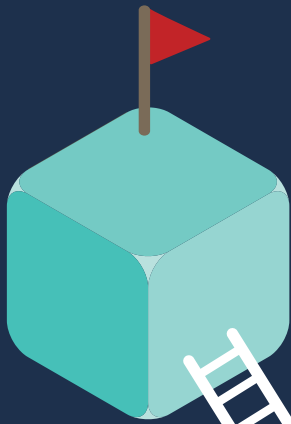




**READY FOR  
TOMORROW & BEYOND,  
TODAY.**



## **Vision**

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



## **Mission**

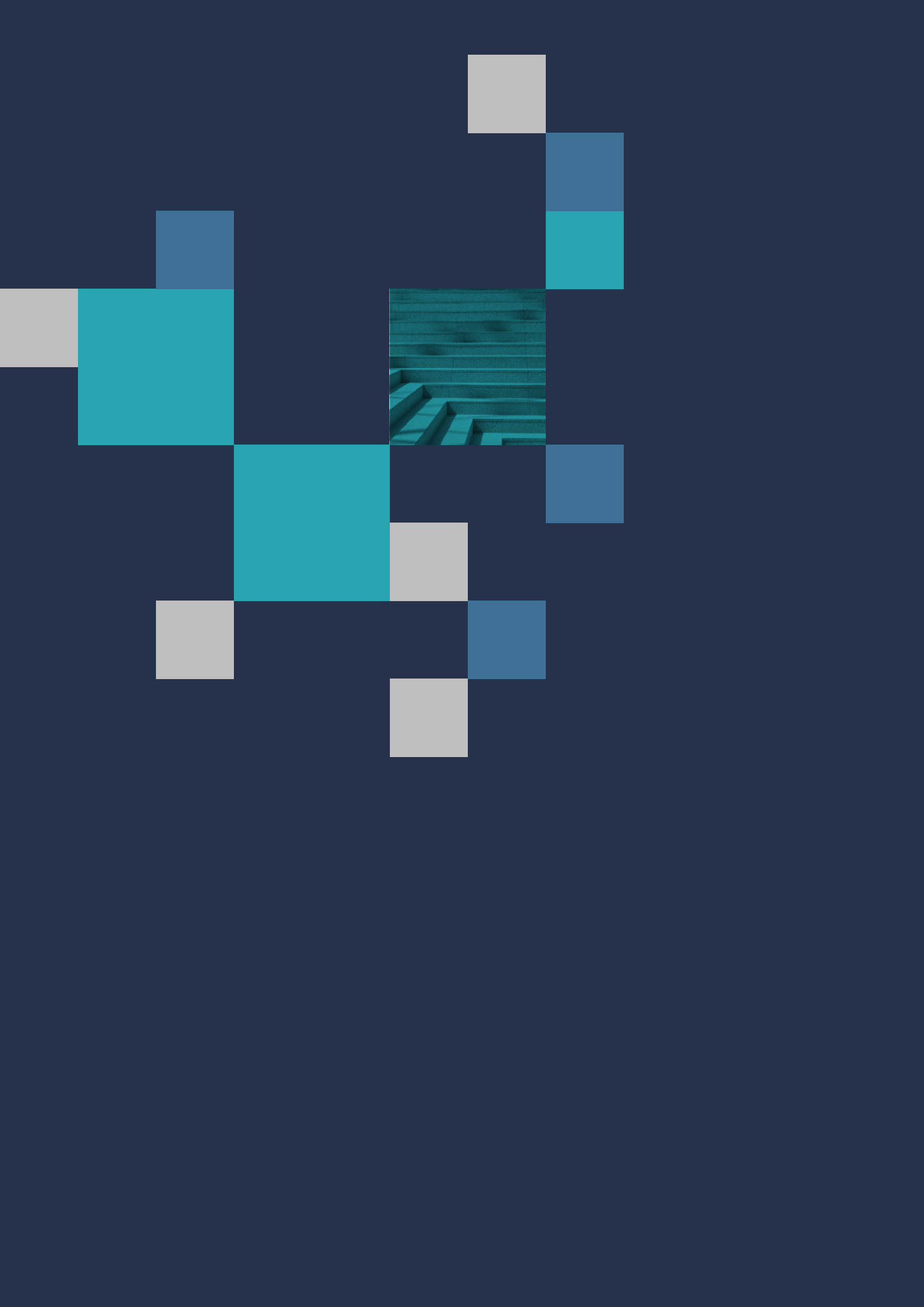
To provide best-in-class tools, analyses and insights, enabling customers to make informed decisions.



## **Values**

Integrity, Pursuit of Excellence, Commitment, Fairness





# Message from Chairman

– Mr. Najib Shah



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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



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

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

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

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

# Board of Directors



**Mr. Najib Shah**

Chairman,  
Non - Executive  
Independent Director



**Mr. V Chandrasekaran**

Non-Executive  
Non-Independent Director



**Mr. Adesh Kumar Gupta**

Non-Executive  
Independent Director



**Ms. Sonal Guvant Desai**

Non-Executive  
Independent Director



**Dr. M. Mathisekaran**

Non-Executive  
Independent Director



**Mr. Ananth Narayan**

Non-Executive  
Independent Director



**Mr. Ajay Mahajan**

Managing Director & CEO,  
CARE Ratings

# Directors & Committee Members



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

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



# Senior Management Team



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



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



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



**Mr. Madan Sabnavis**  
Chief Economist



**Ms. Revati Kasture**  
Senior Director



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



**Mr. Sandip Palodkar**  
Head, HR



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



**Mr. Jinesh Shah**  
Chief Financial Officer



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

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

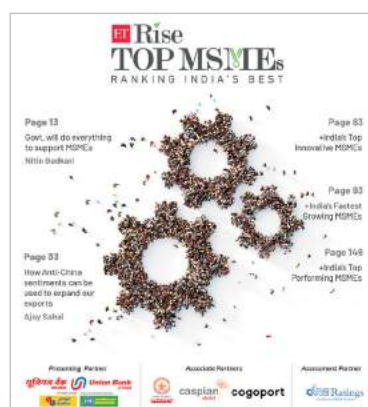


CARE Ratings held its **27th Annual General Meeting** on 8<sup>th</sup> September 2020. Unlike in the previous years, this was hosted via teleconferencing due to the COVID-19 pandemic, with all attendees participating virtually. The AGM was chaired by Mr. Najib Shah with members of the Board of Directors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

## Knowledge Partnerships



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



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



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