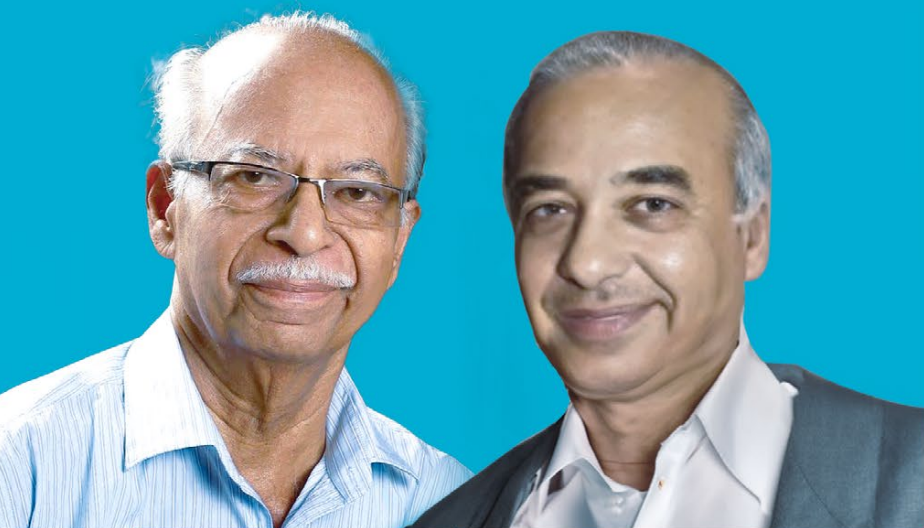


YEARS OF EXCELLENCE

INSIGHTS TO NAVIGATE POWER TO TRANSFORM

Annual Report 2022-23



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

CARE Ratings
Professional Risk Opinion



22nd
ANNUAL REPORT
2014-15

Credit Analysis & Research Ltd.

Credit Analysis & REsearch Ltd.



THIRD ANNUAL REPORT
1995-96



CARE Ratings
Professional Risk Opinion



25th
ANNUAL REPORT
2017-2018

CARE Ratings Limited
(Formerly known as Credit Analysis and Research Limited)

CARE Ratings'
Credit Markets Conclave



CELEBRATING 30 YEARS OF EXCELLENCE

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

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





Vision

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



Mission

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



Values

Integrity, Pursuit of Excellence, Commitment, Fairness

Contents

04 From the Chairman's Desk

22 Corporate Social Responsibility

28 Directors' Report

06 Message from MD & CEO

23 CARE Advisory Research and Training Limited

118 Standalone Financial Statements

08 Board of Directors & Committee Members

24 CARE Risk Solutions Private Limited

176 Consolidated Financial Statements

10 Senior Management

25 CARE Ratings (Africa) Private Limited

235 Notice of 29th Annual General Meeting

12 Home of Knowledge — Knowledge sharing forums, webinars and sectoral reports

25 CARE Ratings Nepal Limited

20 CareEdge in Media

26 People Power

From the Chairman's Desk



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Najib Shah

Message from MD & CEO



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

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

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

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

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

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

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

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

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

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

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

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

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

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



Mehul Pandya

Board of Directors & Committee Members



Najib Shah

Chairman, Non-Executive
Independent Director



V. Chandrasekaran

Non-Executive
Independent Director



Adesh Kumar Gupta

Non-Executive
Independent Director



Sonal Gunvant Desai

Non-Executive
Independent Director



Dr. M. Mathisekaran

Non-Executive
Independent Director



G. Mahalingam

Non-Executive
Independent Director



Sobhag Mal Jain

Non-Executive
Non-Independent Director



Mehul Pandya

Managing Director
& Chief Executive Officer