CARE RATINGS (AFRICA) PRIVATE LIMITED

AUDITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

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CARE RATINGS (AFRICA) PRIVATE LIMITED
CORPORATE INFORMATION

		Date of appointment	Date of resignation
DIRECTORS			
:	Bilal Ibrahim Sassa	12-Dec-14	-
	Saurav Chatterjee	30-Mar-16	-
	Mehul Harshadrai Pandya	03-Oct-16	-
	Ajay Mahajan	10-Aug-20	-
	Periyakavil Ramakrishnan Ravi Mohan		-

COMPANY ADMINISTRATOR & SECRETARY : International Proximity Management Services Limited
Ebene Esplanade
24,Bank Street, Cybercity
Ebene, Mauritius

REGISTERED OFFICE : 5th Floor, MTML Square
63, Cybercity, Ebene

AUDITORS : Moore (Mauritius)
Chartered Accountants
6th Floor, Newton Tower
Sir William Newton Street
Port Louis
Republic of Mauritius

BANKERS : SBI (Mauritius) Ltd
45, Bhumi Park
SBI Tower Mindspace
45, Bhumi Park
Ebene
Mauritius

Absa Bank (Mauritius) Limited
Absa House, Cybercity
Ebene
Mauritius

The Directors present their report and the Audited financial statements of CARE Ratings (Africa) Private Limited (the "Company") for the year ended March 31, 2021.

Principal Activities

The principal activity of the Company is to operate as a credit rating agency and is licensed by the Financial Services Commission to provide credit ratings and related services to companies in Mauritius.
In February 2019, CRAF has received the approval of the Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya under the Capital Markets Act and the Regulations and Guidelines issued thereunder.

Review of Operations

During the year, CRAF has assigned ratings and reviewed the ratings assigned to esteemed Corporates of Mauritius, a brief of which is given below.

Name of the Company	Instrument rated	Outstanding Rating
The Mauritius Commercial Bank Ltd.	Issuer Rating	CARE MAU AAA(IS); Negative
CIM Financial Services Ltd	Bond and Bank facilities	CARE MAU AA; Negative/ CARE MAU A1+
Emtel Limited	Bond	CARE MAU AA-; Stable
MUA Ltd	Bond	CARE MAU AA-; Stable
Ascencia Limited	Bond and Bank facilities	CARE MAU A+ Stable
CIEL Limited	Bond and Bank facilities	CARE MAU A+; Stable/ CARE MAU A1
CIEL Finance Limited	Bond	CARE MAU A+ Stable
Bank One Limited	Bond and Issuer Rating	CARE MAU A+ (Is); Negative
Tropical Paradise Company Limited	Bank facilities	CARE MAU A; Creditwatch
ENL Limited	Bond	CARE MAU A; Creditwatch
C-Care (Mauritius) Ltd	Bank facilities	CARE MAU A; Stable/ CARE MAU A1
Aquarelle International Limited	Bond	CARE MAU A; Stable
Alteo Limited	Bond	CARE MAU A; Stable
Attitude Hospitality Ltd	Bond	CARE MAU A-; Creditwatch
Compagnie des Villages de Vacances de l'Isle de France Limitée [COVIFRA]	Bond and Bank facilities	CARE MAU A; Creditwatch
CM Structured Finance (2) Ltd (COVIFRA)	Credit Link Notes	CARE MAU A- (SO); Stable/ CARE MAU A2+ (SO) Creditwatch
MaxCity Property Fund Limited	Bond	CARE MAU A (SO)/CARE MAU A- (SO); Stable
Commercial Investment Property Fund Limited	Bond	CARE MAU A- (SO); Stable
CM Diversified Credit Limited	Credit Link Notes	CARE MAU A- (SO); Stable/ CARE MAU A2+ (SO)
Lavastone Ltd.	Bond	CARE MAU A-; Stable
City and Beach Hotels (Mauritius) Limited	Bond	CARE MAU A-; Creditwatch
CM Structured Products (2) Ltd (La pirogue)	Credit Link Notes	CARE MAU A- (SO); Stable/ CARE MAU A2+ (SO)
SBM Factors Limited	Bank facilities	CARE MAU A2+
Spice Finance Limited	Bond	CARE MAU A- Stable
Omnicane Holdings (La Baraque) Thermal Energy Limited	Bond	CARE MAU A-; Stable
Omnicane Thermal Energy Operations (La Baraque) Limited	Bond and Bank facilities	CARE MAU A-; Stable /CARE MAU A2+
Omnicane Thermal Energy Operations (St Aubin) Limited	Bank facilities	CARE MAU A1+
Omnicane Milling Operations Limited	Bond	CARE BBB+ Stable
GVL (Mauritius) Limited	Bank facilities	CARE MAU BBB+; Stable
CM Structured Finance (1) Ltd	Credit Link Notes	CARE MAU D

During last 3 years, due to regular presentation to the Regulators, Issuers and Investors (Pension Funds, Insurance Companies, Banks and Asset Management companies), the concept of Credit rating has gained popularity in the Mauritius market among the Issuers & Investors. Banks, pension funds and other Financial Institution are now seeking Credit rating of Bonds and bank facilities to determine the pricing of the Issue.

During the financial year under review (FY21), the Company has assigned ratings to 30 corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd., Bank One, CIEL, CIM, Ascencia, SBM Factors, Omnicane, Alteo, MUA and ENL. In FY21, CRAF has assigned credit ratings to bank facilities and bond issue aggregating to around Mur 55 billion (Mur 40 billion in FY20). There has been an increase in awareness about the concept of Credit Rating among Banks and Corporates and clear understanding of the benefits from such Ratings.

Results and Dividend

Revenue grew by 26% in FY21 [Mur 24.8 million in FY21 vis-à-vis Mur 19.7 million in FY20] on account of an increase in the total volume of debt rated with contributions coming from both new assignments and surveillance exercises. CRAF reported a Profit before Tax (PBT) of [Mur 12.1 million in FY21 vis-à-vis Mur 10.1 million in FY20] and increase of 20%. The results for the year ended March 31, 2021 are shown on page 22.

Given the strong performance over last 2 years (FY19-FY21), positive reserves & cash balance and non-payment of dividend since inception, the Directors proposed a final dividend of MUR 4,000,000 for FY21 to be paid in May 2021.

Shareholders

The company's shareholders are CARE Ratings Limited (78.01%), African Development Bank (9.99%) and MCB Equity Fund (6.00%) and SBM (NFC) Holdings Limited (6.00%). The mix of experienced shareholders and parentage of CARE Ratings Limited, with its more than 25 years of established track record in a vast market like India, will enable CRAF to have stronger brand recognition in the African continent.

Statement of directors' responsibilities in respect of the financial statements

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at March 31, 2021, statement of comprehensive income, statement of changes in net assets attributable to holders of participating shares, and statement of cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Mauritius Companies Act 2001.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as going concern and have no reason to believe that the business will not be going concern in the period ahead.

Directors' interests

(a) As at March 31, 2021, the company had a service agreement with only one of its Director. Remuneration paid for the period under review amounts to Mur 4,886,382.

(b) None of the directors have any interests either beneficial or non-beneficial, in the share capital of the company.

....
Saurav Chatterjee
Date: 30.4.2021

....
Bilal Ibrahim SASSA

The Board ensures that the Company applies the principles of the National Code of Corporate Governance for Mauritius (2016) (the "Code") and which is effective as from reporting year ended 30 June 2018. The Company takes into consideration the Code applicable for holders of a "Credit Rating Agency" licence.

Principle 1: Governance Structure

CARE Ratings (Africa) Private Limited, the "Company" is a private company with limited liability incorporated on 12 December 2014. The Company holds a Credit Rating Agency Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission ("FSC"). The constitution of the Company is in line with the Mauritius Companies Act 2001. The Company provides credit ratings and related services to companies in Mauritius and has received the approval of the Capital Markets Authority of Kenya on 12 February 2019 as a Credit Rating Agency in Kenya under the Capital Markets Act and the Regulations and Guidelines issued thereunder. The secretary of the Company is International Proximity Management Services Limited. The services provided by International Proximity Management Services Limited to the Company are as per an engagement letter dated 10 July 2015 and the responsibilities of the secretary of the Company are also spelled out in the board charter of the Company.

Effective Board

The Company is managed by its board of directors (the "Board") comprising of five members. The Board is chaired by the chairperson. Each director is appointed with the understanding of the amount of time, care that he/she will need to devote to the Board and the industry knowledge required.

Role of the Board

The Board plays a central supporting and supervisory role in the Company's corporate governance structure, provides leadership and guidance to the Company's activities, and oversees the execution of its business strategies. Specific matters reserved for the Board's consideration and decision are:

- Setting of appropriate policies to manage risks in pursuit of the Company's strategic objectives;
- Ensuring the integrity of the Company's accounting and financial reporting system and compliance with the relevant laws and standards, and that appropriate internal control systems are in place, including systems for risk management, as well as financial and operational control;
- Monitoring and controlling the operations and financial performance of the Company;
- Ensuring a transparent Board nomination and election process;
- Where required, appointment of key senior executives and overseeing succession planning;
- Ensuring timely and accurate disclosure to and communications with stakeholders; and
- Ensuring the adequacy of resources, and qualifications and experience of the Company's accounting and financial reporting function.

Role and function of the Chairperson

- Provides leadership and governance to the Board so as to create the conditions for overall Board's and individual director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner;

- Ensures that the Board is properly briefed on issues arising at board meetings and receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable, to fulfil its duties, such as reports on the Company's performance, the issues, challenges and opportunities facing the Company, and matters reserved for it to make decision;

- Promotes and creates an environment that allows constructive debates and challenges, both inside and outside the boardroom;

- Establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at board level; and

- Ensures that there is effective communication with shareholders, and that each director develops and maintains an understanding of the stakeholders' views.

- Ensures that the Board should not meet less than one (1) time during each quarter and may meet more often, if necessary. During the financial year in review, the number of Board meeting held during the year did comply with this requirement.

Code of Ethics

The directors of the Company maintain the highest standards of integrity to approach and solve problems ethically. The code of conduct of the Company is aligned with the 'Code of Conduct Fundamentals for credit rating agencies' (the 'IOSCO Code') revised in May 2008 issued by the International Organization of Securities Commissions (IOSCO). The code of conduct is published on the website of the Company and be found at http://www.careratingsafrica.com/about-us.php

Job description or Position Statement

The directors exercise their duties to act in good faith and in the best interest of the Company in line with the Mauritius Companies Act 2001 and other applicable laws and regulations. The Company currently has executive directors and employees.

Organisation Chart

The Company's organisation chart is attached as Annexure 1 to this report.

Profile of the Directors

Mr. Ajay Mahajan

Mr. Ajay Mahajan is the Chairman of CRAF and the Managing Director & CEO of CARE Ratings. He is a widely experienced financial services expert with 30 years in banking and capital market businesses. He worked in organizations like Bank of America where he started his career in 1990 and went on to become MD & Country Head of Global Markets Group. Here 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, Mr. Mahajan joined YES BANK in a top management role to build out multiple functions like Financial Markets, Investment Management, Financial Institutions and International Banking. Mr. Mahajan moved thereafter to UBS in 2008 to build their India franchise from scratch, another deeply entrepreneurial role. In three years of joining UBS had most credit, Financial Markets, Debt Capital Markets and Retail Products in India. Mr. Mahajan 's last assignment was a 7 year long stint in IDFC Group which he joined in 2013 to play a hugely transformative role to lead the conversion of their Infrastructure financing business to a multi-product, multi-segment wholesale banking business comprising Corporate Credit, SME Credit, Financial Markets, Government Banking, Financial Institutions and International Banking. Besides, this role required building teams, systems, processes and cutting-edge technologies to support the wholesale bank's growth. Mr. Mahajan was one of the founding members of FIMMDA, the financial markets SRO in India and headed product development committee and several other initiatives for market development. He also held the Vice Chairman role at

FIMMDA. While at this role, he was also entrusted with heading a sub committee, a part of Jaspal Bindra Committee constituted in 2001, under the aegis of RBI to work on development of the financial markets and derivatives markets in India. Mr. Mahajan holds a Bachelor of Engineering in Electrical & Electronics Engineering from BITS Pilani, and an MBA from FMS (where he was a Gold medalist) and is also CFA Charter holder from CFA Institute, USA.

Mehul Harshadrai Pandya

Mr. Mehul Pandya is the Non-Executive Director of CARE Ratings Africa Private Limited and Executive Director of CARE Ratings. As the Head of CARE Ratings business in India and abroad, he is responsible for providing tactical impetus to CARE's rating operations. He has successfully incubated and nurtured CARE's business outside India as well. He is also a member of the Board of Directors of all subsidiaries of CARE Ratings. He is a technocrat with management background and also a CFA charterholder from CFA Institute, USA. Having joined CARE Ratings in the year 2000, he has more than 20 years of experience in the rating industry. Prior to joining CARE Ratings, he worked with a state level financial institution in the State of Gujarat in India for about four years and was instrumental in establishing an in-house credit rating cell for the screening of lending proposals. As such, he has a domain experience of nearly 25 years. He has worked as a Consultant for the Asian Development Bank (ADB) for a Country Study in 2010. He has also conducted various training programmes pertaining to Credit Risk Analysis in India as well as abroad.

Bilal Ibrahim Sassa

Mr. Bilal Ibrahmim Sassa is an Independent Director of CRAF. He holds a B.Com in Economics from the University of Natal, Pietermaritzburg, South Africa. He also holds a stockbroking licence from the Financial Services Commission. Mr. Sassa joined Cim Stockbrokers as an analyst and then became General Manager of this operation in 2005. He was as appointed Managing Director of International Management Mauritius Limited (IMM) in June 2008. In September 2009, he took over the role of Chief Sales & Marketing Officer of the Global Business Companies which he occupied until April 2011. Mr. Sassa was appointed Managing Director of Cim Global Management in May 2011. Mr. Sassa has been a Director of the Stock Exchange of Mauritius and the Vice Chairman of the Central Depository & Settlement Co. Ltd.

Periyakavil Ramakrishnan Ravi Mohan

Mr. P. R. Ravi Mohan is an Independent Director of CRAF. He is also the Chairman of ESAF Small Finance Bank in India. Mr. Ravi Mohan was the Resident Advisor in the area of Financial Sector Supervision with AFRITAC South of IMF from January 2015 to December 2019. In this role he was engaged in providing Technical Assistance regarding banking supervision/regulation, financial stability, IFRS, etc. to 13 countries in Sub Saharan Africa. He has also been a frequent lecturer in several Seminars/Courses organized by the IMF in its training institutes in Mauritius, Singapore and New Delhi. Before taking up this assignment he was heading the Banking Supervision Department of Reserve Bank of India, responsible for the supervision of commercial banks in the country. He also worked as Chief General Manager with the Department of Banking Operations and Development (DBOD) of Reserve Bank of India, where he was involved in regulation of the commercial banking system in the country especially with regard to implementation of prudential norms including Basel I, II & III. He was actively involved in the Accounting Standard setting process in India, being the nominee of the Reserve Bank of India in the Accounting Standards Board of the Institute of Chartered Accountants of India from 2003 onwards as also a member of the National Advisory Committee on Accounting Standards (NACAS). He worked extensively in the secretariat of the G20 Working Group on Enhancing Sound Regulation & Strengthening Transparency. Mr. Ravi Mohan joined the RBI in 1984 after his Masters in Physics and holds a Master of Business Administration degree from the University of Birmingham, U.K.

Saurav Chatterjee

Mr. Saurav Chatterjee, Chief Executive Officer of CRAF since March 2016, is a seasoned credit professional with over 15 years of strong technical and analytical knowledge in corporate and business risk management, project viability evaluation and grooming analysts in making sound credit decisions. He has been associated with CARE Ratings Ltd. in senior roles for major part of his career with a stint in corporate banking operations of Standard Chartered Bank. Mr. Chatterjee has been instrumental in popularizing the concept of Credit Rating in Mauritius and enlightened Bankers, Financial Institutions and Corporates on the significance and benefits of credit rating and its impact on reducing cost of borrowings thereby helping them use Basel guidelines effectively to secure capital reliefs and reduce their cost of funds after assessing risk-return trade-off. He has direct oversight in rating of all Corporates, Banks and Financial Institutions in Mauritius and interacts regularly with Senior management of the various Corporates and Banks in Mauritius. He is a member of the Rating Committee of CRAF and was a member of the Internal Rating Committee of CARE Ratings for a fairly long period. He has made presentations to the regulators from various African countries on factors to be considered while assigning credit rating to Banks, NBFCs and Corporates. He was also instrumental in obtaining a credit rating license for CRAF in Kenya from the Kenyan regulators. Apart from his various functional roles and responsibilities, Mr. Chatterjee has also been an accomplished trainer & mentor for young professionals not only within the financial industry but also for students across various professional institutes, leading B- Schools and bankers in various countries in Asia and Africa including central bankers on credit rating concepts and credit risk management skills. Mr. Chatterjee is a Chartered Financial Analyst (CFA) from the CFA Institute, India and also holds an MBA in Finance from the ICFAI Business School.

- **Principle 2: The Structure of The Board And its Committees**

Board Composition

The Board is a unitary board and is composed of directors coming from different sectors. Every director has drawn from his/her professional background and expertise in positively contributing to the Board's activities.

The Board considers that its current size and composition are appropriate for the type of activity in which the Company is engaged and for the effective discharge of the Board's responsibilities.

Due to the nature of the activities of the Company, a sub-committee (Audit Committee, Risk and Corporate Governance Committee) has been set up. The Board collectively considers the measures in respect of the Code of Corporate Governance. The Board assumes responsibility for leading and controlling the organisation, meeting all legal and regulatory requirements.

The Board currently comprises of two non-executive director (Ajay Mahajan and Mehul Pandya), two independent director (Bilal Ibrahim Sassa and Periyakavil Ramakrishnan Ravi Mohan) and one executive director (Saurav Chatterjee) who exercise with independence of mind and judgement. The Board has appropriate balance of skills, experience, independence and knowledge of the Company and the business it operates, which enables it to perform its respective duties and discharge its responsibilities effectively. The Board has also appointed International Proximity Management Services Limited as its secretary.

The Board is represented by two resident directors in Mauritius, one of whom is the independent director and one Chief Executive officer. The Chairperson of the Board is Ajay Mahajan. The Company holds at least one annual board meeting each year. The last annual board meeting was held on 18 May 2020 in Mauritius and was attended by all the directors of the Company. There were three written resolutions of the directors which were passed during the financial year ended 31 March 2021 and which were signed by all the shareholders of the Company.

The directors of the Company had passed a resolution on 30th of April 2019 to adopt (i) a board charter; and (ii) an audit, risk and corporate governance charter. The board has approved that Ajay Mahajan be appointed as chairperson of the Board and that the audit, risk and corporate governance committee shall be chaired by Bilal Sassa and with Mehul Pandya as member.

The Company Secretary

International Proximity Management Services Limited has been appointed as the secretary in accordance with its constitution.

The role and responsibilities of the secretary are as follows:

- Provide guidance to the Board as to its duties, responsibilities and powers;
- Inform the Board of all relevant legislations pertaining to meetings of directors and shareholders, reporting at any meetings, filing of any documents required and failure to comply with such legislation;
- Ensure proper recording of minutes and resolutions including proper maintenance of the statutory registers;
- Certify in the annual financial statements that all returns as required under the Mauritius Companies Act 2001 have been filed with the Registrar; and
- Filing of the financial statements with the FSC.

Principle 3: Director Appointment Procedures

Appointment

The directors of the Company are appointed in line with its Constitution and Shareholders' Agreement dated 24 June 2016. As per section 6.3 of the Shareholders' Agreement dated 24 June 2016, the directors shall have power at any time and from time to time to appoint any person to be a director to fill a casual vacancy. The Board members of the Company possess relevant qualification and experience, and sufficient knowledge of the financial sector in general and the global business in particular. Any proposals for appointment of directors shall be submitted to the shareholders of the Company and any appointments shall be made by an approval majority of shareholders (by value). Such approval may be obtained by way of a shareholders' resolution. Any such proposal shall be accompanied by a report of the board of directors explaining the grounds on which the board of directors has assessed the competence, experience and merits of each candidate. To such end, the balance of skills of any potential appointee shall be evaluated, as well as the conditions that candidates should display to vacancies arising. The Board must also assess the time dedication deemed necessary to suitably perform their duties in view of the needs that the Company's governing bodies may have at any given time.

The following factors are considered when appointing a director:

- Skills, knowledge and expertise of the proposed director;

- Amount of time the proposed director is able to devote to the Board; and
- Qualifications and experience of the proposed director.

Since the Company holds a Credit Rating Agency Licence, the prior approval of the FSC is required before the onboarding of any proposed director. A due diligence exercise is carried out by International Proximity Management Services Limited to determine the suitability of the proposed director based on his/her qualifications and experience and whether he or she meets the fit and proper test.

Re-election

Any director so appointed shall hold office only until the next following annual meeting and shall then be eligible for re-election. The appointment, resignation and re-election of the directors are considered at the annual meeting of the shareholders. The current directors will submit themselves to re-election by the shareholders at the Company's forthcoming annual meeting.

Continuous Professional Development

The directors are of sufficient calibre and have the necessary expertise. The Board is apprised of all the developments relating to the credit rating operation.

Planning for Succession

Upon any change in directorship, the Board assumes the responsibilities for succession planning as well as for the appointment of new directors. All directors, not limited to newly appointed directors, are provided with day to day operational updates pertaining to the Company by the Chief Executive Officer of the Company, i.e. Mr Saurav Chatterjee.

Considering the nature of business, the Board is satisfied that the processes for the appointment, election, induction and re-election of directors are adequate and that there is no need to set up a Nomination Committee.

Principle 4: Directors Duties, Remuneration and Performance

Duties

All the directors on the Board are fully apprised of their fiduciary duties as required under the Mauritius Companies Act 2001 and other applicable laws and regulations and they use care, skill and diligence while exercising the same. The Board oversees the way the Company operates and ensures that sound policies already agreed upon are followed.

Allocation of time

Each director is appointed with due consideration to the amount of time and care that he/she can devote to the Board.

Conflict of Interest

The directors must immediately report to the Board any conflict of interest or potential conflict of interest and shall provide all relevant information. A potential conflict of interest exists if the organisation intends to enter into a transaction with a related party, and the organisation shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. All transactions in which there are conflicts of interest with Board members shall be agreed on terms that are customary for arm's-length transactions in the organisation's business. Decisions to enter into transactions in which there are conflicts of interest with Board members require the approval of the Board.

Supply of Information on a timely manner

Notices, agenda and board papers are sent to the directors within a reasonable time frame prior to a particular meeting.

Remuneration

Saurav Chatterjee, who is the Chief Executive Officer of the Company, is also the executive director and an employee of the Company. He is entitled to a renumeration and bonuses associated with organizational performance.

Currently, the independent director on the Board is entitled to no remuneration. No other remuneration has been paid to the non-executive directors in form of share options or bonuses or bonuses associated with organisational performance. The other directors are not entitled to director fees.

Principle 5: Risk Governance and Internal Control

Risk Governance

The Audit, Risk and Corporate Governance Committee is responsible for the governance of risk, the Company's internal control systems and for reviewing its effectiveness.

The Audit and Risk Committee of the Company has an in-depth oversight over the risk management process in practice. The audit plan for the Company, as approved by the Audit and Risk Committee covers all key risk areas inherent to the business activities. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit and Risk Committee level. Corrective actions are promptly taken and regular follow ups are performed.

During the year under review, there was no major breakdown in the internal control systems of the Company apart from minor improvement observations. Through regular quarterly audits, the internal control system is evaluated with respect to the risk environment.

Considering the size and nature of its business activity, the Company does not have a whistle blowing policy in place. Instead, all the Company's affairs are addressed to the Board.

The Company is committed to continuously reviewing and monitoring its policies and procedures to align them with global best practices. The code of conduct of the Company is aligned with the 'Code of Conduct Fundamentals for credit rating agencies' (the 'IOSCO Code') revised in May 2008 issued by the International Organization of Securities Commissions (IOSCO). The Board is ultimately responsible for the Company's system of internal control as well as implementation, maintenance and monitoring of the internal control in place.

The Board has developed and implemented appropriate framework and effective process for the sound management of risk. The Company has appointed a Principal Officer and an Alternate Principal Officer. There are no significant areas which are not covered by the system of internal control. During the year under review, there were no risks or deficiencies in the Company's internal control systems.

The Board has appointed a MLRO (Money Laundering Reporting Officer) pursuant to Regulation 6 (1) of the FIAML (Financial Intelligence and Anti-Money Laundering) Regulations 2003 to assess the risk relating to money laundering and financing of terrorism and to formulate control policy that covers issues of timing, degree of control, areas to be controlled, responsibilities and follow-up actions. These are covered in the Anti-Money Laundering policy which was adopted by the Company. The Company has availed for its directors and officers an insurance policy which is renewed on an annual basis.

The financial and going concern risk of the Company have been disclosed in notes 4 respectively of the financial statements.

Principle 6: Reporting with Integrity

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and the Mauritius Companies Act 2001.

The directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

6.1 Corporate Social Responsibility

As a corporate citizen with deep roots in Mauritius, the Company has always supported the activities designed to promote the welfare of the community and the creation of a sustainable society. The Company strives to plough back in the community and towards the interest of the society at large, a sum that increases proportionally with the growth of its business. The Company actively engages in initiatives to address social issues and it believes that promoting and managing corporate social responsibility (CSR) activities properly is an important factor to maintain and to increase its corporate value.

The Company incorporates CSR into its business activities so that CSR and its business are integrally intertwined in an ongoing synergy that contributes to better business performance. Indeed, the Company carries out CSR activities through open, two-way communication with society and always ensures that it is accountable for, and transparent in, its actions.

In addition, the CSR activities of the Company reflect its philosophy of implementing sound business practices, and innovating to realize services that inspire and excite. In order to help build a more sustainable world, the Company employs its CSR initiatives as a measure of the social impact of its business operations. The Company has always embraced responsibility for the impact of its activities on environment, clients, employees, communities and all other members of the public sphere.

Whilst the Company still endeavours to partner with such carefully selected non-governmental organisations (NGOs) which are working towards the relief of sickness and disability, particularly for children and the most vulnerable people in our society, the latest changes to the Income Tax legislations, whereby at least 75% of the CSR Fund has to be remitted to the Mauritius Revenue Authority (MRA), has materially impaired the Company's financial undertaking towards the NGOs.

A total amount of Rs 178,061 was set up as CSR Fund for the financial year ended 31 March 2021. While 75% of the same was remitted to MRA, the remaining 25% of the CSR Fund balance of Rs 44,515 was remitted to NGOs named 'Global Rainbow Foundation' and 'Fondation pour l'interculturel et la paix' towards education of the children and relief of sickness & disability for children and the most vulnerable people in our society.

6.2 Financial Statements

As per the Manual, the Audit and Risk Committee is mandated to oversee the financial reporting process of the Company, including performing an evaluation of its financial statements for reasonability, completeness and accuracy, prior to issue and approval by the Board. An item on the corresponding Board meeting agenda is included for approval of audited accounts and the reviewed financial statements are then tabled before the Board of Directors for further scrutiny and discussion purposes.

It is to be pointed out that the financial statements are prepared in compliance with the Mauritian Companies Act 2001 and the International Financial Reporting Standards and the financials are duly audited by an external auditor. The Board is satisfied that the financial statements fairly present the state of the affairs of the Company.

Principle 7: Audit

The Audit and Risk Committee reviews and approves the internal audit's plan on an annual basis, and evaluates the effectiveness of the function. All areas of activity of the Company fall under the scope of internal audit and audits are conducted following a risk-based audit methodology which is in line with global best practices. Thus high risk areas are audited on a more frequent basis. All key processes at the Company are audited to identify key risks and to assess control adequacy and effectiveness. Audit procedures are designed in response to the risks identified. Audit findings are discussed and finalized with Management. A summary of the audit reports is thereafter tabled at the Board meeting, on a quarterly basis. The findings are reviewed and discussed at large by the Board quarterly and Audit and Risk Committee on annual basis.

The external auditor of the Company is MOORE Mauritius since August 2020. MOORE Mauritius has built in processes to observe the highest standards of business and professional ethics. They are responsible for reporting on whether the financial statements are fairly presented in accordance with the International Financial Reporting Standards and the Companies Act 2001.

MOORE Mauritius was appointed as the statutory auditor for the financial year ended 31 March 2021 on August 10, 2021 by way of Written Resolutions of The Shareholders of CARE Ratings (Africa) Private Limited (The "Company") which have been adopted pursuant to section 117 of the Companies Act 2001 in lieu of the holding of a special meeting of the Company

Discussions are held by members of the board with the external auditor as appropriate.

The audit fee is disclosed in the financial statements. No non-audit services were provided by MOORE Mauritius during the year ended 31 March 2021.

Due to the size of operations of the Company, no internal audit function has been set up.

Principle 8: Relations with Shareholders and other key Stakeholders

The shareholders of the Company are CARE Ratings Limited, African Development Bank, MCB Equity Fund Ltd and SBM (NFC) Holdings Limited.

The Company has a website which can be found at the following URL: http://www.careratingsafrica.com/index.php

The shareholders have the opportunity to vote at the annual meeting of the Company. A set of written resolutions of shareholder is circulated in lieu of holding an annual meeting. One set of the written resolutions of shareholders were circulated and approved by the shareholder on 29 June 2020 whereby the financial statements for the year ended 31 March 2020 were adopted, another set of the written resolutions of shareholders were circulated and approved by the shareholder on 10 August 2020 whereby Mr. Ajay Mahajan was appointed as the Director and MOORE Mauritius was approved as the Auditor of the company for FY21 and last set of the written resolutions of shareholders were circulated and approved by the shareholder on 13 October 2020 whereby Mr. Ravi Mohan was appointed as the Director.

The Company frequently interacts with its customers through delivery channels, customer meetings, the Company's website, onsite visits and communication including phone calls and emails. The Company owes its economic triumph primarily to the recurring fidelity of its highly valued clientele to avail its currency exchange services. Indeed, customer satisfaction is one of the strongest critical success factors of the Company. With a business model deeply anchored onto a customer centricity approach, the Company wants to attain customer proximity and extends its premium services to other prospective clients using a marketing strategy that privileges the building of long lasting relationships.

The Company is fully aware of the exigencies of its existing customers and prospective business applicants, desirous of reliable client service, quick turn-around time, enhanced customer-staff interactions, access to convenient financial services that are cost-effective, experiencing trading fairness and protection against unauthorised disclose of personal data.

Ajay Mahajan

Chairperson of the Board

Date: 30.4.2021

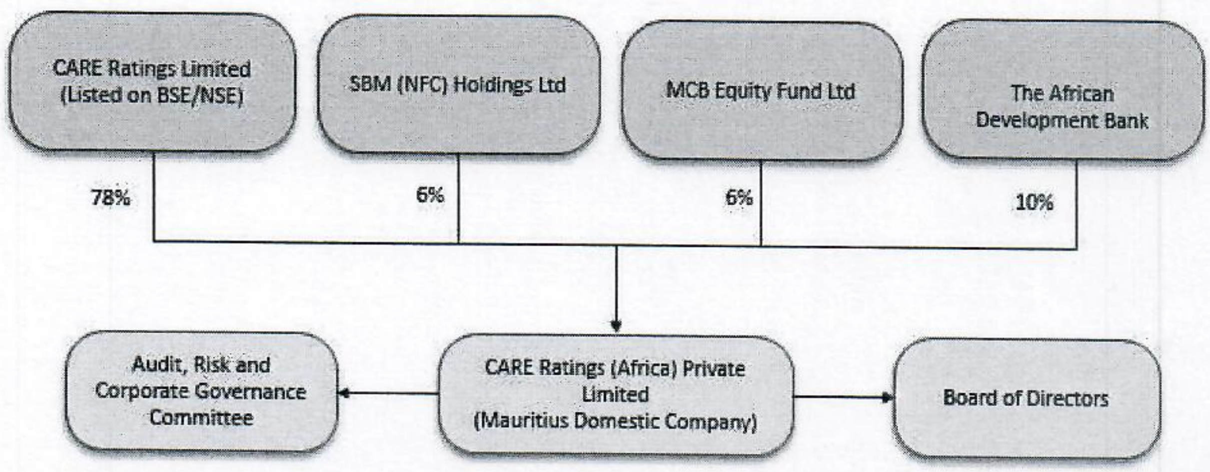
Director

Date: 30.4.2021

Annexure 1: Organisation chart

CARE Ratings (Africa) Private Limited

Organisation Chart



CARE RATINGS (AFRICA) PRIVATE LIMITED
STATEMENT OF COMPLIANCE (Section 75(3) of the Financial Reporting Act)

We, the undersigned being directors of CARE Ratings (Africa) Private Limited, the "Company", confirm that, to the best of our knowledge, the Company has complied with the Code of Corporate Governance.

Ajay Mahajan

....
Chairman of the Board

....
Director

Date:...30.4.2021...

CARE RATINGS (AFRICA) PRIVATE LIMITED
Certificate from the Company Secretary
Under Section 166 (d) of the Companies Act 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of CARE Ratings (Africa) Private Limited (the "Company") under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 31 March 2021.

BSuna
....
For and on behalf of
International Proximity Management Services Limited
Company Secretary

Date: 30.4.2021

Moore Mauritius

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Sir William Newton Street
Port-Louis, Mauritius

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www.moore-mauritius.mu

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
CARE Ratings (Africa) Private Limited

Opinion

We have audited the financial statements of **CARE Ratings (Africa) Private Limited** (the "Company"), which comprise the statement of financial position as at 31 March 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 41.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance, changes in equity and cash flows for the year ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors, Corporate Governance Report and Certificate from the Secretary, or any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MOORE Mauritius

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
CARE Ratings (Africa) Private Limited

Report on the Audit of Financial Statements (continued)

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with the requirement of the Code. From our assessment of the disclosures made on Corporate Governance in the annual report, the company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

RK

MOORE Mauritius

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
CARE Ratings (Africa) Private Limited

Report on the Audit of Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. Our audit work has been undertaken so that we might state to the Company's member those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

- We have no relationship with or interests in the Company other than in our capacity as auditors.
- We have obtained all the information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Moore
....

MOORE MAURITIUS

Chartered Accountants

....

Druvyn Rogbeer, ACA

Licensed by FRC

Date : 30. 4. 2021

CARE RATINGS (AFRICA) PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS		**Rs.**	Rs.
Non current assets			
Plant & equipment	**8**	**944,578**	1,215,055
Rights-of-use asset	**15(a)**	**3,196,147**	4,179,578
Total non-current assets		**4,140,726**	5,394,633
Current assets			
Financial assets			
Trade receivables	**11**	**165,025**	2,811,750
Other receivables	**11**	**340,582**	437,135
Cash and cash equivalents	**12**	**33,968,275**	21,177,270
Total current assets		**34,473,881**	24,426,155
Total assets		**38,614,608**	29,820,788
EQUITY AND LIABILITIES			
Equity			
Stated capital	**13**	**13,996,178**	13,996,178
Revenue reserves		**18,476,926**	8,496,431
Total equity		**32,473,104**	22,492,609
Non current liabilities			
Lease Liability	**15(b)**	**2,556,339**	3,469,560
Current liabilities			
Financial liabilities			
Trade Payables	**14**	**751,140**	605,809
Other payables	**14**	**1,132,267**	1,067,815
Current tax liability	**9**	**788,536**	1,335,454
Lease liability	**15(b)**	**913,221**	849,541
Total current liabilities		**3,585,165**	3,858,619
Total equity and liabilities		**38,614,608**	29,820,788

These accounts have been approved by the board of directors on

Names of Signatories **Signatures**

1. **Saurav Chatterjee**

2. **Bilal Ibrahim SASSA**

The notes on pages 25 to 41 form part of these accounts.
Independent Auditor's report on pages 18, 19 and 20.

CARE RATINGS (AFRICA) PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOM
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	For the year ended 31 March 2021 Rs.	For the year ended 31 March 2020 Rs.
Revenue	7	**24,829,450**	19,708,707
Expenses			
Salaries		**6,951,869**	6,023,442
Rent		-	60,500
Utilities & office expenses		**121,069**	158,399
Sundry expenses		**282,837**	-
Marketing and promotion		**1,307,858**	1,013,740
Regulatory and other fees		**201,251**	189,674
Audit fees		**91,500**	60,000
Secretarial Fees		**64,500**	53,722
Travelling		**284,550**	253,989
Business development - Mauritius		**219,636**	340,551
Business development - Kenya		**140,437**	598,563
Communication expenses		**19,563**	15,848
Insurance		**126,483**	90,697
Depreciation	8	**317,659**	225,442
Legal & professional fees		**426,113**	180,555
Bank charges		**11,760**	18,734
Royalty fees		**751,140**	605,809
Amortisation	15(a)	**983,431**	737,573
Total expenses		**12,301,656**	10,627,238
Net profit from operations		**12,527,794**	9,081,469
Interest income		**208,546**	352,349
Exchange Loss		**(412,352)**	936,465
Finance charges	15(b)	**(278,459)**	(247,951)
Net income before tax for the year		**12,045,527**	10,122,332
Income tax	9	**(2,065,032)**	(1,335,454)
Total comprehensive income for the year		**9,980,495**	8,786,878
Basic and diluted earnings par share (Rs.)	10	**24.95**	21.97

The notes on pages 25 to 41 form part of these accounts.
Independent Auditor's report on pages 18, 19 and 20.

CARE RATINGS (AFRICA) PRIVATE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	31 March 2021	31 March 2020
	Rs.	Rs.
Operating activities		
Net income before tax for the year	12,045,527	10,122,335
Adjust for movements in working capital		
Depreciation	317,659	225,442
Amortisation of right of use asset	983,431	737,573
Trade and other receivables	2,743,278	(3,021,968)
Trade and other payables	209,783	1,129,871
Non cash adjustment under IFRS 16	-	(598,049)
Interest received accrued	(208,546)	-
Finance cost	278,459	-
Taxation paid	(2,611,952)	-
Exchange loss on foreign exchange	412,352	(936,465)
Net cash flow from operating activities	**14,169,990**	7,658,739
Investing activities		
Acquisition of equipment	(47,182)	(1,438,600)
	(47,182)	(1,438,600)
Investing activities		
Interest received	208,546	-
Principal paid on lease liabilities	(278,459)	-
Lease payments	(849,539)	-
Cash absorbed into Investing activities	**(919,452)**	-
Net movement during year	**13,203,356**	6,220,139
Balance at start of year	21,177,270	14,020,667
Forex movement	(412,352)	936,465
Balance at end of year	**33,968,275**	21,177,270

The notes on pages 25 to 41 form part of these accounts.
Independent Auditor's report on pages 18, 19 and 20.

CARE RATINGS (AFRICA) PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Stated Capital	Revenue Reserves	Equity
	Rs.	Rs.	Rs.
Balance at April 01, 2019	13,996,178	(290,450)	13,705,728
Total comprehensive income for the year	-	8,786,881	8,786,881
Balance at March 31, 2020	13,996,178	8,496,431	22,492,609
Balance at April 01, 2020	**13,996,178**	**8,496,431**	**22,492,609**
Total comprehensive income for the year	**-**	**9,980,495**	**9,980,495**
Balance at March 31, 2021	**13,996,178**	**18,476,926**	**32,473,104**

The notes on pages 25 to 41 form part of these accounts.
Independent Auditor's report on pages 18, 19 and 20.

1. General information

CARE Ratings (Africa) Private Limited (the "Company") was incorporated under the laws of Mauritius on 12 December 2014 as a private company limited by shares. The Company holds a Credit Rating Agency Licence issued by the Financial Services Commission.

The Company also holds a credit rating agency license issued by the Capital Markets Authority of Kenya and is registered with the Kenyan Registrar of Companies.

The main activity of the Company is to act as a credit rating agency in Mauritius and Kenya.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001.

(b) Basis of measurement

The financial statements have been prepared in accordance with the going concern principle and under the historical cost basis, except where otherwise stated.

3. Functional and presentation currency

The determination of the functional currency of the Company is critical since the recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors therein and have determined that the functional currency of the Company is the Mauritian Rupee ("Rs").

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(a) Critical accounting estimates and assumptions

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed on page 26.

4. Use of judgements and estimates (continued)

(b) Depreciation policies

Plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

(c) Impairment of financial asset

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Company uses judgement in making theses assumptions and selecting the inputs in the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

5. Significant accounting policies

The principal accounting policies set out below have been consistently applied to all periods presented in these financial statements.

Revenue

Income represent fees received/receivable from client during the period for services rendered.

Other income

Other income are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

Expenses

Direct expenses and administrative expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

Finance income and finance costs

The Company's finance income and finance costs include the foreign currency gain or loss on financial assets and financial liabilities.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

5. Significant accounting policies (continued)

Equipment

(i) Recognition and measurement

Items of computer equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of equipment were determined with reference to its fair value. If significant parts of an item of equipment have different useful lives, then they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is calculated to write off the cost of items of equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of items of equipment are as follows:

- Computer equipment and accessories: 33.3 %
- Furniture and fittings: 20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

5. Significant accounting policies (continued)

Financial instruments

Financial instruments include investment in fixed deposit, trade and other receivables, cash and cash equivalent and trade and other payables.

(i) Recognition and measurement

Trade and other receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at: amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal (SPPI) and interest on the principal amount outstanding.

(iii) Financial assets

Trade receivables and cash and cash equivalents are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

5. Significant accounting policies (continued)

Financial instruments (continued)

(iii) Financial Assets (continued)

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if its repayment terms have lapsed.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Trade and other payables

The above liabilities are classified as measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Employee Benefits

There are no funded benefit schemes for the company. The only unfunded retirement gratuities paid relate to the Company's obligations uder the Employment Rights Act.

The following payments were made for the year ended March 31, 2021 and 2020

	2021	2020
	Rs.	Rs.
National Pension Fund contributions & CSG	**370,533**	149,670

5. Significant accounting policies (continued)

Financial instruments (continued)

Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflect uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and Deferred tax assets and liabilities are offset only if certain criteria are met.

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

5. Significant accounting policies (continued)

Leases (continued)

This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate which is of 7.25%.

New Standards, interpretations and amendments to published standards not yet effective

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
Annual Improvements to IFRS Standards 2018–2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

5. Significant accounting policies (continued)

Leases(continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

6. Financial instruments - Fair values and risk management

(a) Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's main credit risk concentration is its cash and cash equivalents and trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represents the Maximum credit exposure. The Maximum exposure to credit risk at the reporting date was:

	2021	2020
	Rs.	Rs.
Trade and other receivables	412,292	3,158,738
Cash and cash equivalents	33,968,275	21,177,270
	34,380,566	24,336,008

Prepayments of **Rs. 93,315 (**2020:Rs.90,147**)** have been excluded from the above figures for the year ended 31 March 2021.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The Company held cash balances at bank of **Rs. 33,968,275** (2020: Rs 21,177,270) which represents its maximum credit exposure on these assets.

6. Financial instruments - Fair values and risk management (continued)

(a) Financial risk management (continued)

Credit risk (continued)

Cash and cash equivalents

The Company considers that the cash and cash equivalents are maintained with a reputable financial institutions and there is limited risk of default, therefore any resulting ECL would be immaterial.

The Company uses the simplified impairment approach to calculate for its expected credit losses (ECL). Management have determined the ECL on each credit exposure on an individual basis with reference to the credit risk associated with each individual counterparty.

IFRS 9 does not require restatement of comparative period financial statements. For the transition from IAS 39 to IFRS 9, the comparative periods are presented in accordance with IAS 39 using the cumulative effect method.

The following table provides information about the exposure to credit risk and ECLs for financial assets as at 31 March 2020 and 31 March 2021.

	2021			2020			
	Gross carrying amount Rs.	**Impairment loss allowance Rs.**	**Net carrying amount Rs.**	Gross carrying amount Rs.	Impairment loss allowance Rs.	Net carrying amount Rs.	Credit impairment
Trade receivables	**165,025**	**-**	**165,025**	2,177,050	-	2,177,050	No
Other receivables	**111,082**	**-**	**111,082**	207,635	-	207,635	No
Deposits	**229,500**	**-**	**229,500**	229,500	-	229,500	No
Cash and cash equivalents	**33,968,275**	**-**	**33,968,275**	21,177,270	-	21,177,270	No
	34,473,882	**-**	**34,473,882**	23,791,455	-	23,791,455	

6. Financial instruments - Fair values and risk management (continued)

(a) Financial risk management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

			Contractual cash flows	
At 31 March 2021	**Current amount**	**Total**	**Less than one year**	**1 - 5 years**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Trade and other payables	**1,883,407**	**1,883,407**	**1,883,407**	-
At 31 March 2020				
Trade and other payables	1,673,624	1,673,624	1,673,624	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company, primarily the Mauritian Rupee (Rs).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency risk management

The Company's management team regularly monitors exchange rate movements whenever payments are effected so as to minimise the risk of being adversely affected.

6. Financial instruments - Fair values and risk management (continued)

(a) Financial risk management (continued)

Foreign currency risk management (continued)

	2021 Financial assets	2021 Financial liabilities	2020 Financial assets	2020 Financial liabilities
	Rs.	Rs.	Rs.	Rs.
USD	21,470,151	-	8,595,541	-
Mauritian Rupees (MUR)	12,498,124	-	12,581,729	-
	33,968,275	-	21,177,270	-

Foreign currency sensitivity analysis

Foreign exchange risk arises from changes in foreign exchange rates. Fluctuations in the above currencies by 5% would result in a gain or loss to the statement of profit or loss and other comprehensive income as shown below. The analysis does not take the currency positions that are denominated in the functional currencies of relevant operations because they do not create any foreign currency exposure. Also, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not represent the exposure during the year.

The following table indicates the approximate change in the Company's profit or loss in response to reasonable possible changes in the foreign exchange rates.

	Increase / (decrease) in average foreign exchange rates	Effect in profit/(loss)	Increase / (decrease) in average foreign exchange rates	Effect in profit/(loss)
	%	Rs.	%	Rs.
	2021		2020	
USD	+ 5	1,073,508	+ 5	429,777
	- 5	(1,073,508)	- 5	(429,777)

The exchange rate used at March 31, 2021 was 1 USD = Rs. 39.00 compared to 1 USD = Rs. 39.27 as at March 31, 2020. These rates were taken from the Bank of Mauritius website.

7. Revenue

Income represent fees received/receivable from client during the period for services rendered.

8. Plant & equipment

	Computer Equipment	Furniture	Total
Cost	Rs.	Rs.	Rs.
Balance at April 01, 2020	266,369	1,300,000	1,566,369
Additions during the year	47,182	-	47,182
Balance at March 31, 2021	**313,551**	**1,300,000**	**1,613,551**
Depreciation			
Balance at April 01, 2020	156,314	195,000	351,314
Charge for the year	57,659	260,000	317,659
Balance at March 31, 2021	**213,973**	**455,000**	**668,973**
Net book values			
At March 31, 2021	**99,578**	**845,000**	**944,578**
At March 31, 2020	110,055	1,105,000	1,215,055

9. Income tax

	2021
	Rs.
(a) Statement of Total Comprehensive Income	
Tax charge for the year	**2,065,032**
(b) Statement of Financial Position	
Tax liability at end of year	**788,536**
(c) Tax Reconciliation	
Profit before taxation	12,045,527
Income tax @ 15%	1,806,829
Adjusted for:	
Non allowable expenses	298,785
Tax deductible item	(169,200)
Capital allowance	(49,443)
Current tax charge	**1,886,971**
CSR	**178,061**
Total tax charges	**2,065,032**
Effective tax rate	**17%**

10. Basic and diluted earnings per share

	2021	2020
	Rs.	Rs.
Earnings per share has been calculated as follows:		
Number of shares in issue during the year	400,000	400,000
Total comprehensive income for the year	**9,980,495**	8,786,881
Basic and diluted earnings par share (Rs.)	**24.95**	21.97

11. Trade and other receivables

	2021	2020
	Rs.	Rs.
Trade receivables	165,025	2,811,750
Other receivables:		
Deposits	229,500	229,500
Prepaid regulatory fees	93,315	90,147
Interest receivables	17,767	117,488
	505,607	3,248,885

12. Cash and cash equivalents

	2021	2020
	Rs.	Rs.
Cash at bank	7,666,895	5,636,170
Fixed deposits - within 3 months of maturity	9,760,279	5,000,000
Fixed deposits - more than 3 months to maturity	16,541,101	10,541,100
	33,968,275	21,177,270

13. Stated capital

	2021	2020
	Rs.	Rs.
Ordinary Shares - Issued and fully paid up		
Balance at March 31	**13,996,178**	13,996,178

The holder of ordinary share is entitled to received dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the

14. Trade & other payables

	2021	2020
	Rs.	Rs.
Other Payables	**64,750**	325,671
Due to government bodies	**1,067,517**	742,144
Royalty payable to CARE Ratings Limited	**751,140**	605,809
	1,883,407	1,673,624

15(a). Right-of-use asset and lease liability

The statement of financial position shows the following

Right-of-use asset	**2021**	**2020**
	Rs.	**Rs.**
COST		
At 01 April	4,917,150	4,917,150
Addition	-	-
At 31 March	**4,917,150**	4,917,150
DEPRECIATION		
At 01 April	737,573	-
Charge for the year	983,430	737,573
At 31 March	**1,721,003**	737,573
CARRYING AMOUNT		
At 31 March	**3,196,148**	4,179,577

15(b). ***Lease liability***

	2021	**2020**
	Rs.	**Rs.**
Lease liability	**3,469,560**	4,319,101

The lease liability relates to lease contracts that were previously classified as operating lease. As a result, the

At 31 March, the breakdown for lease liabilities are as

	2021	2020
	Rs.	**Rs.**
Current	913,221	849,541
Non Current	2,556,339	3,469,560
Total	**3,469,560**	**4,319,101**

Movement in lease liability	**2021**	**2021**
	Rs.	**Rs.**
At 01 April	4,319,101	4,917,150
Recognition of lease liability on adoption of IFRS 16		
Lease Payments	(1,128,000)	(846,000)
Interest on lease liability	278,459	247,951
At 31 March	**3,469,560**	**4,319,101**

16. Related parties transactions

The following transactions were carried out with related party on normal commercial terms and conditions and at market prices:

(a) Transactions with holding company

	Balance at April 01, 2020	Paid during the year	Accrued for the year	Balance at March 31, 2021
Royalty payable to CARE Ratings Limited	605,809	(605,809)	751,140	**751,140**

Royalty is payable to CARE Ratings Limited at the rate of 3% on total income.

(b) Compensation to key management personnel

	2021	2020
	Rs.	Rs.
Directors' emoluments and other benefits	**4,886,382**	4,239,900
	4,886,382	4,239,900

17. Events after the reporting period

There were no events which arose after the reporting Period which required adjustment to the financial statements.