

Date: August 17, 2020  
SE/2020-21/037

To,

**The National Stock Exchange India Ltd.**  
Listing Department  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Scrip Code: CARERATING

**The General Manager**  
The Corporate Relation Department  
BSE Limited  
Phiroza Jeejeebhoy Towers  
14<sup>th</sup> Floor, Dalal Street  
Mumbai 400 001  
Scrip Code: 534804

Dear Sir/ Madam,

**SUB: INTIMATION OF BOOK CLOSURE PURSUANT TO REGULATION 42 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

This is to inform you that the Annual General Meeting of CARE Ratings Limited for the FY 2019-20 will be held on Tuesday, September 08, 2020 at 03.30 p.m. through Video Conferencing/Other Audio Visual Means ("VC/OAVM") facility.

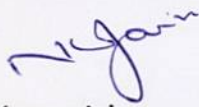
Further, pursuant to Section 91 of the Companies Act, 2013 read with Regulation 42 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 02, 2020 to Tuesday, September 08, 2020 (both days inclusive) for taking record of the members of the company for purpose of 27<sup>th</sup> Annual General Meeting and for payment of final dividend of Rs. 2.50/- per equity share (if approved) as may be declared at the AGM for the financial year 2019-2020. The final dividend will be paid to those members/ beneficial owners whose name appears in the register of members/depository records at closing hours of business on Tuesday, September 01, 2020.

Further, pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, please find enclosed Notice of the 27<sup>th</sup> Annual General Meeting.

Kindly take the above on record.

Thanking you,

Yours faithfully,  
For CARE Ratings Limited



**Navin Kumar Jain**  
Company Secretary & Compliance Officer



**CARE Ratings Limited**  
(Formerly known as Credit Analysis & Research Limited)



**Notice** is hereby given that the Twenty Seventh Annual General Meeting ("AGM") OF CARE Ratings Limited will be held on Tuesday, September 08, 2020 at 03.30 P.M., Indian Standard Time ("IST"), through Video Conferencing/Other Audio Visual Means ("VC/OAVM") facility to transact following business:

#### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited standalone financial statements and the consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the report of the Board of Directors and report of the Auditors thereon and other reports.
2. To confirm payment of three interim dividends, aggregating to ₹. 17/- per equity share and to declare a final dividend of ₹. 2.50/- per equity share for the financial year 2019- 2020.
3. To appoint a Director in place of Mr. V Chandrasekaran (DIN: 03126243), who retires by rotation and being eligible, offers himself for re-appointment.

#### **SPECIAL BUSINESS:**

4. **Increase in the authorized share capital of the Company and consequent amendment to Memorandum of Association**

To consider and, if thought fit, to pass the following resolution, as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 4, 13 and 61 and all other applicable provisions of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with the Articles of Association of the Company, approval of the members be and is hereby accorded to increase the Authorised Share Capital of the Company from ₹. 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) equity shares of ₹. 10/- (Rupees Ten only) each to ₹. 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) equity shares of ₹. 10/- (Rupees Ten only) each and consequently, the existing Clause V of the Memorandum of Association of the Company be and is hereby altered and substituted by the following as new Clause V and shall be read as follows:

V. The Authorised share capital of the Company is ₹. 35,00,00,000- (Rupees Thirty Five Crores only) divided into 3,50,00,000 equity shares of ₹. 10/- (Rupees Ten only) each with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified, special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Articles of Association of the Company for the time being."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient, or desirable including printing of the new Memorandum of Association and necessary filings with the Registrar of Companies."

5. **Appointment of Mr. Ajay Mahajan (DIN: 05108777) as Director, liable to retire by rotation**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to Sections 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company, Mr. Ajay Mahajan (DIN:05108777), who was

appointed as an Additional Director of the Company with effective from April 15, 2020 by the Board of Directors of the Company, based on the recommendation of Nomination and Remuneration Committee, who in terms of Section 161 of the Companies Act, 2013 holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

## 6. Appointment and approval of remuneration payable to Mr. Ajay Mahajan (DIN: 05108777) as the Managing Director & CEO

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 read together with Schedule V and the Rules framed thereunder and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force), including any statutory modification(s) or amendment(s) thereof for the time being in force, and on the basis of recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Ajay Mahajan (DIN: 05108777) as the Managing Director and Chief Executive Officer (CEO) of the Company, for a period of 5 (five) years with effect from April 15, 2020 to April 14, 2025 on such terms and conditions of appointment including the payment of remuneration, perquisites & other benefits as set out in the Explanatory Statement annexed to this Notice, with liberty to the Board of Directors (including its Committee thereof) to alter and vary the terms & conditions of the said Appointment in such manner as may be agreed to between the Board of Directors (including its Committees thereof) and Mr. Ajay Mahajan.”

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Ajay Mahajan for a period of One year from April 15, 2020 to April 14, 2021 as above, may exceed five percent of the net profits of the Company (computed in accordance with the Act), but shall in no case exceed ten percent of the net profits of the Company (computed in accordance with the Act), notwithstanding that the annual aggregate remuneration payable to Mr. Ajay Mahajan may exceed the limits prescribed under the Act;

**RESOLVED FURTHER THAT** the terms and conditions of remuneration as set out in the Explanatory Statement annexed hereto which shall be deemed to form part hereof and in the event of inadequacy or absence of profits in any financial year or years, the remuneration comprising salary, perquisites and other benefits and emoluments approved herein be continued to be paid as minimum remuneration to Mr. Ajay Mahajan for a period not exceeding One year subject to the requisite approval of the shareholders, if required; and

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its power including the powers conferred by this Resolution) be and is hereby authorised to vary and/or revise the remuneration of Mr. Ajay Mahajan (DIN: 05108777) as the Managing Director and Chief Executive Officer (CEO) of the Company within the overall limits under the Act and to take such steps as may be necessary for obtaining necessary approvals (statutory or otherwise), in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution”.

## 7. Grant of Employee Stock Options to the employees of the Company under CARE Employee Stock Option Scheme 2020:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act 2013 read with rules framed thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “the SBEB Regulations”) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with circulars / guidelines issued by SEBI, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI (LODR) Regulations) (including any statutory modification(s) or amendment(s) thereto or re-enactment or substitution thereof, for the time being in force), subject to such other consent, approval, if any, including rules/regulations/

guidelines, etc. issued by the Department for Promotion of Industry and Internal Trade, RBI and SEBI, pursuant to approval of the Board of Directors of the Company and recommendation of the Nomination and Remuneration Committee and subject to such other approvals, permissions and sanctions as may be necessary from such regulatory authority(ies) and subject to such conditions and modifications as may be prescribed or imposed by such regulatory authority(ies), while granting such approvals, permissions and sanctions, the approval and consent of the members of the Company be and is hereby accorded respectively to the 'CARE Employee Stock Option Scheme 2020' (hereinafter referred to as the "ESOP 2020"/ "Scheme") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee, including the Nomination and Remuneration Committee constituted by the Board under Section 178 of the Companies Act, 2013 or any other Committee which the Board may constitute to act as the "Compensation Committee" under the SBEB Regulations or their delegated authority and to exercise its powers, including the powers, conferred by this Resolution) to create, grant, offer, issue and allot from time to time, in one or more tranches, not exceeding 10,00,000 (Ten lakh only) Employee Stock Options ("Option(s)"), the salient features of which are set out in the Statement annexed to this Notice, to or for the benefit of such person(s), who are in permanent employment of the Company, in India or out of India including any Director thereof, whether whole time or otherwise (other than Independent Directors and a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company) (hereinafter collectively referred to as the "Employee" or "Employees"), as may be decided by the Board under the Scheme, exercisable into not more than 10,00,000 (Ten lakh only) Equity Shares of face value of ₹. 10/- each fully paid up, representing 3.39 % of the issued, subscribed and paid-up equity share capital of the Company, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or regulations issued by the relevant regulatory authority(ies).

**RESOLVED FURTHER THAT** the number of Options that may be granted to any Employee of the Company, during any one year under the Scheme shall not exceed 1% of the Issued Capital of the Company.

**RESOLVED FURTHER THAT** the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, stock split/consolidation etc., if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to Options granted earlier, the above ceiling of 10,00,000 (Ten lakh only) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

**RESOLVED FURTHER THAT** the grant of Options shall be in accordance with the terms and conditions as regards price, payment, application, allotment etc. as decided by the Board from time to time in accordance with the SBEB Regulations.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as stock split/consolidation etc., then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹. 10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such stock split/consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board shall take necessary steps for listing of the Equity Shares of the Company allotted under the Scheme on the Stock Exchange(s), where the shares of the Company are listed, as per the provisions of the SEBI (LODR) Regulations, the SBEB Regulations and other applicable laws and regulations as may be applicable.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, grant and allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and to make modifications, changes, variations, alterations or revisions in the said Scheme as it may deem fit, from time to time in its sole and absolute discretion, not unfavorable or prejudicial to the allottees under the Scheme except due to change in laws/regulations, and in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, the SBEB Regulations and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or

doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Board to appoint various intermediaries, experts, professionals, independent agencies and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Scheme as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals, if any, required by the SEBI / Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.”

#### **8. Grant of Employee Stock Options to the employees of the Subsidiary Companies of the Company under CARE Employee Stock Option Scheme 2020'**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act 2013 read with rules framed thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “the SBEB Regulations”) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with circulars / guidelines issued by SEBI, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI (LODR) Regulations) (including any statutory modification(s) or amendment(s) thereto or re-enactment or substitution thereof, for the time being in force), subject to such other consent, approval, if any, including rules/regulations/guidelines, etc. issued by the Department for Promotion of Industry and Internal Trade, RBI and SEBI, pursuant to approval of the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee, including the Nomination and Remuneration Committee constituted by the Board under Section 178 of the Companies Act, 2013 or any other Committee which the Board may constitute to act as the “Compensation Committee” under the SBEB Regulations or their delegated authority and to exercise its powers, including the powers, conferred by this Resolution) and subject to such other approvals, permissions and sanctions as may be necessary from such regulatory authority(ies) and subject to such conditions and modifications as may be prescribed or imposed by such regulatory authority(ies), while granting such approvals, permissions and sanctions, the approval and consent of the members of the Company be and is hereby accorded to Board to extend the benefits of the ‘CARE Employee Stock Option Scheme 2020’ (hereinafter referred to as the “ESOP 2020”/ “Scheme”), referred to in the Special Resolution under Item No. 7 of this Notice, also to or to the benefit of such person(s) who are permanent employees of subsidiary companies of the Company, whether working in India or outside India, and / or to the directors of the subsidiary companies of the Company, whether whole-time or not but excluding independent director(s) of the subsidiary companies and to such other persons as may be decided by the Board and / or permitted under SBEB Regulations (hereinafter referred to as “Employees”) but excluding director(s) who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, to the intent that the number of Securities offered under ESOP 2020 to the Employees of the subsidiary companies shall be subsumed in the aggregate limit of 10,00,000 (Ten lakh only) equity shares of the face value of ₹. 10/- (Rupees Ten only) each set out in the Special Resolution under Item No. 7 of this Notice.

**RESOLVED FURTHER THAT** the number of Options that may be granted to any Employee of the Company, during any one year under the Scheme shall not exceed 1% of the Issued Capital of the Company.

**RESOLVED FURTHER THAT** the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, stock split/ consolidation etc., if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to Options granted earlier, the above ceiling of 10,00,000 (Ten lakh only) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

**RESOLVED FURTHER THAT** the grant of Options shall be in accordance with the terms and conditions as regards price, payment, application, allotment etc. as decided by the Board from time to time in accordance with the SBEI Regulations.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as stock split/consolidation etc., then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹. 10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such stock split/consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board shall take necessary steps for listing of the Equity Shares of the Company allotted under ESOP 2020 on the Stock Exchange(s), where the shares of the Company are listed, as per the provisions of the SEBI (LODR) Regulations, the SBEB Regulations and other applicable laws and regulations as may be applicable.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, grant and allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and to make modifications, changes, variations, alterations or revisions in the Scheme as it may deem fit, from time to time in its sole and absolute discretion, not unfavorable or prejudicial to the allottees under the Scheme except due to change in laws/regulations, and in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SBEB Regulations and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Board to appoint various intermediaries, experts, professionals, independent agencies and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Scheme as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals, if any, required by the SEBI / Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.”

## 9. Grant of Employee Stock Options equal to or more than 1 % of the issued capital of the Company to the identified employees

To consider and if thought fit, to pass the following resolution as a Special Resolution

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act 2013 read with rules framed thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “the SBEB Regulations”) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with circulars / guidelines issued by SEBI, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI (LODR) Regulations”) (including any statutory modification(s) or amendment(s) thereto or re-enactment or substitution thereof, for the time being in force), subject to such other consent, approval, if any, including rules/regulations/guidelines, etc. issued by the Department for Promotion of Industry and Internal Trade, RBI and SEBI, pursuant to approval of the Board of Directors of the Company and recommendation of the Nomination and Remuneration Committee of the and subject to such other approvals, permissions and sanctions as may be necessary from such regulatory authority(ies) and subject to such conditions and modifications as may be prescribed or imposed by such regulatory authority(ies), while granting such approvals, permissions and sanctions, the approval and consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee, including the Nomination and Remuneration Committee constituted by the Board under Section 178 of the Companies Act, 2013 or any other Committee which the Board may constitute to act as the “Compensation Committee” under the SBEB Regulations or their delegated authority and to exercise its powers, including the powers,

conferred by this Resolution) to create, grant, offer, issue and allot from time to time, in one or more tranches, 5,00,000 (Five lakh only) Employee Stock Options ("Option(s)") to Mr. Ajay Mahajan, Managing Director and Chief Executive Officer of the Company under the CARE Employee Stock Option Scheme 2020 (hereinafter referred to as the "ESOP 2020"/ "Scheme") exercisable into 5,00,000 (Five lakh only) equity shares of face value of ₹. 10/- each fully paid up, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner and the Board / such authorised person in its/his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection."

**By the Order of Board**

**Navin Kumar Jain**  
Executive Director & Company Secretary

**Date: Mumbai**

**Place: August 10, 2020**

**NOTES:**

1. In view of the outbreak of the COVID-19 pandemic, Ministry of Corporate Affairs has vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 8 below and is also available on the website of the Company at [www.careratings.com](http://www.careratings.com)
2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, as amended (the "Companies Act" or the "Act") with respect to Item Nos. 4 to 9 of the notice set out above is annexed hereto. The Board of Directors have considered and decided to include Item Nos. 4 to 9 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
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 remote e-voting. The said Resolution/Authorization shall be sent by email through its registered email address to [investor.relations@careratings.com](mailto:investor.relations@careratings.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
5. In accordance with, the General Circular No. 20/2020 dated May 5, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, the financial statements including Report of Board of Directors, Auditor's report or other documents required to be attached therewith and the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depositories/Depository Participant(s).
6. **Process for registration of email id for obtaining Annual Report and user id/password for e-voting:** Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Registrar and Transfer Agents of the Company KFin Technologies Private Limited ("KFinTech") at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the copy of the signed request letter mentioning the name and address of the Member, scanned copy of the share certificate (front and back), self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members

holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

7. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at [www.careratings.com](http://www.careratings.com), on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

#### **PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM:**

8. The Members will be able to attend the AGM through VC / OAVM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. The link for VC / OAVM will be available in Members 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. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
9. The facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
10. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or use Toll free no.: 1800-222-990 or contact Ms. Pallavi Mhatre, Manager- NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone number 022-24994545/ or Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or at telephone number 022-24994360.
11. 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.
12. The Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

#### **PROCEDURE TO RAISE QUESTIONS DURING ANNUAL GENERAL MEETING:**

13. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [investor.relations@careratings.com](mailto:investor.relations@careratings.com) from September 01, 2020 (9:00 a.m. IST) to September 04, 2020 (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. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

#### **PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:**

14. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice.
15. Members may cast their votes on electronic voting system from any place (remote e-voting). The remote e-voting period commences on Friday, September 04, 2020 (9:00 a.m. IST) and ends on Monday, September 07, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Tuesday, September 01, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

16. The Board of Directors has appointed Mr. Ashish Jain (Membership No. 6058 and CP No. 6124) of M/s A.K. Jain & Co., Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
17. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
18. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
19. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
20. The details of the process and manner for remote e-voting are explained herein below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**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/>.
- ii. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
- iv. 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                                   | Your User ID is:                                                                                                                                                   |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example:<br>if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.        |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example:<br>if your Beneficiary ID is 12***** then your user ID is 12*****                                                          |
| c) For Members holding shares in Physical Form.            | EVEN Number followed by Folio Number registered with the company<br>For example:<br>if your folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

- v. Your password details 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 in Note No. 6 above.
- vi. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - 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 on NSDL e-Voting system:**

### **How to cast your vote electronically on NSDL e-Voting system?**

- i. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- ii. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- iii. Select "EVEN" of company for which you wish to cast your vote.
- iv. Now you are ready for e-Voting as the Voting page opens.
- v. 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.
- vi. Upon confirmation, the message "Vote cast successfully" will be displayed.
- vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **The instructions for Members for e-voting on the day of the AGM are as under:**

- a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members, 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.

- c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d. For details of the person who may be contacted for any assistance connected with the facility for e-voting on the day of the AGM, please refer Note No. 10 above

#### **Other information:**

21. It is strongly recommended not to share your password with any other person and take utmost CARE to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
22. In case of any queries relating to e-voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
23. 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 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or Managing Director or a person authorised by him in writing, who shall countersign the same.
24. The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at [www.careratings.com](http://www.careratings.com) and on the website of NSDL <https://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.
25. The venue of the meeting shall be deemed to be the Registered Office of the Company.
26. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode, upon the request being sent on [investor.relations@careratings.com](mailto:investor.relations@careratings.com).
27. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 07, 2020 through email on [investor.relations@careratings.com](mailto:investor.relations@careratings.com). The same will be replied by the Company suitably.
28. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, September 02, 2020 to Tuesday, September 08, 2020 (both days inclusive) for ascertaining the names of the Members to whom the dividend, if declared at the AGM, is payable.
29. The dividend, if declared at the AGM, will be paid as follows:
  - a. For shares held in physical form - to those Members whose names appears in the Register of Members on the close of the day on Tuesday, September 8, 2020; and
  - b. For shares held in dematerialized form - to those beneficiaries, whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners on the close of the day on Tuesday, September 1, 2020.
30. counts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents, KFin Technologies Private Limited cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/ KFinTech.

31. The details as stipulated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, in respect of the director seeking re-appointment/appointment under item No. 3 & 5 respectively of this Notice, is annexed.
32. Members who wish to claim dividends, which had remained unpaid are requested to contact the Registrar and Share Transfer Agents, KFin Tech. Members are requested to note that the amount of dividend which remains unclaimed for a period of 7 years from the date of such transfer to the unpaid dividend account of the Company, will be transferred along with the underlying shares to the Investor Education and Protection Fund (IEPF) as per Sections 124 and 125 of the Companies Act. Members are requested to claim their unclaimed dividends immediately to avoid transfer of the said dividends and underlying shares to the IEPF. Members may note that the dividend and shares transferred to IEPF could be claimed by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
33. As per the provisions of Section 72 of the Act, and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with KFintech. In respect of shares held in dematerialize form, the nomination may be filed with the respective Depository Participants.
34. The Members of the Company had approved the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, as the Statutory Auditors at the 23<sup>rd</sup> AGM of the Company which is valid till 28th AGM of the Company to be held in 2021. In accordance with the Act, the appointment of Statutory Auditors is not required to be ratified at every AGM.
35. SEBI has mandated that securities of listed companies can be transferred only in dematerialised form from April 01, 2019, except in case of transmission and transposition of securities. In view of the same and to avail various benefits of dematerialisation, Members are advised to dematerialise shares held by them in physical form and for ease in portfolio management.
36. 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.

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")

### Item No. 4

At present the Authorised Share Capital of the Company is Rs.30,00,00,000 (Rupees Thirty crore only) divided into 3,00,00,000 (Three crores) equity shares of Rs.10/- (Rupees Ten Only) each. Existing Paid-up Share Capital of the Company is Rs. 29,46,12,140 /- (Rupees Twenty Nine Crore Forty Six Lakh Twelve Thousand One Hundred and Forty only). In addition to this options outstanding/ issued as per the ESOS, 2017 are 4,15,620 no. of shares. Hence the existing Authorized Share Capital is almost consumed.

To encourage and motivate employees of the Company it is thought that the employees may be granted options. Further The Company, in order to meet its growth objectives and to strengthen its financial position, may required to generate long term resources by issuing securities It is, therefore decided that subject to the approval of the members, authorized capital of the Company be increased suitably.

Hence, it is proposed to increase the Authorised capital shall increase from existing ₹. 30,00,00,000/- (Rupees Thirty Crore only) divided into 3,00,00,000 (Three Crore) equity shares of ₹. 10/- (Rupees Ten only) each to ₹. 35,00,00,000 (Rupees Thirty five crore only) divided into 3,50,00,000 (Three crores Fifty Lakhs equity shares of ₹. 10/- (Rupees Ten only) each, ranking pari-passu in all respect with the existing Equity Shares of the Company."

The provisions of the Companies Act, 2013 requires the Company to seek the approval of the members for increase in the authorized share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

None of the Directors, Key Managerial Personnel of the Company including their relatives, are in any way concerned or interested, financially or otherwise, in the proposed resolution, except to the extent of their shareholding interest, if any.

The Board recommends the Ordinary Resolution set out at Item No. 4 of this Notice for approval by the members.

### Item No. 5

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Ajay Mahajan (DIN: 05108777) as an Additional Director of the Company under Section 161(1) of the Act read with Article 119 of the Articles of Association, with effect from April 15, 2020. In terms of Section 161(1) of the Act, Mr. Ajay Mahajan holds office only upto the date of the forthcoming AGM.

A notice has been received from a member proposing Mr. Ajay Mahajan as a candidate for the office of Director of the Company.

The Board recommends his appointment as a Director liable to retire by rotation. In compliance with the provisions of Section 160 of the Companies Act, 2013, the appointment of Mr. Ajay Mahajan as a Director is now being placed before the Members for their approval.

In view of the applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 5 of the accompanying Notice for the approval of the Members.

None of the directors and/or key managerial personnel of your Company and their relatives, except Mr. Ajay Mahajan are concerned or interested, financially or otherwise, in the above Resolution.

### Item No. 6

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has also appointed Mr. Ajay Mahajan (DIN: 05108777) as "Managing Director & CEO" of the Company with effect from April 15, 2020 for a period of five years from April 15, 2020 to April 14, 2025, upon the terms & conditions hereinafter indicated, subject to approval of the Members.

Mr. Ajay Mahajan, aged 52 years, has a Bachelor of Engineering degree in Electrical & Electronics Engineering from BITS Pilani, and MBA from FMS (where he was a Gold medalist) and is also CFA Charter holder from CFA Institute, USA. He is a widely experienced banker with 30 years of experience; worked in organizations like Bank of America where he started his career in 1990

and went on to becoming MD & Country Head of Global Markets Group. In Bank of America, he also led the initiative of building the first 100% foreign owned NBFC in the country to do primary dealership and credit fixed income. Thereafter, he worked in various entrepreneurial assignments including being a part of the management team at inception of Yes Bank in 2004, building UBS' maiden branch in India in 2008 and then working in a hugely transformative role in IDFC which converted from being an Infrastructure Financing NBFC to a full service commercial bank. Ajay spent the 7 years at IDFC Bank, building teams, systems, processes and cutting-edge technologies to support the wholesale bank's growth. Brief resume of Mr. Ajay Mahajan, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees and shareholding etc. as stipulated under the SEBI (LODR) Regulations, are provided as an Annexure to this notice.

Pursuant to Section II of Part II of Schedule V to the Act, the remuneration payable to Mr. Ajay Mahajan has been recommended and approved for a period of one year effective from April 15, 2020 to April 14, 2021 by the Nomination and Remuneration Committee and subsequently by the Board of Directors.

CARE Ratings' consolidated and standalone revenues have seen a decline in the last two years, with FY20 witnessing a steep reduction, owing to loss of a few significant accounts in the NBFC sector post the crisis that engulfed the sector since August, 2018. The overall macroeconomic conditions too have been downbeat with growth slowing down significantly in FY20. Further, there have been specific management and regulatory challenges faced by your company in the wake of investigations. This led to the firm seeking and appointing a CEO from the market for the very first time in its history.

The outbreak of the COVID'19 pandemic has meant that economic growth this year is widely expected to be negative notwithstanding the measures taken by the RBI and Government to boost liquidity and access to funding in critical sectors. But this is unlikely to lead to a revival as new projects, brownfield expansion and capital expenditure shall remain muted which will impact overall borrowing through bank loans and capital market instruments and hence, the rating business.

Our subsidiaries are in nascent stages of growth and demand for risk solutions and advisory services is subdued in these times. Therefore, revenue guidance for this year would tend to be in the same trajectory as the last year. While all efforts will be made to achieve last year's revenues, the net profitability of the CARE Group is likely to be lower than the last year. The fresh plans being put in place will bear fruition only with a lag.

Under these circumstances, we are moving a special resolution to the shareholders to enhance the ceiling of remuneration for MD & CEO to 10% of net profits for one year and based on the performance of the Company, approval for remuneration for his remaining tenure will be taken subsequently.

The remuneration payable to Mr. Ajay Mahajan may exceed the limits prescribed under section 197 of the Companies Act, 2013. Therefore, in terms of the provisions of the Companies Act, 2013, The approval of the Members pursuant to Section 197(1) of the Act, (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force), is sought for the remuneration payable to Mr. Ajay Mahajan as the Managing Director & CEO of the Company for the period of 1(One) year w.e.f. from April 15, 2020 to April 14, 2021. The details of the proposed remuneration are set out below:

- Salary: CTC of Rs.3,75,00,000/- p.a. (Rupees Three Crore Seventy Five Lakh only) (Per Annum)
- Onetime Performance Bonus equivalent to 1% of consolidated PAT of the Company for the financial year 2020-21 subject to a minimum of Rs.1,00,00,000/- (Rupees One Crore)
- Yearly Commission equivalent to 1% of consolidated PAT with effect from financial year 2021-22. The Nomination and Remuneration Committee may decide on the amount of pay out.
- In addition to salary as above, he will also be entitled for 5,00,000 (Five Lakh only) Employee Stock Options under the Employees Stock Option Scheme to be introduced by the Company after getting approval of the shareholders in general meeting. The ESOP price would be Rs.340/- per share.

The Special Resolution proposed to be passed is an enabling resolution, permitting the Company to pay the fixed remuneration even during absence or inadequacy of profits in any financial year, in compliance with Section 197 read with Schedule V to the Companies Act, 2013. Provided that the maximum yearly remuneration payable to Mr. Ajay Mahajan shall not exceed 10% of consolidated PAT.

The ESOP so granted will vest as given below:

- 1/3rd (1,66,667) on completion of One year from the date of grant
- 1/3rd (1,66,667) on completion of Two years from the date of grant
- 1/3rd (1,66,666) on completion of Three years from the date of grant
- The Exercise period for ESOPs would be two years from the date of vesting

Other Benefits/perquisites:

Category A:

- i. Gratuity not exceeding one month's salary for each completed year of service subject to the Group Gratuity Scheme of the Company.
- ii. Medi-claim policy for self and dependent family members
- iii. Directors & Officers Liability Insurance policy as per the scheme of the Company
- iv. Group Personal Accident Policy as per the scheme of the Company

Category B:

- i. Cost of Car and Telephone for personal use (Cost of car and mobile phone for office work will be covered by the Company and not to be counted for the purpose of perquisite).
- ii. Leave: Ordinary Leave with full pay and allowances as per the Rules of the Company. Such leave will be permitted to be accumulated in accordance with the Company's rules and procedures in force from time to time. Casual and sick leave will be admissible as per rules of the Company. MD will also be entitled to encashment of leave as per rules of the Company.
- iii. General: Such other benefits as are made available by the Company to other members of the staff from time to time.

The above may be treated as a written memorandum setting out the terms & conditions of appointment of Mr. Ajay Mahajan under Section 190 of the Act.

The Nomination & Remuneration Committee and the Board of Directors is of the opinion that Shri Ajay Mahajan's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution, set out at Item No. 6 of this Notice relating to his appointment as a Managing Director & CEO of the Company for a period of five years w.e.f. 15th April, 2020 to 14th April, 2025 (both the days inclusive) and remuneration payable to him for the period of 1(One) year w.e.f. from April 15, 2020 to April 14, 2021 as a Special Resolution for your approval.

Except, Mr. Ajay Mahajan, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution, set out at Item No. 6 of the Notice. Mr. Ajay Mahajan is not related to any other Director or KMP of the Company.

#### **Item No. 7 & 8**

Equity based compensation is considered to be an integral part of the employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock based compensation scheme. The Company believes in rewarding person(s) who are in permanent employment of the Company, in India or out of India including any Director thereof, whether whole time or otherwise and present and future permanent employees and directors (whether whole-time or not) of its subsidiary companies (existing and future, in India or outside India), other than Independent Directors and a director(s) who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, which will lead the Company on the growth path based on continuous hard work, dedication and support. The objective of the ESOP 2020 is to provide an incentive to attract and retain the key employees by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Accordingly, on recommendation of the Nomination and Remuneration Committee ("Committee"), the Board of Directors ("the Board") of the Company at its meeting held on August 10, 2020 approved introduction of the ESOP 2020 subject to the approval of the Members of the Company and the provisions of the SBEB Regulations, the SEBI (LODR) Regulations and other applicable laws and authorised the Committee constituted by the Board under Section 178 of the Companies Act, 2013 to formulate the detailed terms and conditions of the ESOP 2020 and to administer and implement the ESOP 2020 in accordance with the provisions of the

SBEB Regulations. All questions of interpretation of the ESOP 2020 shall be determined by the Committee and such determination shall be final and binding.

The ESOP 2020 is formulated in accordance with SBEB Regulations. In accordance with the terms of these resolutions and the ESOP 2020, the Options would be granted in one or more tranches as may be decided by the Committee, from time to time. The Company seeks the Members' approval in respect of the ESOP 2020 and grant of Options to the eligible employees of the Company and its subsidiary/ies (existing and future) as decided on this behalf from time to time in due compliance of Regulation 6 of the SBEB Regulations.

**The salient features of ESOP 2020 are set out as per SEBI circular and are as under:**

**a. Brief description of the scheme - ESOP 2020**

Keeping in view the aforesaid objectives, the ESOP 2020 contemplates grant of options to the eligible employees of the Company and eligible employee of the Subsidiary Company(ies). After vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Committee shall act as Compensation Committee for the administration of ESOP 2020. All questions of interpretation of the ESOP 2020 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2020.

**b. Total number of Options to be granted**

10,00,000 (Ten lakh only) Options exercisable into an aggregate of 10,00,000 (Ten lakh only) Equity Shares in the Company of face value of Rs.10/- each fully paid-up, would be available for grant to the eligible employees of the Company and eligible employee of the Subsidiary Company(ies) aggregately under ESOP 2020, in one or more tranches.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation / termination of the employees or otherwise, would be available for being re-granted at a future date in accordance with the applicable law.

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the stock options granted. Accordingly, if any additional equity shares are required to be issued pursuant to any corporate action, the above ceiling of stock options or equity shares shall be deemed to increase in proportion of such additional equity shares issued subject to compliance of the SEBI SBEB Regulations, wherever applicable.

**c. Identification of class of employees entitled to participate in ESOP 2020**

Following classes of employees are eligible:

- i. 5,00,000 (Five lakh only) Options exercisable into an aggregate of 5,00,000 (Five lakh only) Equity Shares in the Company of face value of Rs. 10/- each fully paid-up, to Mr. Ajay Mahajan, Managing Director and Chief Executive Officer of the Company as per his terms of appointment
- ii. 5,00,000 (Five lakh only) Options exercisable into an aggregate of 5,00,000 (Five lakh only) Equity Shares in the Company of face value of Rs. 10/- each fully paid-up, to eligible employees of the Company and of the Subsidiary Company(ies) as per the scheme of ESOP 2020 as approved by the Committee.

Provided however that the following persons shall not be eligible for ESOP 2020:

- a) an employee who is a "Promoter" or belongs to the "Promoter Group" as defined in the SBEB Regulations; or
  - b) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company; or
  - c) Independent Directors.
- d.** Requirements of vesting, period of vesting and maximum period within which the Options shall be vested

The Committee may, at its discretion, lay down certain parameters such as work performance, period of service, rank or designation and such other parameters on the achievement of which such Options would vest and the proportion in which

Options granted would vest subject to the minimum vesting period of 1 (one) year. However, the vesting period of 5,00,000 (Five lakh only) Options to be granted to Mr Ajay Mahajan shall be as follows:

|                                                                      |
|----------------------------------------------------------------------|
| 1/3rd (1,66,667) on completion of one year from the date of grant    |
| 1/3rd (1,66,667) on completion of second year from the date of grant |
| 1/3rd (1,66,666) on completion of third year from the date of grant. |

Also, vesting is case of various scenarios such as death, permanent incapacitation, retirement, voluntary resignation, termination of employment for cause or without cause etc. shall be governed by the terms of the scheme of ESOP 2020.

**e. Exercise price or pricing formula**

The exercise price per stock option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company (as may be applicable) or such other price as the Board or the Nomination and Remuneration Committee may, at its sole discretion, approve and determine as on date of grant of option. However, in respect of 5,00,000 (Five lakh only) Options to be granted to Mr Ajay Mahajan, the Exercise Price shall be the price INR 340/- per share pursuant to terms of his appointment as a Managing Director and Chief Executive Officer of the Company. Further, the grantee shall bear the tax liability arising out of grant of options.

**f. Exercise period and the process of Exercise**

The vested Options shall be eligible for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 2 (two) years from the date of vesting of such Options. The vested Option shall be exercisable by the Employees who desire to exercise such Options in such manner prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

**g. Appraisal process for determining the eligibility under ESOP 2020**

The appraisal process for determining the eligibility of the employees will be decided by the Committee from time to time. The employees would be granted Options under ESOP 2020 based on parameters such as work performance, period of service, rank or designation and such other parameters as may be decided by the Committee from time to time.

**h. Maximum number of Options to be issued per employee and in aggregate**

The number of Options that may be granted to any specific employee under the scheme of ESOP 2020 shall not exceed the number of Shares equivalent to 1% of the Issued Share Capital of the Company per grant and in aggregate except for 5,00,000 (Five lakh only) Options to be granted to Mr Ajay Mahajan pursuant to terms of his appointment as a Managing Director and Chief Executive Officer of the Company for which specific approval from members of the Company through a separate special resolution is sought as set out in Item No. 8 of this Notice.

**i. Maximum quantum of benefits to be provided per employee under ESOP 2020**

Apart from grant of Options as stated above, no monetary benefits are contemplated under ESOP 2020.

**j. Whether ESOP 2020 is to be implemented and administered directly by the Company or through a trust**

ESOP 2020 will be implemented by the Company directly as per the SBEB Regulations

**k. Whether ESOP 2020 involves new issue of shares by the Company or secondary acquisition by the trust or both**

ESOP 2020 contemplates only new issue of Securities by the Company

**l. The amount of loan to be provided for implementation of ESOP 2020 by the Company to the trust, its tenure, utilisation, repayment terms, etc.**

The Company will not provide any loan for implementation of ESOP 2020.

**m. Maximum percentage of Secondary Acquisition that can be made by the trust for the purpose of the scheme**

Not Applicable

**n. Accounting and Disclosure Policies**

The Company shall follow the relevant Indian Accounting Standards (Ind-AS), prescribed from time to time, including the disclosure requirements.

**o. Method of valuation of Options**

The Company shall adopt 'fair value method' for valuation of Options as prescribed under Guidance Note or under any Ind-AS, as applicable, notified by appropriate authorities from time to time.

Regulation 6(1) of SBEB Regulations requires that every employee stock option scheme shall be approved by the members of the Company by passing a Special Resolution in a General Meeting. Further, as ESOP 2020 will entail further issue of shares, consent of the members is required by way of a Special Resolution pursuant to Section 62(1)(b) of the Companies Act, 2013. Accordingly, the Special Resolution set out at Item No. 7 of this Notice is proposed for approval by members.

As per Regulation 6(3) of SBEB Regulations, a separate special resolution is required to be passed if the benefits of an employee stock option scheme are to be extended to employees of the subsidiary company(ies). Accordingly, the Special Resolution set out at Item Nos. 8 of this Notice is proposed for approval by members.

The Options to be granted under ESOP 2020 shall not be treated as an offer or invitation made to public for subscription of securities of the Company. The ESOP 2020 conforms to the SBEB Regulations.

Directors / Key Managerial Personnel of the Company / their relatives who may be granted Options under ESOP 2020 may be deemed to be concerned or interested in the Special Resolutions at Item Nos. 7 and 8 of this Notice. Save as aforesaid, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said Special Resolutions.

The Board commends the Special Resolutions set out at Item Nos. 7 and 8 of this Notice for approval by the members.

**Item No. 9**

Pursuant to terms of appointment of Mr. Ajay Mahajan as a Managing Director and Chief Executive Officer of the Company as set out at Item No. 5 of this explanatory statement to the Notice and Considering the scale of business of the Company and the responsibilities on Mr. Ajay Mahajan, Managing Director and Chief Executive Officer of the Company, the Board at its meeting held on August 10, 2020 based on the recommendation of the Nomination and Remuneration Committee of the Company, has recommended for approval of the shareholders, the grant of Employee Stock Options equal to or exceeding 1% of the issued share capital of the Company in any one year under 'CARE Employee Stock Option Scheme 2020' ("ESOP 2020") to Mr. Ajay Mahajan, Managing Director and Chief Executive Officer of the Company, the details of which are mentioned in the proposed resolution as set out in Item No. 9 of this Notice.

CARE Ratings wanted to hire a leader with a record of strong entrepreneurial quality considering the transformational role the new MD & CEO was expected to play at the company. However, given the difficult times for the industry and company, we did not have the ability to pay a market based compensation for this position fully in cash.

Hence it was decided by the NRC of the Board that the compensation should be a mix of cash and stock options so as not to put financial pressure on the company at this point of time. Accordingly it was decided to compensate the MD & CEO through two parts – one part as cash compensation in the form of a fixed salary and fixed first year incentive and second part as 500,000 ESOPs at the strike price of 340 rupees. This we believe will also help to align his market expectations with the performance of the company.

Except, Mr. Ajay Mahajan, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution at Item No. 9 of the Notice. Mr. Ajay Mahajan is not related to any other Director or KMP of the Company.

The Board commends the Special Resolutions set out at Item No. 9 of this Notice for approval by the members.

**Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India, the following information is furnished about the Directors proposed to be re-appointed/appointed.**

| Name of the Director                                                                                                               | Mr.. V Chandrasekaran<br>(DIN: 03126243)                                                                                                                                                                                                                                                                                                                                                                                                                  | Mr. Ajay Mahajan<br>(DIN: 05108777)                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Age (Years)                                                                                                                        | 63                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 52                                                                                                                                                                                                                                                                                                     |
| Nationality                                                                                                                        | Indian                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Indian                                                                                                                                                                                                                                                                                                 |
| Date of first Appointment on the Board                                                                                             | November 15, 2017                                                                                                                                                                                                                                                                                                                                                                                                                                         | April 15, 2020                                                                                                                                                                                                                                                                                         |
| Shareholding in the Company                                                                                                        | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NIL                                                                                                                                                                                                                                                                                                    |
| Qualification                                                                                                                      | FCA & B. Com                                                                                                                                                                                                                                                                                                                                                                                                                                              | MBA                                                                                                                                                                                                                                                                                                    |
| Brief resume and Expertise in specific functional area                                                                             | He is a qualified Chartered Accountant and retired Executive Director (Investment) LIC of India. He has more than 3 decades of experience in Life Insurance Finance, Housing Finance and Mutual Fund Investment, with adequate exposure to a gamut of Investments. Also involved in Investment decision making processes, Investment Monitoring & Accounting and Investment Research and Risk Management. He is also a Board Member of various companies. | He has around three decades of experience in the banking sector, and was with Bank of America for a very long time, then with UBS, Yes Bank and IDFC First Bank. He has also worked in various entrepreneurial assignments in BFSI segment. Detailed given in Item No. 6 in the explanatory statement. |
| Terms & Conditions of re-appointment/ variation of Remuneration                                                                    | NA                                                                                                                                                                                                                                                                                                                                                                                                                                                        | As per Item No. 6                                                                                                                                                                                                                                                                                      |
| Remuneration last drawn                                                                                                            | NA                                                                                                                                                                                                                                                                                                                                                                                                                                                        | NA                                                                                                                                                                                                                                                                                                     |
| Directorships held in other Companies (excluding Directorship in private and companies under Section 8 of the Companies Act, 2013) | <ul style="list-style-type: none"> <li>Tamilnadu Newsprint and Paper Ltd.</li> <li>Aditya Birla Housing Finance Ltd.</li> <li>LICHFL Asset Management Co Ltd.</li> <li>Legal Entity Identifier India Ltd.</li> <li>Tata Asset Management Ltd.</li> <li>Aditya Birla Renewables Subsidiary Ltd.</li> <li>Aditya Birla Renewables SPV1 Ltd.</li> <li>TATA Investment Corporation Limited</li> <li>CARE Ratings Limited</li> </ul>                           | NA                                                                                                                                                                                                                                                                                                     |
| Chairman/Membership in committees of the Board of Directors of other Listed Company in which he/she is a Director                  | 5- Chairmanships<br>3- Memberships                                                                                                                                                                                                                                                                                                                                                                                                                        | NA                                                                                                                                                                                                                                                                                                     |
| Inter-se relationship with other directors/ Key Managerial Personnel                                                               | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NIL                                                                                                                                                                                                                                                                                                    |
| No. of Board meetings attended during the year                                                                                     | 13 (Thirteen)                                                                                                                                                                                                                                                                                                                                                                                                                                             | NA                                                                                                                                                                                                                                                                                                     |

**By the Order of Board**

**Date: Mumbai**  
**Place: August 10, 2020**

**Navin Kumar Jain**  
**Executive Director & Company Secretary**