**Date: May 29, 2023**
**SE/2023-24/23**

**To,**

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

Dear Sir,

**Sub: Submission of Annual Secretarial Compliance Report for the financial year ended 31st March 2023 under Reg. 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed copy of Annual Secretarial Compliance Report dated 29th May 2023 for the financial year 2022-23 issued by A.K. Jain & Co., Practising Company Secretaries.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,
**For CARE Ratings Limited**

Nehal Navinchandra Shah
Digitally signed by Nehal Navinchandra Shah
Date: 2023.05.29 19:20:46 +05'30'

**Nehal Shah**
**Company Secretary & Compliance Officer**

**Encl : As above**

A K JAIN & CO.
COMPANY SECRETARIES

26, 2nd Floor, Shankar Seth Building,
380-382, J. S. S. Road, Chira Bazar, Mumbai - 400002
+91 22 2203 4420 • akjaincs@gmail.com

**Annual Secretarial Compliance Report of CARE Ratings Limited**
**For the year ended 31st March, 2023**

To
The Board of Director
**CARE Ratings Limited**
Godrej Coliseum, 4th Floor, Somaiya Hospital Road
Off Eastern Express Highway, Sion East
Mumbai 400022

We have examined:

(a) all the documents and records made available to us and explanations provided by **CARE Ratings Limited** ("The Listed Entity" or "the Company"),
(b) the filings/ submissions made by the listed entity to the stock exchanges,
(c) website of the listed entity,
(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2023 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable during the review period);**
(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
(e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

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(f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not Applicable during the review period);**

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999.

and circulars/ guidelines issued thereunder;

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

| Sr. No. | Particulars | Compliance Status (Yes/No/NA) | Observations/ Remarks by PCS* |
|---|---|---|---|
| 1. | **Secretarial Standards:**<br><br>The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI), as notified by the Central Government under Section 118(10) of the Companies Act, 2013 and mandatorily applicable. | Yes | |
| 2. | **Adoption and timely updation of the Policies:**<br><br>• All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the listed entities<br>• All the policies are in conformity with SEBI Regulations and have been reviewed & timely updated as per the regulations/ circulars /guidelines issued by SEBI | Yes<br><br>Yes | |
| 3. | **Maintenance and disclosures on Website:**<br><br>• The Listed entity is maintaining a functional website<br>• Timely dissemination of the documents/ information under a separate section on the website | Yes<br><br>Yes | |

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| | • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/section of the website | Yes | |
| 4. | **Disqualification of Director:**<br><br>None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013. | Yes | |
| 5. | **Details related to Subsidiaries of listed entities have been examined w.r.t.:**<br><br>(a) Identification of material subsidiary companies<br>(b) Requirements with respect to disclosure of material as well as other subsidiaries | (a) NA<br><br>(b) Yes | (a) The Listed entity does not have any Material Subsidiary |
| 6. | **Preservation of Documents:**<br><br>The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015. | Yes | |
| 7. | **Performance Evaluation:**<br><br>The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees on an annual basis as prescribed in SEBI Regulations. | Yes | |
| 8. | **Related Party Transactions:**<br><br>**(a)** The listed entity has obtained prior approval of Audit Committee for all related party transactions; or<br>**(b)** In case no prior approval | (a) Yes | |

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| | obtained, the listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee. | (b) NA | (b) The listed entity has obtained prior approval of Audit Committee for all related party transactions |
| 9. | **Disclosure of events or information:**<br><br>The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder. | Yes | |
| 10. | **Prohibition of Insider Trading:**<br><br>The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015. | Yes | |
| 11. | **Actions taken by SEBI or Stock Exchange(s), if any:**<br><br>No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein. | No | Refer Annexure "A" |
| 12. | **Additional Non-compliances, if any:**<br>No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc. | Yes | |

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

A. K. JAIN & CO. C.P. No. 6124 COMPANY SECRETARIES

| Sr. No. | Particulars | Compliance Status (Yes/No/NA) | Observations/ Remarks by PCS* |
|---|---|---|---|
| 1. | **Compliances with the following conditions while appointing/re-appointing an auditor** | | |
| | i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or | NA | Not Applicable as there was no change in the Auditors during the reporting period |
| | ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or | NA | Not Applicable as there was no change in the Auditors during the reporting period |
| | iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year. | NA | Not Applicable as there was no change in the Auditors during the reporting period |
| 2. | **Other conditions relating to resignation of statutory auditor** | | |
| | i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee:<br>a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings. | NA | Not Applicable as there was no change in the Auditors during the reporting period |

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| | b. In case the auditor proposes to resign,all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable.<br><br>c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.<br><br>ii. Disclaimer in case of non-receipt of information:<br>The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor. | | |
| 3. | The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/ CFD/CMD1 /114/2019 dated 18th October, 2019. | NA | Not Applicable as there was no resignation of the Auditors during the reporting period |

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder except in the matter as specified in **Annexure "A".**

(b) The listed entity has taken the following actions to comply with the observations made in previous reports as specified in **Annexure "B".**

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**Assumptions & Limitation of scope and Review:**

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as tothe future viability of the listed entity nor of the efficacy or effectiveness with which the management hasconducted the affairs of the listed entity.

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

**Place: Mumbai**
**Date: 29th May, 2023**

**Ashish Kumar Jain**
**Proprietor**
**Peer Review Certificate No.1485/2021**
**FCS: 6058, CP: 6124**
**UDIN: F006058E000413355**

ANNEXURE "A"

**The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:**

| S. No. | Compliance Requirement (Regulations/ circulars/ guidelines including specific clause) | Regulation/ CircularNo. | Deviations | Action Taken by | Type of Action (Advisory/ Clarification / Fine/Show Cause Notice/ Warning, etc.) | Details of Violation | Fine Amount | Observations/ Remarks of the Practicing Company Secretary | Management Response | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Every credit rating agency shall disseminate information regarding newly assigned ratings, and changes in earlier rating promptly through press releases and websites. | Clause 3 and 12 of Regulation 13 (Code of Conduct) and regulation 15 (2) of Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 | Company has failed to promptly publish the downgrading of the ratings on its website. | SEBI | Show Cause Notice dated 29th July, 2022 issued by SEBI and Adjudication order dated 31st October, 2022. | Company has failed to promptly publish the downgrading of the ratings on its website upon informing the same to Client. The information in respect of the downgrading of the ratings is considered to be | Rs. 2,00,000/- (Rupees Two Lakh only) | - | There was no delay in publishing the Press Release. During the prevalent time, no timelines were notified by SEBI for publishing Press Release. SEBI notified deadline for issuance of Press Release vide its circular dated 30th June 2017. | - |

A. K. JAIN & CO. C.P. No. 6124 COMPANY SECRETARIES

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| | | | | | | material and price sensitive information which was published by Company on its website with a delay of 02 days; | | | | |
| 2. | Compliance requirements under the SEBI (Credit Rating Agencies) Regulations, 1999 (CRA Regulations) | CRA Regulations | Certain deviations/ discrepancies of compliance requirements of CRA Regulations | SEBI | Administrative Warning. | Certain deviations/ discrepancies of compliances of CRA Regulations were highlighted by the SEBI during the inspection of the Company's credit rating operations. | Not Applicable | Upon inspection of the Company's Credit rating operations, SEBI had communicated their findings on the same and advised the Company to submit their responses against every finding. The Company submitted a detailed response on the same. After | Company took the necessary corrective steps on the deviations/discrepancies (wherever applicable) and also placed details of the same before its Board of Directors. The Board of Directors took note of both SEBI's administrative warning and | - |

JAIN & CO. C.P. No. 6124 COMPANY SECRETARIES

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| | | | | | | | | analysing the responses submitted by the Company, SEBI issued an administrative warning for deviations/discrepancies highlighted under the inspection. | corrective steps taken by the Company. Necessary response in this regard has been submitted to SEBI. | |



ANNEXURE "B"

**The listed entity has taken the following actions to comply with the observations made in previous reports:**

| S. No. | Compliance Requirement (Regulations/ circulars/ guidelines including specific clause) | Regulation/ Circular No. | Deviations | Action Taken by | Type of Action (Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.) | Details of Violation | Fine Amount | Observations/ Remarks of the Practicing Company Secretary | Management Response | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | SEBI (Credit Rating Agencies) Regulations, 1999 (CRA Regulations).<br>**Regulation 13** - Every credit rating agency shall abide by the Code of Conduct contained in the Third Schedule.<br>**24(7)** - Every credit rating agency, shall, while rating a security, exercise due diligence in order to ensure that the rating given by the credit rating agency is fair and appropriate.<br>**CODE OF CONDUCT FOR CREDIT RATING AGENCIES** | Regulation 13 and 24 (7) read with clause (4) and (8) of the Code of Conduct for Credit Rating Agencies as stipulated in Schedule III of CRA Regulations | Violation of the provision of Regulation 13 and 24 (7) read with clause (4) and (8) of the Code of Conduct for Credit Rating Agencies as stipulated in Schedule III of SEBI CRA Regulation in the matter of | SEBI | Show Cause Notice and Adjudication proceedings | The Company has received show cause notice ("SCN") from SEBI dated 17 December, 2018 under Rule 4 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 in | Rs. 100 Lakhs | SEBI concluded its adjudication proceedings against the Company and vide its order dated 26th December, 2019, imposed a penalty of Rs.25 lakhs.<br>SEBI further issued a SCN dated 28th January, 2020 under Section 15-I (3) of SEBI Act, 1992, enquiring that why the penalty amount should not be enhanced in respect of the | Company has preferred an appeal before SAT, challenging the order of SEBI. The appeal was admitted on 11th January, 2021. As per the direction of SAT Company has deposited Rs.25 lakhs with SEBI till the appeal is decided, and the said appeal was pending as | - |



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| | **4.** A credit rating agency shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment in order to achieve and maintain objectivity and independence in the rating process.<br><br>**8.** A credit rating agency shall keep track of all important changes relating to the client companies and shall develop efficient and responsive systems to yield timely and accurate ratings. Further a credit rating agency shall also monitor closely all relevant factors that might affect the creditworthiness of the issuers | | rating of various NCD issue of one of its Client and its subsidiary. | | | the matter relating to allegation of violation of the provision of Regulation 13 and 24 (7) read with clause (4) and (8) of the Code of Conduct for Credit Rating Agencies as stipulated in Schedule III of CRA Regulations | | initial SCN.<br><br>SEBI vide its order dated 22nd September, 2020, enhanced the penalty to Rs.100 Lakhs on the Company under Section 15HB of SEBI Act, 1992<br><br>Subsequently, the Company has filed an appeal before the Securities Appellate Tribunal (SAT) which has been admitted on 11th January, 2021. As per the direction of the SAT Company has deposited Rs.25 lakhs with SEBI till the appeal is decided, and the said appeal was pending as on 31st March, 2023. | on 31st March, 2023. | |

