

**Nehal Shah - Company Secretary & Compliance Officer, Care Ratings Ltd.**

[0:01:46]

Good afternoon, ladies and gentlemen. I, Nehal Shah, Company Secretary, welcome you to the 28th Annual General Meeting of the Member of the Company, which is being held through video conference, as permitted by the Ministry of Corporate affairs, and SEBI.

Before we commence, I would like to highlight certain points regarding participation in this meeting. The facility of joining the AGM through video conferencing is being made available to the members on a first come, first serve basis. All the members joining this meeting are by default, placed on mute mode to avoid any background noise and to ensure smooth and seamless conduct of the meeting. During the question-answer session, the name of the registered speaker shareholder will be announced. They will thereafter be unmuted by the host of the AGM, and will be allowed to express their views. Each speaker will be allowed -- allotted three minutes and I request each speaker to adhere to this time to ensure effectiveness of the meeting and to provide equal opportunity to other speakers.

The speaker shareholders are requested to click the audio and video button while speaking. If any shareholder is unable to join through video mode, then they're advisable to switch off the camera and speak through audio mode. If there is a connectivity problem at the speaker shareholder and we will request the next speaker to join the meeting. Once connectivity improves, the previous speaker shareholder will be called back to join.

During the meeting if any member faces any technical issues, they may call the helpline number of NSDL as mentioned in the notice of the AGM. Speaker shareholders are requested to minimize any background noise to avoid disturbance. While speaking we request the speaker to use earphones. The speaker shareholders are requested to be loud and clear while speaking.

The queries received on the email address of the Company and asked during the meeting will be answered in the meeting or by email to respective shareholders. Since this meeting is being held electronically, physical attendance of the member has been dispensed with and the requirement of appointing proxies is not applicable. Members attending the meeting through VC shall be counted for the purpose of quorum. Please note that as per the requirement, the proceeding of the AGM will be recorded and recorded transcript of the same will be made available on the website of the Company.

It gives me immense pleasure in requesting our Chairman and Independent Director, Mr. Najib Shah, to take over the proceedings of the meeting as the requisite quorum of the meeting is present. Over to you sir.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:04:37]

Thank you very much, Nehalji. Good Afternoon, ladies and gentlemen. I'm Najib Shah, Independent Director of the Company, attending this meeting through video conferencing from Bangalore. I'm informed that all the Directors and KMP's are attending this AGM from their

respective locations through videoconferencing. I would request them to introduce themselves to the shareholders. Mr. V. Chandrasekaran, Non-Executive Director, Non-Independent Director.

**V. Chandrasekaran - Non-Executive, Non- Independent Director, Care Ratings Ltd.**

[0:05:03]

Hi, good afternoon. Good afternoon shareholders. I'm Mr. V Chandrashekar, Non-Executive Director, Non-Independent Director of the Company attending the meeting through video conferencing from the Care Ratings office in Mumbai. Thank you.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:5:21]

Mr. Adesh Kumar Gupta, Independent Director and Chairman of Audit Committee.

**Adesh Kumar Gupta - Independent Director & Chairman of Audit Committee, Care Ratings Ltd.**

[0:05:24]

Good afternoon shareholders. I'm Adesh Kumar Gupta, Independent Director of the Company attending the meeting from my residence through video conference. Welcome you all. Thank you.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:05:37]

Ms. Sonal Desai, Independent Director and Chairperson of NRC and Risk Management Committee.

**Sonal Gunvant Desai - Independent Director & Chairperson of Nomination and Remuneration Committee and Risk Management Committee, Care Ratings Ltd.**

[0:05:44]

Good afternoon shareholders. I'm Sonal Desai, Independent Director of the Company attending this meeting through video conferencing from my residence in Mumbai.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:05:54]

Dr. M. Mathisekaran, Independent Director and Chairman of Stakeholders Relationship Committee and CSR Committee.

**Dr. M. Mathisekaran - Independent Director & Chairman of Stakeholders Relationship Committee and CSR Committee, Care Ratings Ltd.**

[0:06:07]

I'm Independent Director, Non-Executive Independent Director. Thank you.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:06:12]

Thank you. Mr. Ananth Narayan Gopalakrishnan, Independent Director and Chairman of the Rating Sub Committee.

**Ananth Narayan Gopalakrishnan - Independent Director and Chairman of the Rating Sub Committee, Care Ratings Ltd.**

[0:06:19]

Good afternoon shareholders. I am Ananth Narayan Gopalakrishnan, Non-Executive Independent Director of the company attending this meeting through video conferencing from my residence in Mumbai.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:06:32]

Mr. Ajay Mahajan, MD and CEO of your Company.

**Ajay Mahajan - Managing Director & CEO, Care Ratings Ltd.**

[0:6:37]

Good afternoon shareholders. I'm Ajay Mahajan, Managing Director and CEO of the Company attending this meeting from Care Ratings' offices in Mumbai. Thank you.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:6:46]

Jinesh Shah, CFO of your company.

**Jinesh Shah - Chief Financial Officer, Care Ratings Ltd.**

[0:06:50]

Good afternoon, shareholders. I am Jinesh Shah, Chief Financial Officer of the Company attending this meeting through video conferencing from Andheri office, Care Ratings office in Mumbai. Thank you.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:07:03]

Thank you. We have representatives of Mr. Hasmukh Dedhia and Mr. Divesh Shah of Khimji Kunverji & Company, Chartered Accountants and the existing Statutory Auditors, whose tenure as a statutory auditor will conclude at this AGM. Mr. Ashish Kumar Jain of Messrs A. K. Jain & Company, Company Secretaries, the Secretarial Auditors and the scrutinisers for the AGM. Mr.

Kashyap Vaidya, of Messrs T R Chadha & Co., LLP, Chartered Accountants and Internal Auditors. Mr. Ajit Viswanath of B S R & Co., LLP, Chartered Accountants, the new Statutory Auditors whose appointment has been proposed at this AGM, attending this AGM through videoconferencing from Mumbai.

I extend a hearty welcome to all the shareholders, all the Directors and the invitees to the 28th AGM of Care Ratings Limited. I thank you all for participating in today's meeting, and sincerely wish that you and everyone in your family are safe and healthy. The shareholders have been provided the facility for joining the meeting through video conferencing and for e-voting facility being provided by NSDL.

I'm informed also that the requisite quorum for the AGM is present. So I call this meeting to order. The registers, as required by the Companies Act and the certificate from the Statutory Auditors on compliance of ESOP have been made available electronically for inspection for the members. Members seeking to inspect such documents can also send a request to [investor.relations@careratings.com](mailto:investor.relations@careratings.com).

Members who did not vote earlier through remote e-voting may vote electronically during the course of the meeting. Since the notice of the AGM is already circulated to all the members, I take the notice of the meeting as read. As the report of the Statutory Auditors and the Secretarial Auditors does not contain any qualifications or adverse remarks, hence, it is not required to be read at the meeting.

I proceed now to my speech. Good afternoon, once again to everybody. A warm welcome to the 28th AGM of Care Ratings being held once again in the virtual mode. The last 18 months or so have made virtual meetings as part of our system. Nevertheless, I'm sure we will have an engaging and interactive session with all of you. Having said that, I do hope and pray things will normalize soon, and we will be able to engage in a physical space next year.

2020-'21 was an unprecedented platform even for everyone across the globe. It impacted lives, livelihoods and businesses. It impacted the way in which we work. Everybody had to adapt and adopt. Thus, we in Care Ratings did not let the WFH come in the way of us, to carry our rating assignments with the same degree of professionalism.

In terms of the external environment, the situation was very different. A lockdown meant there was no economic activity for two months to begin with, before some industries did open up all good gradually. The RBI responded by initiating a plethora of schemes to infuse liquidity into the system. The government added the credit guarantees for SMEs to the extent of INR 3 lakh crores.

This realistic picture had mixed impact. The total volume of debt issued increased substantially to INR 7.82 crores in 2020-2021 from INR 6.90 lakh crores in 2019-2020. However despite the high concentration of issuances in the financial sector, there was no commensurate increase in the business. The overall investment rate in the economy declined to 27.1% from 28.8% in 2019-2020. With investment coming down due to surplus capacity, on account of low demand conditions, borrowing for creating assets was limited.

The same picture was replicated on the banking trend too, where growth in credit to industry and services was lower. Therefore, there was less borrowing taking place in the market. All this got reflected in the decline in the GDP growth by 7.3% in 2020-2021. The overall dismal debt and credit markets impacted all businesses, including the credit trading business. As custodians of the shareholders' interests, we had two different goals in mind through which we thought we should use these difficult times.

The first was to bring about the structural change in the Company which is overdue. This we believe would set the Company on a strong footing as we seek to achieve the goals that we have laid down for the future. The second was to ensure that our business levels did not slip further downwards, so that we could protect our market share and ensure that we were on the right track of future growth.

I would like to believe that we have done commendably in both these spheres. I would like to highlight four significant decisions that we as a Board of Directors have taken and put in place. First, we have addressed the issues relating to top management. As you're aware, the Company has a new MD and CEO, who have now been in office for the entire year. They've also got a new Chief Rating Officer which aligns with the process the organization that we have completed.

Your Company also has a new CFO and a Company Secretary. Thus all the senior management positions have been fulfilled, and the organization is working refreshed further. Secondly, we have reviewed our entire rating process and systems. We've put in place greater checks and balances and ensured all regulatory requirements are met. We have leveraged technology in a big way to ensure that the entire process is seamless.

The focus was on constantly reviewing the prevailing processes and improving them. This meant sharpening the analytical output, increasing the use of technology to facilitate productivity and superior analysis to focus on better value, product offerings and segments. The Committees which oversees the rating processes have been revamped to ensure that there's even greater transparency and rigor. We, as a Board have impressed upon the Care team that we should always, always do the right thing without fear or favor, without compromising on the core values of professionalism and integrity.

Third, we have reviewed the business of rating and juxtaposed the same with future potential. The last few years have taught us important lessons with economies keeping to a low growth path, which in turn has affected the investment cycle, and finally, the rating business. Clearly, we cannot take anything for granted. And it is essential that we look at alternate lines of business. We have taken a conscious decision to focus also on the businesses in our subsidiary companies, CART and Care Risk Solutions, which can be run more vigorously in parallel with new mandates.

To this end, we will be having a new CEO for Care Risk Solutions joining us soon, with a clear mandate, to improve and expand the footprint of our cutting edge risk and compliance solutions to financial institutions. We have also brought in a new CEO of CART, keeping in mind that

advisory and research businesses look at both domestic and global frontiers, and would require a different mindset and leadership.

Lastly, we've also taken upon ourselves the task of rebuilding a brand to reflect these vital changes that we have brought about in the Care Group of Companies. This, understandably is going to be an ongoing process, which we will be monitoring at the board level. We believe that we have in place the right structure to grow our business, and that going forward we would go from strength to strength.

The second part which we pursued was to retain our position in the market and ensure that our business levels stabilizes. Your company continues... [Technical Difficulty] [0:15:10]

...crores from INR150.19 crores to INR139.05 crores. Employee costs rose by INR6.54 crores but other expenses actually came down sharply by INR17.7 crores. Our PBT increased from INR100.25 crores to INR112.73 crores with margins improving from 40% to 45%.

Now for the Care Group on the whole the total income for the year came in at INR279.74 crores, compared with the INR275.11 crore last year, an increase of about 2% at a top line level. PAT increases from INR83.48 crores to INR90.97 crores, which is an increment of around 9%. As we move towards the end of the first year of the first half of the year we witness again an unforeseen challenge in the terms of the possible second wave of the lockdown, which though not as severe as the first has played its part in slowing down the economy and investment.

During the first quarter, we have managed to ensure that we started on the right note, which you, I'm sure must have followed closely. We are hopeful that there will be some turnaround in real investment, which will provide a fill up to the debt and credit markets. We will be working to have more traction in the subsidiary business as we keep striving to grow our rating business this year.

For the year we have proposed a final dividend of 60% which is INR6 per share. This has been put forward for your approval. The interim dividend for FY '20-'21 was INR11 per share. So the total dividend for FY '20-'21 is INR17 per share. I do admit that the Company has adopted a slightly conservative dividend policy. We are acutely conscious that we're holding shareholders money and will ensure that we invest wisely. We have been having multiple discussions on how best to invest retained earnings in the future growth of the Company.

In this context, the Board of Directors has constituted the Strategy and Investment Committee to evaluate strategic investment plans to support the growth plan of the Company. So going forward I would seek your patience.

I would also like to place on record my appreciation for the personnel of Care who have worked diligently during what has been a very difficult year. The pandemic did not spare us, and very many of our staff are down with the virus, very many of them losing their near and dear ones. To the staff of Care, a big thank you. We're thankful also to our auditors, Khimji Kunverji & Co Limited who have ensured that we are on the straight and narrow.

Finally, a big thank you to you, dear shareholders who have supported us in our journey through thick and thin. You have continued to believe in us. Needless to say, we will always keep your best interest in mind. And may I assure you that we will not let you down.

I now hand over to Nehal Shah to take the agenda forward. Thank you.

**Nehal Shah - Company Secretary & Compliance Officer, Care Ratings Ltd.**

[0:18:45]

Members are provided with a facility to cast their votes electronically through the remote e-voting services administered by NSDL, on all six resolution out of which the four are ordinary resolutions and two are special resolutions as set forth in the AGM notice. In the terms of SEBI circular dated December 9, 2020, e-voting process had been enabled for all the individual DMAT account holder by way of a single login.

The member who have not cast their votes on their resolutions as mentioned in the AGM notice by remote e-voting prior to the AGM are provided facility to cast their votes during the AGM. Members may cast their vote while at the same time view the proceedings of the meeting. The Board has appointed Mr. Ashish Jain, Practicing Company Secretary to act as a scrutinizer to scrutinize the remote e-voting and the votes cast at the meeting and provide a consolidated result.

Since the AGM is held through video conferencing, the resolutions mentioned in the notice convening this AGM have already been put to vote through remote e-voting and as the facility of voting is also available at the AGM, the process for proposing or seconding of resolution is not applicable.

I now hand over the proceeding to our Chairman. Over to you, sir.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:20:07]

Thank you very much, Nehal. As Nehal has mentioned, the e-voting facility is now open. And the members who have not voted through remote voting may please cast their votes while the proceedings are going on. The e-voting facility will remain open for 15 minutes after the meeting to enable members to cast their votes. All efforts feasible under the circumstances have been made by the Company to enable members to participate and vote on the items being considered in this AGM.

We will now open the floor for any questions from the shareholders present at the meeting. I will request Mr. Mradul Mishra, the host to call the names of those shareholders who have registered themselves to speak or ask questions pertaining to the performance of the Company during the financial year '20-'21, one by one. Mr. Mradul Mishra.

**Question-Answers**

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:20:57]

Thank you, sir. Dear shareholders to conclude the meeting in good time I request each speaker to be brief, limit his speech to three minutes and to avoid repetition please. Once all the speaker shareholders have asked their questions one by one after I call out their names the same will be answered.

The first shareholder I call upon is Mr. Vinod Agarwal.

**Vinod Agarwal - Shareholder**

[0:21:25]

Yeah, can you hear me? Yes, sir.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:21:26]

Yes sir. Please go ahead.

**Vinod Agarwal - Shareholder**

[0:21:29]

Can you hear me? Can you see me?

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:21:30]

Yeah.

**Vinod Agarwal - Shareholder**

[0:21:32]

Respected Chairman Najib Shahji, our MD Ajay Mahajanji, our Company Secretary Nehal Shah, and our CFO, Jinesh Shah. Sir, good afternoon, and regards to everyone sir. I've gone through the Annual Report. We had last year a very flat and steady revenue, very, very nominal increase in the total revenue to about INR280 crores from INR275 crores last year, and our PAT has increased from INR83 crores to INR91 crores, which are very good sign sir, increase in the margins of the PAT, and I'm grateful to Nehal Shah, for coming up with such a nice Annual Report, which is very colorful, pictorial, graphic and well tabulated. Annual Report, I have voted for all the six resolution.



My small query is on the page number 172, note number 8, which says that you've got some investments, current investments, have quite a lot of current investment only in debt mutual funds. Why not in equity mutual funds because debt equity will give only 5%, 6% of return, while the equity mutual funds, if they're held for longer period of time, at non-current they'll give you much better returns.

Is it a regulatory requirement that you have to hold only in the debt funds or can you not hold it in the equity related funds sir? This is my only small query. I wish the Company all the best. And I also wish the Company for receiving the award for the top 100 risk management company globally.

I'm signing off, another call from Mumbai. I hope we'll be better off next year. Better revenues and better dividends. We have conserved more money this year for a better growth next year. Thank you, signing off. Good Night everyone.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:23:17]

Thank you, Mr. Agarwal. The next shareholder I would like to call upon Mr. Kaushik Sahukar.

**Kaushik Sahukar - Shareholder**

[0:23:31]

Hello.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:23:33]

Yes, Mr. Kaushik. Please go ahead.

**Kaushik Sahukar - Shareholder**

[0:23:36]

Yeah, at the onset, let me introduce myself as Kaushik Sahukar from Mumbai. Good afternoon, all. I hope I'm properly audible.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:23:46]

Yes, sir. You are audible, sir.

**Kaushik Sahukar - Shareholder**

[0:23:49}

Sir, it gives me immense pleasure, joy to see all our beloved families and all the Directors in good health. When I say all the Directors, are in such a good state of health, I remember the saying of my grandparents. They told us health is wealth, and money is immaterial. The same holds true when we see all Directors in fit and fine conditions. Good luck sir. My heartfelt well-being of all the Directors and pray to God almighty that if I get even 1% of their health, it shall be wealth for me.

Anyways, professionally I'm a chartered accountant, medically I suffer from dystonia, in simple terms 55% of my body is paralyzed and this impacted my right hand, my right leg and my speech. I have not however treated this as a hindrance. I have mentioned before despite my medical condition, I have successfully completed my Chartered accountancy course. I strongly believe that I'm a self-reliant and self dependent. I admire the virtues of Care Ratings that share the same principle of making people self-reliant through your ongoing and continuous non-profit work.

So, in spite of my physical condition, I still prefer working to support me and my family, livelihood, which [indiscernible] to the principle of self-reliant. [ph] [0:25:23]. Sir if our Company can show some generosity and shower some blessings on me, it can change my life too. I hope supporting physically challenged person, is a CS activity for our Company and our Company will also be caring for them, which is a selfless act. Due to [indiscernible] [0:25:50] I had previously approached our Company to work in the certification area.

Unfortunately, that has not progressed. I would therefore like to use this forum to reach out to you and explore areas where we can work together. I'm confident that you would find my offer even a value add to our esteem organization, and you will empathize with my condition and will support me in certification work. I would like to thank the Board of Directors for giving me the opportunity to speak and also patiently hearing me. Special thanks to entire Secretarial team including Ms. Nehal Shah. It was only their efforts which have made this event possible for me.

Please accept my big thanks from the bottom of my heart. I'm also hopeful that Company will empathize with me and will realistically consider me. Can I expect a positive response from the company? And I support all the resolution and have voted all in favor. I have been always very proud shareholder for Company. Sir, I believe I was clear in speech, and I was properly audible. Thank you.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:27:04]

Thank you, Mr. Sahukar. The next query is from the line of Mr. **Guy Spier**..

**Guy Spier - Shareholder**

[0:27:18]

Well, we have no questions from our site. Thank you.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:27:20]

Yes, Mr. Spier. Please go ahead.

**Guy Spier - Shareholder**

[0:27:24]

We don't have questions. Thank you.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:27:26]

Oh, sure. The next query is from the line of Mr. Rohit Prakash.

**Rohit Prakash - Shareholder**

[0:27:57]

Hello, am I audible?

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:28:00]

Yes, Mr. Rohit. Please go ahead.

**Rohit Prakash - Shareholder**

[0:28:01]

Okay, great. So thank you for the opportunity. And thank you for the speech, Chairman sir. It was quite illuminating. So overall, I'm very happy with the changes that have happened in the past year. Mr. Mahajan has been quite forthcoming in all the conference calls and his answers are quite detailed and transparent. And it's quite highly appreciated.

However, I have a few questions, which I thought I'll ask in this forum. My first question is on the internal rating based approach that many Indian banks are probably following going forward. This particular internal ratings based approach to rating loans in banks has been -- I mean, there has been work going on in the banks for the last many years. And I understand a couple of banks have begun implementing it.

How do you see this impacting our ratings business going forward over the next five to seven years is something that I'm keen to understand from the management? My next question is on employee salaries and hires. As Mr. Mahajan has mentioned, in the conference calls, I agree with

him that knowledge is the major advantage for a business like ours. But I observed that the median salary -- I mean, while the top hires are quite good, and we have paid them quite generously, and rightfully so, I observed that the median salary for the Company is still eight lakhs, which I understand is not that competitive, because I understand many of -- you are seeing a lot of attrition across the rating agency, and many of them are moving to FinTech organizations.

So is there any plan to have some sort of any sort of an ESOP structure across the organization? Or if not what other measures are you planning to take to retain employees and ensure -- not just retain but attract even at the lower and middle level great employees like we have been able to do in the top management. That would be interesting to hear.

My third question is on cash. While the Chairman sir, briefly touched upon it in his speech, I would really appreciate much more detail on the inorganic strategy, what are we looking for in a potential target? And how do we think about that targets fit into our Company? How do we think about the price that we are willing to pay et cetera? What are the size of the acquisition candidate that we're looking at et cetera? That would be great to hear.

And on cash usage, particularly dividend versus buyback, this particular question has been, I think regularly mentioned to the management in the last AGM, and in the conference calls as well. See, it's very simple, we give, let's say 20 crores, as an example number as dividend. The shareholders at the end have to pay the marginal tax rate of whatever 30-40% as taxes. Instead of that, if we do a buyback, the tax outflow is 20%. So it's much more efficient to do a buyback particularly at our current price right now, which is quite low in comparison to the true value of the Company.

So why don't we do a buyback not in addition to dividend but instead of a dividend? Or let's a large part of the shareholder return capital that you're looking at, why don't we do a buyback instead of a dividend? I have not -- I mean, for this particular question, I have not gotten an answer yet in the conference call or the AGM last year. But this is all from my end. Thank you for your time.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:31:17]

Thank you, Mr. Rohit Prakash. The next query is from the line of Mr. Keshav Garg.

**Keshav Garg - Shareholder**

[0:31:33]

Sir, I hope my voice is audible. Sir first of all many congratulations to the board for cutting the dividend. And in any case, this Company has a good track record of destroying shareholder wealth. Nine years back when the company was -- stock was listed, it was above INR900. Today it is around INR700. . Last year, it even went to INR300, but the board still didn't do a share buyback. Last AGM also this matter was raised. In every concall this matter was raised. But

somehow Board is very comfortable sitting on cash, collecting its own hefty salary, and not bothered about shareholders at all.

Sir, we understand, shareholders do understand that we are a victim of the circumstances in the economy, the low credit growth, the increasing competition, et cetera. So but at least what is in your hand, you can do that. At least you can reduce our number of shares outstanding by doing regular buybacks so that at least our EPS can grow. Nine years back, our EPS was INR38, now it is 25% less than what it was nine years back at INR29. And after adjusting for inflation EPS would be a third of what it was nine years back.

So at least if you would have spent some shareholder money in reducing number of shares, our EPS would have increased somewhat. But somehow I don't think any action will be taken on this because at least if till now what the experience has been, if we go by that. Sir also, everybody knows that CARE and ICRA have been losing market share. And Acuity and India Ratings are gaining market share. And CRISIL is very stable. It has been growing all this while in top line as well as bottom line.

Sir, so it seems, although I know that this question won't be answered, why we are only losing market share and while others are gaining market share. Sir, maybe the thing is that we have become excessively conservative at the bottom of the cycle, which is very normal. All PSU banks have also become very conservative at the bottom of the cycle, as happens every time and after five years when the economy will be again in upturn, again we will start doling out ratings as we were doing, doling out till 2018.

Sir so for now, just want to cite an example. Sir I wouldn't not like to name the company. But sir, I have mentioned it in the email that I've sent you. So you can bother checking the name of the company. Sir, I will just -- the abbreviation is MIL. Sir it used to be our long standing customer and we lost it last year. Now sir, the thing is that this company has INR150 crore of net debt and this company holds a stake in a Group company worth INR700 crores, five times the debt, the value of this team that that company holds in a group company. And that group company is still rated by CARE Ratings, A rating.

Sir, still there is some operating loss and due to VRS, et cetera, so there is a net loss of that customer. So we were conservative. Our competitor offered them better rating, and that client was gone. Sir, so it is something to introspect that why are we losing our customers. Now, sir, another threat that has come, apart from the non-performance of the Company and the Board is acquisition. The most easy thing to do is to sit on shareholders money and go into market and acquire anything. So that's another sword that is hanging on our head.

Sir, so I don't think there is – Sir, and the ESOPs you are doling out, at least what you can do rather than diluting the shareholders, which anyway, they are half dead. So at least you can buy - - make a ESOP trust and buy shares from the open market. So at least we will not get diluted even more. Sir, thank you very much. I hope you do a share buyback. Best of luck.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:36:05]

Thank you Mr. Garg. The next query is from the line of Mr. Hiranand Kotwani

**Hiranand Kotwani - Shareholder**

[0:36:21]

Sir, namaste to all. Are you audible?

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:36:24]

Yes, sir. Please go ahead.

**Hiranand Kotwani - Shareholder**

[0:36:27]

It's a great pleasure to be joining your virtual meeting. Gentlemen, I convey my best wishes for all of you to future of this organization. How you rate our corporate sector, particular management, regarding the sincerity part, how many industrialist they are sincere. The management is sincere, so many management managing their AGM, so many window dresses. How you rate Indian, majorities are there, because so many, they are well managed this AGM, syncophonic culture, how you rate them? Are you company give input to the organization for the improvement at various segment, how you rate our stock market? It's a mature or manipulated?

Our organization will do future with growth area, you are looking upon and prosperity. How we are going to reward the investor. Thank you gentlemen. Good luck ahead.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:37:25]

Thank you Mr. Kotwani. The next query is from the line of Mr. Vasudha Vikas Dskwe.

**Vasuda Vikas Dskwe - Shareholder**

[0:37:41]

Hello, can you hear me sir? Hello?

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:37:46]

Your voice is faint.

**Vasuda Vikas Dskwe - Shareholder**

[0:37:49]

Hello. Can you hear me sir?

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:37:52]

Your voice is coming weak ma'am?

**Vasuda Vikas Dskwe - Shareholder**

[0:37:55]

Hello, now it's better? Hello?

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:38:01]

Yeah, please go ahead, please go ahead.

**Vasuda Vikas Dskwe - Shareholder**

[0:38:04]

Very good afternoon, respected Chairman, Sir, Board of Directors and my fellow shareholders. Myself, Vasudha from Thane. I would like to congratulate our Company Secretary for sending me the soft copy of the report well in advance, which itself is clear and transparent. I would like to ask, what is the impact of COVID-19 on our current staff who are working from home as well as those who are on casual and contract basis? And what steps you've taken for the benefit of them. What is your next three years CapEx plan? In this I support all the resolution. Thank you very much.

**Mradul Mishra - Associate Director - Brand & Corporate Communications, CARE Ratings Ltd.**

[0:38:44]

Thank you, Ms. Vasudha. I think that was the last question taken up for the day, and I'm having no more queries. Over to you sir.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:38:55]

Thank you very much everybody for your questions. Mr. Vinod Agarwal has while congratulating us pointed out that all our investments are in -- not in equity funds. I would like to explain as to why we are not putting money in equity funds. This has been our investment policy thus far. We totally take your suggestion on board. We will definitely examine it going forward

as to how we could use this cash reserve which we've got, also for investment in equity fund. We will have it examined definitely. We assure you that.

Mr. Kaushik Sahukar, at the outset, thank you so much for participating in this meeting. We deeply appreciate your presence here. We hope and pray that you recover very, very soon from your ailment. You have pointed out about wanting some support in your certification work. Again, I will have it examined. I would not like to hazard a guess right now. But definitely be rest assured the management will examine this and see how we could go forward on your suggestion.

Mr. Guy **Spier**, thank you so much for participating in this meeting. You are Zurich based and for you to have taken time off, we deeply appreciate your investment, your participation.

Mr. Rohit Prakash has raised several questions. He has talked of the attrition, he's talked of the fact that our median salary is rather low, and which perhaps could be the reason for that attrition is what he has suggested. He's talked of our steps which we are taking now to attract talent. We are working on this, Mr. Prakash. We are again conscious of the fact that our salary levels have perhaps not been up to the peers. We have had a complete analysis done, and we are frankly, as you pointed out, that salary levels at the higher end have been improving, which is what has attracted talent to the company.

We are working on this and we will ensure that we reach out to the management schools to get bright and good talent into our Company. You have asked about the strategy going forward, inorganic strategy, about acquisition itself. As I mentioned in my speech, we have created this Strategy and Investment Committee. We are -- we have had a few rounds of discussions. And I can assure you the discussions have been extremely intense and passionate. Ajay Mahajan has been extremely passionate about the need to expand both organically and inorganically. And we are supporting him in his endeavors. So going forward you will hear on this front.

The issue of dividends versus buybacks is something which is causing concern both last year and also this year. Both you, Mr. Prakash and Mr. Keshav Garg have raised this issue. Look, we have again, discussed this issue with no firm conclusion. All I can assure you is that we are conscious of the fact that we are sitting on your money. We are conscious of the fact that we need to invest in this money carefully and strategically to ensure growth. And if this strategy going forward, is not materializing, we certainly will also examine all other options on the table. I would, as I mentioned also in my speech, seek your patience in this regard. And you will have some answers very soon from us.

You have raised a question about the banks. I will give this particular question to Ajay at the end of -- after I finished the others to take up and answer, because that's a question which I want you to answer Ajay, so that you are -- you will be best equipped to answer that. Mr. Keshav Garg has had a lot of angst. He has been very upset with the company's performance. All I can tell Mr. Garg is that look, starting from last year when we had the AGM when our share price was around INR300 odd we are now today INR700 odd. So something is happening which is being appreciated by you and all of the shareholders.



Again on the buyback process, dividend issue be rest assured some finality will be arrived very soon, either in terms of acquisition or going forward, we take some firmer measures than what we are doing. You have talked of us losing clients, but in a year which has been extremely bad, you will appreciate the fact that the CARE Ratings income has been steady and flat at INR211 crores which in our opinion is excellent work done by the management. And this performance you should, I would expect you to appreciate quite frankly, rather than be so very upset about it. But your concerns and your sentiments have been taken on board.

We have our Business Development Head who has worked day in day out, Mehul, to ensure that we get clients for every one client we lose. We also are getting clients let me assure you. So I think your pessimism is a bit misplaced. And be rest assured that we will go from strength to strength.

Mr. Kotwani has generally been said a lot of nice words. Thank you, sir so very much. You've talked of what are the -- whether the management in corporates are sincere. I would believe that every management should ultimately work for the interests of the shareholder. And I do believe that they are indeed sincere. And at the end of the day, if we are not sincere, you will punish us. So I think it's in our interest to ensure that we are sincere.

Madam Vasudev has asked about the COVID impact and what we are doing about it. Madam what we did was we ensured that we had a weekly feedback coming to us at the Board level and at the MD and the Company Secretary, the HR level almost on a daily basis, anybody from our organization getting impacted by COVID. And that included the family members. We have extended all support in terms of ensuring loans are made available immediately. We have ensured that vaccination has to increase for almost all the employees.

I think, again, we can touch that when you're replying to the question, the other question. My understanding is that we have ensured that vaccination is taking place across all our headquarters and eight branches, which we have got. We have lost some of our family members of our officers, which I mentioned in the speech, but whatever assistance we could extend, we have ensured that we extended.

And currently, again, Ajay, you must correct me in case I'm wrong. Currently, nobody from our officers, our staff are impacted by COVID current position. Correct me if I'm wrong, because that's my feedback again, which I got. You may correct me if I'm wrong. You have also asked about our plans for CapEx. Madam, we have created this Strategy and Investment Committee and they are seized on how to go forward on both organic and inorganic growth. I think you should be hearing from us in this regard very, very soon.

Ajay, I would like you to take these two questions which I mentioned. One was of Rohit and the other was regarding this -- what the company has been doing about its staff impacted by COVID talks.

**Ajay Mahajan - Managing Director & CEO, Care Ratings Ltd.**

[0:47:53]

Thank you. Thank you, sir. Sir, the question from Rohit that you want me answer -- want me to answer is the one on IRB approach, right.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:48:05]

Right sir.

**Ajay Mahajan - Managing Director & CEO, Care Ratings Ltd.**

[0:48:03]

Thank you. Sir, our IRB approach, Rohit, if you can hear me, two comments I want to make. One is that IRB approach was actually -- has been on the mind of RBI and the regulator for a while, and a number of banks were asked to submit their plans in regard to the internal ratings based approach for rate, for all lending exercise and underwriting purposes. But soon thereafter, the AQR came out, the Asset Quality Report inspections were fanned out to the banking system. And since then, to be honest, the banking system has been actually struggling with managing their NPS.

And currently with the NPA in the system being in the region of 7.5%, 8%, the chances of this being adopted in a hurry seem somewhat lower in terms of the calculated assessment that they currently have. Having said this, to strategically address this, the management of care ratings is totally focused on building fixed income related growth sort of initiatives far more than the other segment.

While we rely on earnings from both the segments, we believe that increasingly capital markets will be the way for growth for rating companies. And therefore there we hold a very good market share. We are 45% of the total bonds that are rated in the market. And we want to continue to grow that.

So I hope that this answers both parts. IRB is a little bit of a risk, but we believe that until NPA problem gets sorted, that will take a little while. And in any case for the long term future of ratings we are more focused on the rating capital market instruments like debt, subordinated, senior debt and structured instruments like InvITs, REITs and many other such innovative products that are taking roots in India are quite well.

To answer the second part, second question that sir referred to me, which is relating to the COVID assessment, I think sir has already given a quick snapshot of the work that we did here. We were very focused on creating cohorts at all our regional offices, and we made sure HR with those cohorts data are very active sort of participation, guidance to people from time to time on whatever help they needed, because at the time when the disease strikes any family member at that time, people tend to panic. Hospitalization efforts, oxygen cylinders or oxygen concentrators and all of that, we tried very hard to create a system by way of which our employees could communicate with us and try to help as much as we could.

And like sir, said, we created an emergency loan facility. We also did increased Mediclaim benefits. We also got the medical allowances to be used for COVID testing by the family and a few other efforts, including vaccination was proposed in some centers. However, by that time, employees had begun to take their shots, first shot themselves. So in that we could not eventually help. But we were always there to support our people in case a vaccination camp was required. So sir, I hope that I have answered the second part of the question.

**Najib Shah - Chairman and Non-Executive Independent Director, Care Ratings Ltd.**

[0:51:36]

Thank you. Thank you very much, Ajay. Thank you very much everybody for your questions. We have also received some questions from investors after the scheduled date and time. So we could not accommodate them in the video meeting itself. But be rest assured, we will be answering each one of those questions across -- over mail. And in case any of the questions which you have raised now have remained unanswered by either me or Ajay, we will ensure again that we reply to those questions.

And you could continue, of course to communicate to us at [investor.relations@carerating.com](mailto:investor.relations@carerating.com). And we'll ensure that the questions are replied to. The e-voting process will continue for the next 15 minutes and will be disabled thereafter. The result of voting will not be announced not later than two working days after the conclusion of the AGM. And this will be intimated to the stock exchanges, and also uploaded on the website of the company and NSDL.

I would like to express my sincere appreciation to you, our members for your continued faith, trust, encouragement and support. I would now like to conclude this meeting. My colleagues, my board members and I would leave the meeting. I wish all the shareholders and their families a very healthy, safe future. Thank you so much.