42

Note 19: Other Equity

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital redemption reserve	22.92	22.50
Securities premium	7,574.82	7,369.56
Share options outstanding account	644.99	786.66
General reserve	22,182.12	22,148.48
Retained earnings	32,865.74	30,410.61
Foreign currency translation reserve	(20.95)	(26.43)
Other comprehensive income	981.12	1,073.44
Total Other Equity	64,250.74	61,784.81

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, 2023	As at March 31, 2022
Provision for compensated absences	665.06	780.82
Provision for gratuity (refer note 36)	440.00	385.52
Provision for Bonus	134.73	-
Provision for Leave Encashment (Non current)	15.34	-
Total	1,255.13	1,166.34

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 21: Deferred tax liabilities (net)

(Rs in lakh)

Particulars	April 1, 2022	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2023
Deferred tax liability				
Depreciation on property, plant and equipment	892.25	285.10	-	1,177.35
Fair valuation of investments	136.41	-	(108.82)	27.59
Deferred tax asset				
Provisions for employee benefits	(253.37)	(105.90)	-	(359.27)
Others	(169.09)	(262.21)	79.53	(351.77)
Total	606.20	(83.01)	(29.29)	493.91

(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

Note 22: Trade Payables

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	-	0.70
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	265.81	512.74
Accrued Expenses	729.44	-
Total	995.25	513.44

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables to Related Parties	-	-
Trade payables to Others	995.25	513.44
Total	995.25	513.44

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Trade payables ageing schedule

(Rs in lakh)

Particulars	Accrued expenses	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023						
(i) MSME	-	-	-	-	-	-
(ii) Others	729.44	238.73	26.58	0.50	-	995.25
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others"	-	-	-	-	-	-
Total	729.44	238.73	26.58	0.50	-	995.25

(Rs in lakh)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022					
(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

Note 23: Other financial liabilities

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Other Liabilities	32.42	337.63
Unclaimed Dividend	24.62	25.54
Provision for Credit notes /discount	113.30	-
Provision for Salary, Performance Related Pay and Commission	1,572.78	1,485.48
Accrued Expenses	31.75	-
Total	1,774.87	1,848.65

Note 24

(a) Contract liabilities (Refer Note 26(a) and Note 26(b))

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Unearned revenue	938.18	950.26
Advance from customers	766.67	669.53
Total	1,704.85	1,619.79

Note 25: Other current liabilities

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	221.99	500.96
Unearned Revenue	200.37	-
Advance from customers	55.17	-
Total	477.53	500.96

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 26: Provision - Current

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for compensated absence	281.52	167.57
Provision for gratuity (refer note 36)	27.07	24.27
Provision for expenses	325.92	100.00
Provision for Bonus	70.19	-
Provision for Leave Encashment	16.93	-
Total	721.63	291.84

Note 27: Current tax liability (net)

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provision for income tax (net of advance tax and tds)	28.01	21.30
Total	28.01	21.30

Note 28: Revenue from operations

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contracts with customer		
Sale of services		
Rating income (including surveillance)	26,148.78	22,904.78
Fee for consultancy services	1,070.12	967.54
Fees for license and implementation fees	680.40	824.11
Total revenue from contracts with customers (A)		
Other operating revenue (B)	-	66.85
Total revenue from operations (A+B)	27,899.30	24,763.28

*Rating Income (including Surveillance) includes Provision for discount/credit note of Rs (113.30) pertaining to parent company.

(a) Revenue recognized from past performance obligations

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rating Income	461.77	762.83
Total	461.77	762.83

(b) Revenue recognized that was included in contract liability balance at the beginning of the period:

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rating income	799.92	1,428.11
Total	799.92	1,428.11

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

(c) Transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) as at March 31, are, as follows:

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	938.18	950.26
More than one year	-	-
Total	938.18	950.26

Note 29: Other Income

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on assets carried at amortised cost	3,164.39	2,477.31
Dividend income	31.60	70.89
Interest on income tax refund	340.56	-
Gain on fair valuation of investments through profit and loss	61.01	59.01
Miscellaneous income	84.36	111.90
Foreign Exchange Gain	111.73	-
Total	3,793.65	2,719.11

Note 30: Employee benefits expense

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and other allowances	12,303.83	11,074.63
Contribution to provident, gratuity and other funds (refer note 36)	681.47	691.98
Expense share - based payment expenses (refer note 40)	48.28	652.81
Staff welfare expenses	360.79	221.85
Total	13,394.37	12,641.27

Note 31: Finance costs

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Finance cost on lease liabilities (refer note 48)	100.16	46.38
Total Finance costs	100.16	46.38

Note 32: Depreciation and amortization expense

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Property, plant and equipment (refer note 2)	584.24	421.81
Right-of-use assets (refer note 48)	415.62	286.83
Intangible assets - Amortization (refer note 3 (a))	53.08	61.95
Total depreciation and amortization expense	1,052.94	770.59

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 33: Other expenses

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Electricity charges	114.98	80.51
Postage and telephone charges	49.73	53.88
Rent	20.53	42.68
Travelling and conveyance expenses	311.06	108
Directors' sitting fees	104.93	79.94
Insurance premium	82.30	66.73
Legal expenses	196.46	187.58
Professional fees	692.16	596.36
Off-roll manpower cost	130.33	102.27
Rates and taxes	124.05	129.36
Repairs and maintenance		
-Buildings	136.38	116.23
-Others	29.57	58.88
Advertisement and sponsorship expenses	102.15	130.95
Security, housekeeping and office supplies	193.42	166.24
Membership and subscription	96.77	81.39
Corporate training expenses	0.90	-
Provision for bad and doubtful debts	40.30	640.53
Bad debts written off	11.78	37.83
Commission	107.27	146.98
Auditors remuneration		
- Audit Fees (Including Limited Review Fees)	48.82	42
- Tax Audit Fees	3.15	3.45
- Other Services	3.30	3.74
- Reimbursements to Auditors	2.62	0.42
Corporate social responsibility	194.35	237.15
Technology Cost	845.87	775.64
Recruitment expenses	84.63	121.37
Miscellaneous expenses	272.43	129.75
Total	4,000.20	4,139.86

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, 2023	As at March 31, 2022
Contingent Liability on account of Income Tax	-	72.51

(B) Provisions

The closing balance of provisions as of March 31, 2023 aggregates Rs 325.92 lakh. Of such amount, provisions amounting Rs 100 lakh (March 31, 2022 - Rs 100 lakh) relates to adjudication proceedings initiated by Regulator / Government agencies pertaining to certain Credit ratings assigned by the Company to its clients, which is still in the process of being completed. Further, provision of Rs 225.92 lakh has been recognised in the current year towards expected cost of cancellation of a long term contract for procurement of services.

Further, the Company has assessed the probability of outflow of resources on account of other pending litigations and has concluded that the likelihood of outflow of resources in relation to such litigations is remote.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

(Rs in lakh)

Particulars	As at	
	March 31, 2023	March 31, 2022
Opening balance	100.00	125.00
Charge/(Reversal) for the year	225.92	(15.00)
Payment	-	(10.00)
Closing balance	325.92	100.00

C) Guarantees given by Bank on behalf of the Group in respect of lien marked Deposits for Rs 295.97 lakh (Previous Year Rs 214.19 lakh)

Note 35: Capital and other commitments

The amounts pending on account of contracts remaining to be executed on capital account, not provided for (net of advances) is Rs 580.72 lakh (March 31, 2022 - 79.53 lakh).

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 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	
	As at March 31, 2023	As at March 31, 2022
Change in present value of obligations:		
Opening defined benefit obligation	1,239.75	1,279.47
Current service cost	134.21	227.25
Interest cost	78.98	80.62
Actuarial (gain)/loss on obligations due to change in financial assumptions	3.42	11.04
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	29.65	91.68
Actuarial (gain)/loss on obligations due to experience	77.47	(136.62)
Benefits paid	(190.01)	(308.03)
Closing defined benefit obligations	1,373.47	1,245.41
Change in fair value of plan assets:		
Opening fair value of the plan assets	835.63	941.86
Interest income	57.10	64.61
Expected return on plan assets	(3.73)	(10.14)
Contribution by the employer	228.70	147.80
Benefits paid	(197.57)	(308.03)
Return on plan assets, excluding interest income	0.24	(0.47)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Closing fair value of the plan assets	920.37	835.63
Net asset / (liability) recognized in the balance sheet		
Present value of the funded defined benefit obligation at the end of the period	(1226.60)	(1245.41)
Fair value of plan assets	920.36	835.63
Funded Status (Surplus / Deficit)	7.92	-
Net asset / (liability)	(298.32)	(409.78)
Expenses recognized in the statement of profit and loss		
Current service cost	134.21	227.25
Interest on defined benefit obligations	21.88	16.01
Past service cost	-	-
Amount recognized in statement of profit and loss	156.09	243.26
Re-measurements recognized in other comprehensive income (OCI):		
Actuarial (gains)/losses on obligation for the period	111.08	(22.34)
Changes in financial assumptions	(3.48)	5.63
Changes in demographic assumptions	-	(5.18)
Experience adjustments	10.50	(12.01)
Expected return on plan assets	3.49	10.62
Amount recognized in other comprehensive income (OCI)	121.59	(23.29)
Maturity profile of defined benefit obligation:		
Within the next 12 months	294.18	150.25
Between 1 and 5 years	809.27	563.65
Between 5 and 10 years	508.45	545.34
10 Years and above	316.13	875.15
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	23.97	(11.82)
1% decrease in discount rate	130.99	147.51
1% increase in salary escalation rate	108.06	105.75
1% decrease in salary escalation rate	42.76	20.72
1% increase in employee turnover rate	76.23	70.58
1% decrease in employee turnover rate	74.04	54.30
The major categories of plan assets as a percentage of total plan		
insurer managed funds**	100%	100%
Actuarial assumptions:		
Discount rate (p.a.)	7.30% - 7.31%	5.54% - 6.84%
Expected return on plan assets (p.a.)	7.30% - 7.31%	5.54% - 6.84%
Turnover rate	5% - 36%	5% - 35%
Mortality tables	Indian Assured Lives Mortality(2012-14)	Indian Assured Lives Mortality(2012-14)
Salary escalation rate (p.a.)	9% - 10%	8% - 10%
Retirement age	60 years	60 years
Weighted average duration of defined benefit obligation	2.52 years - 2.85 years	2.83 years - 3.71 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

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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 considering seniority, promotion, inflation and other relevant factors.

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.

The Group's expected contribution during next year is Rs 271.44 lakh

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 481.43 lakh (March 31, 2022 - Rs 744.42 lakh).

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 446.43 lakh (March 31, 2022- Rs 382.99 lakh).

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 30 under the head "Contribution to Provident and other Funds" is Rs 36.49 lakh (March 31, 2022 - 36.29 lakh). and other Funds" is Rs 36.49 lakh (March 31, 2022 - 36.29 lakh).

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. Ajay Mahajan (upto May 31, 2022)	Managing Director & CEO
Mr. Mehul Pandya (w.e.f. July 29, 2022)*	Managing Director & CEO
Mr. Najib Shah	Independent Director
Mr. V. Chandrasekaran	Independent Director
Mr. Adesh Kumar Gupta	Independent Director
Ms. Sonal Gunvant Desai	Independent Director
Dr. M Mathisekaran	Independent Director
Mr. S.M.Jain (w.e.f. January 28, 2023)	Non-Executive Director
Mr. Gurumoorthy Mahalingam (w.e.f. November 21, 2022)	Independent Director
Ananth Narayan Gopalakrishanan (upto September 5, 2022)	Independent Director
Shubhangi Soman (up to November 24, 2022)	Non-Executive Director

* Mr Mehul Pandya was Executive director and designated KMP from April 01, 2022 to May 31, 2022 and Interim CEO from June 01, 2022 to July 28,2022.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

B. Compensation of Key Management Personnel of the Group:

(Rs in lakh)

Nature of Transaction/Relationship	As at March 31, 2023	As at March 31, 2022
Short term employee benefits*	381.98	663.77
Other long terms benefits	6.12	8.41
Share based payments **	82.56	311.68
Directors' sitting fees	103.50	78.50
Total Compensation	574.16	1,062.36

*Previous year amount includes provision for compensated absences paid in the current year.

**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).

Note 38: Income Taxes:

A. Income tax recognized in Statement of Profit and Loss:

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax	3,830.43	2,932.09
Adjustment of tax relating to earlier periods	49.36	-
Deferred tax	149.06	(751.99)
Total income tax recognized in statement of profit and loss	4,028.85	2,180.10

B. Income tax recognized in Other comprehensive income:

Particulars	As at March 31, 2023	As at March 31, 2022
Unrealised (gain)/loss on FVTOCI equity securities	-	136.41
Net loss/(gain) on remeasurements of defined benefit plans	(29.27)	4.52
Foreign currency translation	2.36	(4.13)
Total tax recognized in other comprehensive income	(26.91)	136.80

C. Reconciliation of Effective Tax Rate:

Particulars	As at March 31, 2023	As at March 31, 2022
Profit/(loss) before tax (Rs in lakh)	12,574.65	9,863.00
Applicable tax rate	24.35%	25.17%
Tax effect of tax-exempt income	(0.56%)	(0.71%)
Tax effect of non-deductible expenses	1.68%	2.56%
Tax effect of allowances for tax purpose		(5.22%)
Tax effect of Deferred tax on losses not recognized	4.42%	0.39%
Tax effect of lower rate for tax purpose	(0.11%)	-
Tax effect of adjustment for earlier years	0.39%	(0.09%)
Tax effect of Deferred tax w/off	1.86%	-
Effective Tax Rate	32.04%	22.10%

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 39: Earnings per equity share (EPS):

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A) Basic EPS		
(i) Net Profit attributable to Equity Shareholders (Rs in lakh)	8,352.94	7,510.79
(ii) Weighted average number of Equity shares outstanding (Nos.)	2,96,55,883	2,95,10,126
Basic Earnings Per equity Share (i)/(ii)	28.17	25.45
B) Diluted EPS		
(i) Weighted average number of Equity shares outstanding (Nos.)	2,96,55,883	2,95,10,126
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	-	1,64,443
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS (Nos.)	2,96,55,883	2,96,74,569
Diluted EPS {(A)(i)/(B)(iii)}	28.17	25.31

Note 40: Share based payments:

The Group has granted 11,52,500 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, EX MD	3,22,000 to others	1,23,500 to others	25,000 to others	1,00,000 to Mr. Mehul Pandya, MD	72,000 to others	10,000 to others	5,37,908
Method of Accounting	Fair Value method							
Vesting Plan	1/3 rd on completion of one year from the grant date 1/3 rd on completion of two years from the grant date 1/3 rd 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	May 28, 2022	July 29, 2022	November 08, 2022	January 04, 2023	September 01, 2017
Exercise Price (Per Share)	Rs 340/ share	Rs 416/ share	Rs 682/ share	Rs 464.50/ share	Rs 427/ share	Rs 506/ share	Rs 585/ share	Rs 1,139/ share
Fair value on the date of grant of option (Per share)	Rs 107.77/ share Rs 131.70/ share Rs 151.16/ share	Rs 249.24/ share Rs 282.97/ share Rs 310.18/ share	Rs 187.89/ share Rs 232.29/ share Rs 269.57/ share	Rs 103.04/ share Rs 145.44/ share Rs 150.02/ share	Rs 109.41/ share Rs 148.04/ share Rs 151.59/ share	Rs 119.29/ share Rs 164.91/ share Rs 182.99/ share	Rs 149.56/ share Rs 205.08/ share Rs 234.40/ share	Rs 1,506.65/ share
Method of Settlement	Equity							Equity

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

(B) Movement of Options granted:

Particulars	As at March 31, 2023		As at March 31, 2022		
	ESOS (2020) (MD)	ESOS (2020) (Others)	ESOS (2020) (MD)	ESOS (2020) (Others)	ESOS (2017)
Options outstanding at beginning of the year	3,33,333	3,40,334	5,00,000	3,22,000.00	3,72,505
Granted during the year	1,00,000	1,07,000	-	1,23,500	-
Exercised during the year	-	(58,264)	(1,66,667)	(18,666)	-
Lapsed during the year	(3,33,333)	(35,667)	-	(86,500)	(3,72,505)
Options outstanding at the end of the year	1,00,000	3,53,403	3,33,333	3,40,334	-
Options unvested at the end of the year	1,00,000	2,43,653	3,33,333	2,73,000	-
Options exercisable at the end of the year	-	1,09,750	-	67,334	-
Weighted Average exercise price	Rs 427/-	Rs 416 - Rs 682	Rs 340/-	Rs 416 - Rs 682	Rs . 1,139/-
Weighted average remaining contractual life (years)	3.33	1.68 to 3.61	3.04	2.75 to 3.59	-

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 48.28 lakh (Previous Year 652.81 lakh) 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:

Particulars	ESOS 2020		ESOS 2017
	MD	Other employees	
Share price at grant date			
Risk free interest rate (%)	4.29%-6.93%	4.01%-7.59%	6.39%
Option life (Years)	3 years to 5 years	3 years to 5 years	3 years
Expected volatility	42.36% - 54.36%	36.91% - 60.25%	31.80%
Expected dividend yield (%)	0.95% - 3.83%	0.96% - 3.51%	1.86%
Weighted average fair value per option	Rs 107.77 to Rs 151.59	Rs 187.89 to Rs 616.10	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, 2023	As at March 31, 2022
Total Carrying Amount	645.00	786.66

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For the year ended March 31, 2023

Note 41: Financial instruments: disclosure:

A. Classification of financial assets and liabilities:

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets at amortized cost:		
Investment (non-current)	1,898.07	1,906.96
Investment (current)	-	-
Loans (non-current)	33.85	24.68
Loans (current)	29.05	21.91
Trade receivables	2,151.38	1,664.11
Cash and cash equivalents	4,942.47	1,763.26
Other bank balances	702.84	6,453.09
Other non-current financial assets	1,171.43	1,266.41
Other current financial assets	50,831.44	44,255.11
Financial assets at fair value through profit and loss:		
Investments (non-current)	-	-
Investment (current)	-	-
Financial assets at fair value through OCI:		
Investment (non-current)	2,492.93	2,492.93
Total	64,253.43	59,848.46
Financial liabilities at amortized cost:		
Lease liabilities (non current)	1,527.69	564.08
Lease liabilities (current)	220.12	327.24
Trade payables	995.25	513.44
Other current financial liabilities	1,774.87	1,848.65
Total	4,517.94	3,253.41

B. Investments in equity instruments designated at Fair Value through other comprehensive income

As on March 31, 2023 and March 31, 2022, 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 are as below:

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets at fair value through OCI:		
- Malaysian Rating Corporation Berhad	1,748.20	1,748.20
- ARC Ratings Holdings Limited	744.20	744.20
Total	2,492.40	2,492.40

The Group has received Rs 31.60 lakh (Previous Year Rs 70.88 lakh) 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:

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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 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, 2023			
Investments measured at			
Fair Value through OCI	-	-	2,492.93
Fair Value through Profit and Loss	-	-	-
Amortised cost	1,898.07	-	-
As at March 31, 2022			
Investments measured at			
Fair Value through OCI	-	-	2,492.93
Fair Value through Profit and Loss	-	-	-
Amortised cost	1,906.96	-	-

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, 2023 and 2022.

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.

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:

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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)

Description	Currency	As at March 31, 2023		As at March 31, 2022	
		Amount in FC	Amount in Rs	Amount in FC	Amount in Rs
Trade receivables	USD	3.19	262.13	3.59	270.41
Trade receivables	LKR	104.21	25.98	104.21	26.56
Trade receivables	BHD	0.17	36.20	-	-
Unbilled revenue	USD	9.29	763.16	10.63	803.02
Unbilled revenue	LKR	-	-	-	-
Unbilled revenue	BHD	0.33	71.93	0.53	105.90
Other receivable	MUR	13.62	41.89	10.60	17.39
Financial Assets	USD	3.22	264.62	1.25	94.17
Bank Balances					
Bank Balance in current account	USD	0.13	11.02	0.09	6.43

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, 2023	As at March 31, 2022
USD	13.01	10.80
MUR	0.42	0.17
LKR	0.26	0.27
BHD	1.08	1.06

Note: If the rate is decreased by 100 bps profit will increase by an equal amount

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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, 2023 is Rs 2151.38 lakh (March 31, 2022 is Rs 1,664.11 lakh). 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 off at a higher rate with reasons whenever felt necessary.

(Rs in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Provision	227.10	169.43
Add: Provided/(Utilised) during the Year (Refer Note 10)	67.20	57.67
Closing Provision	294.30	227.10

Investments, Cash and Cash Equivalent and Bank Deposit:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The cash flows and liquidity of Group is monitored under the control of the management. The objective is to ensure that Group's surplus fund are not kept idle and invested in the financial instruments only after adequate review of such instrument and approval of the management.

The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasted and actual periodic cash requirement and matching the maturity profiles of financial assets and liabilities.

The Group generally has investments and liquids funds more than its forecasted and current liabilities and has not faced shortage of funds at any point of time. The Liquidity risk on the Group is very less.

The table below summarized the maturity profile of the Group's financial liabilities and Investments based on contractual undiscounted payments.

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.

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The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

(Rs in lakh)

As at March 31, 2023	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade payables	995.25	-	-	995.25
Other current financial liabilities				-
Other Liabilities	32.42	-	-	32.42
Unclaimed Dividend	24.62	-	-	24.62
Provision for Salary, Performance Related Pay and Commission	1,572.78	-	-	1,572.78
Lease liabilities. (Refer Note 48)	342.12	-	-	342.12
Other non current financial liabilities				-
Lease liabilities. (Refer Note 48)	-	1,156.18	-	1,156.18
	-	-	-	-
Total	2,967.19	1,156.18	-	4,123.37

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 Note 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

Note 44: Distribution made and proposed:

(Rs in lakh)

Particulars	Period Ended March 31, 2023	Year Ended March 31, 2022
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2022: Rs 10.00/- per share and Interim Dividend for the period ended till March 31, 2023 Rs 10/- per share (March 31, 2022: Interim Rs 7.00/- per share)	5,932.96	3,829.96
Total Dividend paid	5,932.96	3,829.96
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, 2023: Rs 15/- Per share, (March 31, 2022: Rs 10.00/-per share)	4,455.09	2,964.65
Total dividend proposed	4,455.09	2,964.65

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.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Note 46: 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, 2023	As at March 31, 2022
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	0.70
- 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	-	-
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.	-	-

This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

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 lakh)

Particulars	For the year Ended March 31, 2023			
	Ratings and related services	Others	Unallocable	Total
Segment Revenue				
Revenue from Services	26,148.77	1,791.49	-	27,940.26
Total Revenue (A)	26,148.77	1,791.49	-	27,940.26
Less: Inter Segment Revenue if any (B)	-	(40.97)	-	(40.97)
Total Segment Revenue (C = A-B)	26,148.77	1,750.53	-	27,899.29
Segment Results (Profit Before Interest, Depreciation & Tax)	12,241.91	(1,737.18)	-	10,504.73
Less: Depreciation & Amortization	1,241.88	381.69	-	1,623.57
Total Segment Result (D)	11,000.03	(2,118.86)	-	8,881.17
Less: Finance Costs	(72.46)	(27.71)	-	(100.17)
Less : Other unallocable corporate expenses	-	-	-	-
Add: Other Income	-	-	3,793.65	3,793.65
Profit Before Exceptional Item & Tax	10,927.57	(2,146.57)	3,793.65	12,574.65
Exceptional Items - Income/Expenses				-
Profit Before Tax	10927.57	(2,146.57)	3,793.65	12,574.65
Tax Expenses				-
- Current Tax	3,830.43	-	-	3,830.43
- Deferred Tax Charge/(Credit)	(85.15)	234.21	-	149.06

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Particulars	For the year Ended March 31, 2023			
	Ratings and related services	Others	Unallocable	Total
Add /(Less) : Income tax adjustment for earlier years	(161.22)	210.58		49.36
Profit for the year	7,343.51	2,591.36	3,793.65	8,545.80
Segment Assets	68,395.52	3,521.59	-	71,917.11
Unallocable Assets	-	-	5,186.03	5,186.03
Total Assets	68,395.52	3,521.59	5,186.03	77,103.14
Segment Liabilities	7,534.33	1,664.69	-	9,199.02
Unallocable Liabilities	-	-	-	-
Total Liabilities	7,534.33	1,664.69	-	9,199.02
Capital Employed	60,861.19	1,856.90	5,186.03	67,904.12

(Rs in lakh)

Particulars	For the year Ended March 31, 2022			
	Ratings and related services	Others	Unallocable	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 & Tax)	9,406.58	(1,424.43)	-	7,982.15
Less: Depreciation & Amortization	(726.15)	(65.72)	-	(791.87)
Total Segment Result (D)	8,680.43	(1,490.16)	-	7,190.27
Less: Finance Costs	(43.30)	(3.08)	-	(46.38)
Less : Other unallocable corporate expenses				-
Add: Other Income	-	-	2,719.11	2,719.11
Profit Before Exceptional Item & Tax	8,637.13	(1,493.23)	2,719.11	9,863.01
Exceptional Items - Income/Expenses				-
Profit Before Tax	8,637.13	(1,493.23)	2,719.11	9,863
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
Unallocable 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
Unallocable Liabilities	-	-	-	-
Total Liabilities	5,980.26	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, 2023

Note 48: Leases

Following are the changes in the carrying value of right -of-use assets for the year ended March 31, 2023:

(Rs in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	849.52	657.42
Additions	1411.96	479.94
Deletions	(136.29)	(29.82)
Depreciation	(413.11)	(286.83)
Depreciation on deletion	-	28.80
Balance as at end of the year	1,712.08	849.51

Amounts recognized in profit and loss:

(Rs in lakh)

Particulars	Period Ended March 31, 2023	Year Ended March 31, 2022
Depreciation expense on Right-of-use assets	415.62	286.83
Interest expense on Lease liabilities	100.16	46.38
Expense relating to short-term leases	20.53	42.68
Total	536.31	375.89

The following is the break-up of current and non-current Lease liabilities as at March 31, 2023

(Rs in lakh)

Particulars	Period Ended March 31, 2023	Year Ended March 31, 2022
Current lease liabilities	220.12	327.24
Non-current lease liabilities	1,527.69	564.08
Total	1,747.82	891.32

The following is the movement in Lease liabilities during the year ended March 31, 2023:

(Rs in lakh)

Particulars	Period Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	891.32	722.61
Additions	1,348.53	458.15
Deletions	(178.15)	(26.85)
Finance costs accrued during the period	100.16	46.38
Payment of lease liabilities	(414.07)	(308.97)
Balance at the end of the year	1,747.81	891.32

The table below provides details regarding the contractual maturities of Lease liabilities as at March 31, 2023:

(Rs in lakh)

Particulars	Period Ended March 31, 2023	Year Ended March 31, 2022
Less than one year	342.12	358.50
One to five years	1,156.18	566.47
More than five years	894.76	-
Total	2,393.06	924.97

The total cash outflow for leases is Rs 423.79 lakh for the year ended March 31, 2023, including cash outflow for short term and low value leases.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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	103.37%	69,486.17	124.27%	10,380.19	100.23%	(87.04)	124.52%	10,293.14
Subsidiaries:								
Indian:								
CARE Risk Solutions Private Limited	1.79%	1,203.83	(28.71%)	(2,398.52)	8.09%	(7.02)	(29.10%)	(2,405.54)
CARE Advisory Research & Training Limited	1.98%	1,332.45	(0.57%)	(47.90)	(2.01%)	1.75	(0.56%)	(46.15)
Foreign:								
CARE Ratings (Africa) Private Limited	1.46%	979.55	3.29%	274.92	-	-	3.33%	274.92
CARE Ratings Nepal Limited	1.42%	954.74	3.23%	270.14	-	-	3.27%	270.14
Non-Controlling Interests included in respective subsidiaries	(1.02%)	(683.32)	(2.31%)	(192.86)	1.78%	(1.54)	(2.35%)	(194.40)
Eliminations	(9.00%)	(6,052.64)	0.80%	66.97	(8.08%)	7.02	0.90%	74.00
Total	100.00%	67,220.79	100.00%	8,352.94	100.00%	(86.84)	100.00%	8,266.10

Note 50: Corporate social responsibility

Gross amount required to be spent by the Company during the year is Rs 191.62 lakh (Previous Year Rs 237.15 lakh)

Amount spent during the year on the following:

(Rs in lakh)

Particulars	As at March 31, 2023
Apex Kidney Foundation	8.00
Impact Guru Foundation	2.50
Juvenile Diabetes Foundation	16.00
K.C. Mahindra Education Trust	23.44
Kamarajar Educational Trust	20.87
Land for Tillers Freedom (LAFTI)	21.48
LeapForWord	7.00
Prashanti medical services and research foundation	25.00
Seva Sahayog Foundation	21.00
Sri Sathya Sai Annapoorna Trust	2.33
Sri Sathya Sai Health & Education Trust	31.50
The Fine Arts Society	12.50
Total	191.62

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

Particulars	As at March 31, 2023	As at March 31, 2022
Amount required to be spent during the year	191.62	237.15
Amount of expenditure incurred during the year	191.62	237.15
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, Providing sustainable livelihood among young people and women through green initiatives & entrepreneurship development, Health and Nutrition, Sustainable livelihood, Education.	Health care, education, community development, mid-day meals, nutritional food to aanganwadi children, computers
Details of related party transactions in CSR	N.A.	N.A.
Whether provision is created for contractual obligation	N.A.	N.A.

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.

Note 52: Impairment loss of non current assets

During the year ended March 31, 2023, the Company has recognised an impairment loss in relation to an intangible asset under development amounting to Rs 570.62 lakh. The impairment was based on the Management's assessment of the development completed in context of the related ratings' business requirements except for intangible asset under development amounting Rs 40.00 lakh which is expected to developed in the subsequent periods.

Note 53: The Company has incurred research related expenditure for products developed internally amounting Rs 3,13,39,019/- March 31, 2023 (March 31, 2022 - Rs NIL).

There are no funds advanced or loaned or invested by the Company or received by the Company to / from any other persons or entities, including foreign entities (Intermediaries / Funding Parties).

Significant Accounting Policies 1

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

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

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

[Najib Shah]

Chairman

DIN No. - 08120210

[Mehul Pandya]

Managing Director & CEO

DIN No. - 07610232

[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 11, 2023

Mumbai

Date : May 11, 2023

CARE Ratings Limited**CIN: L67190MH1993PLC071691**Reg. Off.: 4th Floor, Godrej Coliseum, Somaiya Hospital Road,

Off Eastern Express Highway, Sion (East), Mumbai- 400 022

Tel. No.: 022- 67543456; Email.: investor.relations@careedge.in; Website: www.careedge.in

NOTICE is hereby given that the Thirtieth (30th) Annual General Meeting (“AGM”) of the Members of CARE Ratings Limited (the “Company”) will be held on Friday, July 28, 2023 at 3:30 P.M., Indian Standard Time (“IST”), through Video Conferencing/Other Audio-Visual Means (“VC/OAVM”) facility to transact following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement (including the Consolidated Financial Statement) for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of interim dividend of Rs 10/- (Rupees Ten only) per equity share of face value of Rs 10/- (Rupees Ten only) and to declare a final dividend of Rs 7/- (Rupees Seven only) per equity share and a special dividend of Rs 8/- (Rupees Eight only) per equity share of face value of Rs 10/- (Rupees Ten only) for the financial year 2022-23.
3. To appoint a director in place of Mr. Mehul Pandya (DIN: 07610232), who retires by rotation and being eligible, offers himself for re-appointment.

By the Order of Board of Directors

Date: May 11, 2023

Place: Mumbai

Sd/-**Nehal Shah**

Company Secretary & Compliance Officer

ACS:18077

NOTICE :

1. Pursuant to the 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, Circular No. 03/2022 dated May 5, 2022, Circular No. 10 and 11/2022 dated December 28, 2022 and all other relevant circulars issued by the Ministry of Corporate Affairs from time to time (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 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 Members. 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 Thirtieth (30th) AGM of the Company is being held through VC/OAVM. The Registered Office of the Company i.e. 4th 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 facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as on the date of the AGM will be provided by NSDL. The procedure for participating in the meeting through VC/OAVM is explained in Note No. 22 and 24 below and is also available on the website of the Company at www.careedge.in
3. Physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for this AGM and hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate there at 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 and with a copy marked to evoting@nsdl.co.in

5. 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 Director who retires by rotation and being eligible, offers himself for re-appointment at this AGM are also annexed to this Notice.
 6. The Notice of the AGM has been uploaded on the website of the Company at www.careedge.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
 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 2022-23 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 at 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 Agent of the Company i.e. KFin Technologies Limited ("KFinTech") at inward.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 inward.ris@kfintech.com.
 9. The facility for joining the AGM through VC/OAVM shall open 15 minutes before the time scheduled for the AGM and the facility of participation at the AGM through VC/OAVM will be made available for 1000 members on a 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.
 10. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 11. PROCEDURE FOR INSPECTION OF DOCUMENTS:**
- i. All the documents referred to in the accompanying Notice of AGM 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 Friday, July 21, 2023 through email on investor.relations@careedge.in. The same will be replied by the Company suitably.
12. The Record Date fixed for the purpose of determining entitlement of the Members to the Final and Special Dividend for the financial year ended March 31, 2023 is Friday, July 7, 2023 and such dividend, if approved at the AGM, will be paid on or before August 27, 2023 to those Members entitled thereto subject to deduction of tax at source.
 13. 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 Registrar and Share Transfer Agent, KFinTech 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.
 14. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to 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 inward.ris@kfintech.com.
 15. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 has mandated members holding shares in physical form to register PAN, KYC details and Nomination. Members holding shares in physical form are requested to register their PAN, e-mail id, bank details and other KYC details by filling Form ISR-1, update signature by filling Form ISR-2 and update Nomination details by filling Form SH-13 or declaration of opt out of Nomination by filling Form ISR-3 or cancel nomination by filling Form SH-14 and send the respective forms

to KFintech, Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana, India - 500 032 or email the scanned copy to einward.ris@kfintech.com. The forms for updating the same are available at www.careedge.in. Members are requested to quote their Folio Numbers/Client ID/DP ID and contact details in all correspondence and consolidate their holdings into one folio in case they hold share under multiple folios in the identical order of names.

16. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website www.careedge.in. It may be noted that any service request can be processed only after the folio is KYC Compliant.
17. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with the physical shares and avail various benefits of dematerialization, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or KFintech for assistance in this regard.
18. The Board of Directors has appointed Mr. Ashish Kumar Jain (Membership No. 6058 and CP No. 6124) of A. K. Jain & Co. to act as the Scrutinizer to scrutinize the entire e-voting process in a fair and transparent manner.
19. Unclaimed Dividends:
 - a. Members of the Company are requested to note that as per the provisions of Section 124(5) and Section 124(6) of the Act, dividends not encashed/ claimed by the Member of the Company, within a period of seven years from the date of declaration of dividend, shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF") and all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the Demat Account of IEPF Authority notified by MCA ("IEPF Demat Account").

- b. Members/claimants whose shares, unclaimed dividend have been transferred to the IEPF, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fees, if any, as decided by the IEPF Authority from time to time.

- c. Details of Unclaimed Dividend and Shares attached thereto on Website:

The details of the unpaid/unclaimed dividend are available on the website of the Company. It is in the Members' interest to claim any unencashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Members' account on time.

- d. Members who wish to claim unclaimed dividends are requested to contact the Registrar and Share Transfer Agent, KFintech at einward.ris@kfintech.com.

20. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING AGM ARE AS UNDER:

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.

21. The remote e-voting period begins on Monday, July 24, 2023 (9:00 a.m. IST) and ends on Thursday, July 27, 2023 (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 Friday, July 21, 2023 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.

22. How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ul style="list-style-type: none"> <li data-bbox="496 629 1461 904">i. Existing IDEAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.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. <li data-bbox="496 920 1461 999">ii. If you are not registered for IdeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IdeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp <li data-bbox="496 1014 1461 1317">iii. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.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 held 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. <li data-bbox="496 1332 1461 1384">iv. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Individual Shareholders holding securities in demat mode with CDSL	<p>i. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.</p> <p>ii. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also link provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>iii. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>iv. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from e-Voting link available on 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 able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
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Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>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.</p>
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot 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 022 - 4886 7000 and 022 - 2499 7000
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 toll free no. 1800 22 55 33

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 For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

v. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

- (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.

23. 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 shareholder 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.

24. 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 Ms. Pallavi Mhatre, Sr. Manager or Mr. Amit Vishal, Asst. Vice President on 022 - 4886 7000 and 022 - 2499 7000 or write to us at evoting@nsdl.co.in for any grievances connected with the facility for e-voting on the day of the AGM.

25. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Members 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.

26. **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@careedge.in from **Friday, July 21, 2023 (9:00 a.m. IST) to Monday, July 24, 2023 (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:

27. 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.
28. 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.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Pallavi Mhatre or Mr. Amit Vishal at evoting@nsdl.co.in.

29. 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. July 21, 2023 may obtain the login ID and password by sending a request at HYPERLINK “mailto: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 022 - 4886 7000 and 022 - 2499 7000. 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. July 21, 2023 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”.
30. 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.
31. 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.
32. 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.
33. The Board of Directors has appointed Mr. Ashish Kumar Jain (Membership No. 6058 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.
34. 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 a person authorised by him, who shall countersign the same.

35. The results of the electronic voting along with the Scrutinizer’s Report 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.

36. NOTE TO SHAREHOLDERS:

We hereby inform that SEBI vide its Circular No. [SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655](#) dated November 3, 2021 has mandated:

- Furnishing of PAN, email address, mobile number, bank account details, signature and nomination by holders of physical securities.
- 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).
- 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.
- 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 No. [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.

By the Order of Board of Directors

Sd/-

Nehal Shah

Company Secretary & Compliance Officer

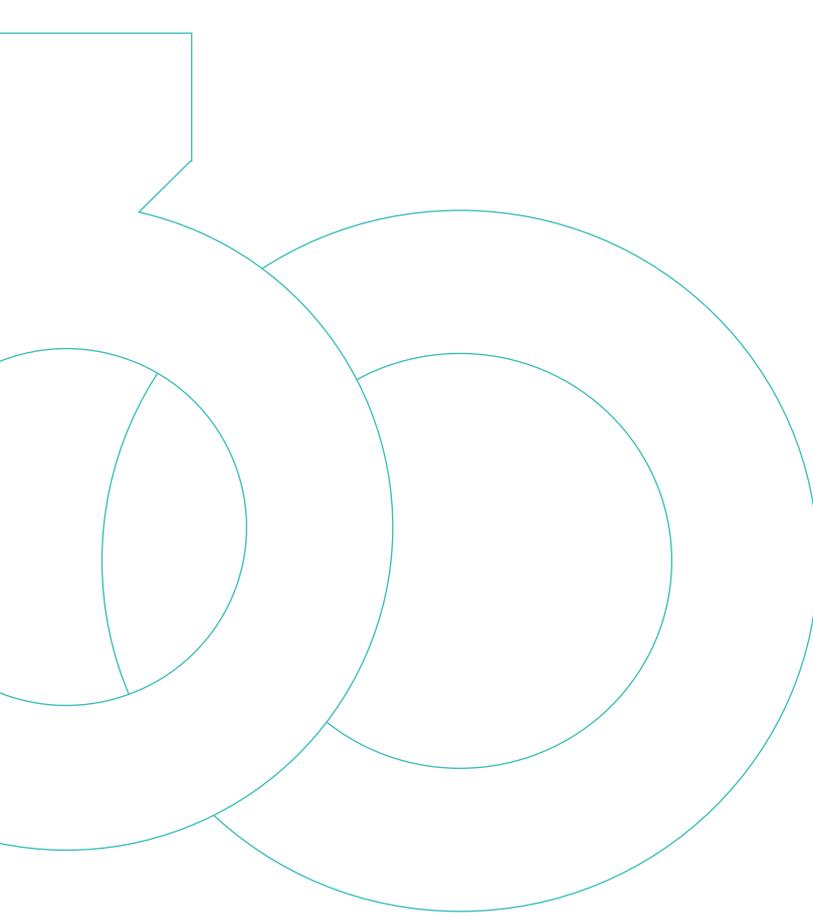
ACS:18077

Date: May 11, 2023

Place: Mumbai

Information 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

Name of Director & DIN	Mr. Mehul Pandya (DIN: 07610232)
Age	51 years
Qualification	BE, MBA, CFA Charter holder from CFA Institute, USA
Date of first appointment on the Board	July 29, 2022
Brief Resume and Expertise in specific functional area	Associated with CARE Ratings since 2000, Mehul Pandya took over as Managing Director & CEO of the company on July 29, 2022, after serving as an Executive Director since 2017. Over the years, Mr. Pandya has successfully incubated and nurtured the company's business in India and abroad. He is a member of the Board of Directors for all subsidiaries of CARE Ratings while also serving on the Board of the Association of Credit Rating Agencies in Asia (ACRAA). A technocrat with a management background, Mr Pandya is the Chairman of the Special Projects and Publications Committee and Co-Chairman of the Training and Programs Committee of ACRAA. He is a CFA charter holder from CFA Institute, USA. Over the years, he has attended various leadership programmes at IIMA and the High Potentials Leadership Programme at Harvard Business School as well. Prior to joining CARE Ratings, he worked with a state-level financial institution in Gujarat for about four years and was instrumental in setting up an in-house credit rating cell for the screening of lending proposals. He has worked as a Consultant for the Asian Development Bank and conducted various training programmes on credit risk analysis in India and abroad.
Terms and conditions of appointment or re-appointment/variation of Remuneration	NA
Details of remuneration sought to be paid	Details of remuneration were approved by the Members at previous Annual General Meeting held on September 26, 2022.
Remuneration last drawn	Rs 2,71,08,476
Shareholding in the Company (including shareholding as a beneficial owner)	23,855 Equity shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
The number of meetings of the Board attended during the last financial year	6/6
Directorships held in other Companies	1) CARE Risk Solutions Private Limited 2) CARE Advisory Research and Training Limited 3) CARE Ratings (Africa) Private Limited 4) CARE Ratings Nepal Limited 5) Association of Indian Rating Agencies 6) Association of Credit Rating Agencies in Asia
Chairmanship/Membership in Committees of the Board of Directors of other Company in which he/she is a Director	Nil
Name of the listed entities from which Director has resigned in the past three years	Nil



CARE Ratings Limited

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