

## Policy for dealing with Conflict of Interest in Investment/ Trading

[In supersession of “Investment Policy” dated [April 6, 2021](#)]

### A. Introduction

CARE is committed to ensure that it and its employees do not have any conflict of interest in the assignments undertaken. To ensure this, CARE has in place a comprehensive policy for dealing with Conflict of Interest in Investment / Trading.

### B. Applicability of CARE’s Policy for dealing with Conflict of Interest in Investment/ Trading

The policy shall apply to investment / trading in securities by CARE, Access Persons connected to CARE, employees, Rating Committee Members and External Review Committee Members.

### C. Definitions

The terms/abbreviations which are used in this Policy shall have the following meanings / descriptions:

- CARE or “the Company”** : Means CARE Ratings Limited, a public limited company incorporated under the Companies Act, 1956 and a Credit Rating Agency registered with the Securities and Exchange Board of India.
- Client** : Includes any entity in respect of which CARE is presently handling or had handled any assignment in last six months, viz. credit rating/assignments.
- Compliance Officer** : Means any senior officer designated so and reporting to the Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Insider Trading Regulations, and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules of preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified under the Insider Trading Regulations under the overall supervision of the Board.
- Dealing in securities** : Means an act of buying, selling, subscribing, pledging or agreeing to buy, sell, subscribe, pledge or deal in any securities by any person either on his behalf or on behalf of others.
- Dependent** : Shall include the dependent spouse, dependent children, and dependent parents who are financially dependent on the employees and such other family members of the employees as may be notified by him/her.

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<b>Designated persons</b>	: Shall include:- <ol style="list-style-type: none"><li>All Non-Executive &amp; Independent Directors of the Company</li><li>All the Whole time Directors of the Company;</li><li>All the employees</li><li>Employees of material subsidiaries designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;</li><li>Chief Executive Officer and employees upto two levels below Chief Executive Officer of its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information</li></ol> <p>Immediate relatives of all the above persons and any other person as specified from time to time.</p>
<b>Employee</b>	: Means every employee of the Company including the directors AND DESIGNATED PERSONS
<b>Immediate Relative</b>	: Means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.
<b>Rating Committee Members</b>	: Includes all such employees who are members of the Rating Committee which considers proposals for assigning ratings & assigns ratings.
<b>Securities</b>	: Include Equity Shares, Preference Shares, Warrants, Derivative and all Debt Securities such as Bonds & Debentures. However, this will not include mutual fund units, Government securities, deposits made into PPF account/Post Office Savings Scheme/ Fixed Deposits placed with banks/ RBI Relief Bonds/Capital gain Bonds, Interest rate futures, RBI Bonds etc. and any other instrument as notified under Securities Contracts (Regulation) Act, 1956.
<b>Trading</b>	: Means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly
<b>Trading day</b>	: Means a day on which the recognized stock exchanges are open for trading
<b>Working day</b>	: Shall mean the day when the regular trading is permitted on the concerned stock exchange where the securities of the company are listed.

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### D. Dealing with Conflict of Interest in Investment/ Trading

The Policy is enumerated below:

Sr. No.	Person	Policy
1	Investment by Access Person (i.e., MD/CS)	Cannot invest in the securities rated by CARE for a period of 30 days after the date on which rating is assigned by the Rating Committee
<b>2</b>	<b><u>Employees</u></b>	
a)	Analyst, Group Head and Rating Head	<ul style="list-style-type: none"> <li>i) Cannot invest in the securities whose rating assignments are handled by them.</li> <li>ii) Cannot invest in the securities rated by CARE for a period of 30 days after the date on which rating is assigned by the Committee.</li> <li>iii) Can invest in securities other than (i), after taking the prior approval of the Compliance Officer. Annual ceiling of Rs. 2 lakh per share in a financial year. No limit on selling of these shares. No opposite transactions allowed in 30 trading days.</li> <li>iv) Can invest in CARE shares upto 5 lakh in a financial year, after taking prior approval of Compliance officer. No opposite transactions allowed for a period of 6 months.</li> </ul>
b)	Other Employees	<ul style="list-style-type: none"> <li>i) Cannot invest in the securities rated by CARE for a period of 30 days after rating is assigned by the Committee.</li> <li>ii) Can invest in the securities after taking the prior approval of the Compliance Officer.</li> <li>iii) The Compliance Officer can invest after taking the prior approval of the Managing Director.</li> <li>iv) No opposite transactions allowed in 30 trading days/6 months for non-CARE/ CARE shares respectively.</li> </ul>
<b>3</b>	<b><u>Rating Committee Members</u></b>	
a)	Internal Rating Committee (IRC)	<ul style="list-style-type: none"> <li>i) Cannot invest in the securities rated by CARE for a period of 30 days after rating is assigned by the Committee.</li> <li>ii) Additionally, 2 (a)(i) – (iv) will apply for team members handling cases.</li> <li>iii) IRC will also not participate in the discussion for assigning rating to the entities in which he/she or their dependents holds any investment.</li> </ul>

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b)	External Review (Appeal) Committee	<ul style="list-style-type: none"> <li>i) The External Review Committee (ERC) member will disclose their investment to CARE at the time of appointment.</li> <li>ii) ERC members will not participate in the discussion for assigning rating to the entities in which he/she holds any investment or is a Director.</li> <li>iii) Cannot invest in those securities which are referred to them for review (appeal) for a period of 30 days after rating is assigned by the Committee.</li> </ul>
4	CRA	CARE invests surplus funds as per the investment policy approved by the Board which is in line with all regulatory guidelines.

**[Last updated on October 17, 2021]**

### Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.