

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

[In supersession of “Investment Policy” dated [May 26, 2022](#)]

### A. Introduction

CARE Ratings Limited (CARE or the Company) 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, Employees of CARE, Rating Committee Members and Members of the External Review Committee.

### C. Definitions

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

<b>Access Persons</b>	:	“Access Persons” means all the employees of the Company.
<b>CARE or “the Company”</b>	:	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.
<b>Client</b>	:	Includes any entity in respect of which CARE is presently handling or had handled any assignment in last six months, viz., credit rating assignments.
<b>Compliance Officer</b>	:	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 SEBI (Prohibition of Insider Trading) Regulations, 2015, 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for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules of preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified under the SEBI (Prohibition of Insider Trading) Regulations, 2015, under the overall supervision of the Board.
<b>Dealing in securities</b>	:	Means an act of buying, selling, subscribing, pledging, revocation of pledging or agreeing to buy, sell, subscribe, pledge, revocation of pledging or deal in any securities by any person either on his behalf or on behalf of others.
<b>Dependent</b>	:	Shall include the immediate Relatives of a Designated Person as well as Persons with whom such Designated Person shares a Material Financial Relationship.

<b>Designated persons</b>	:	<p>Shall include:-</p> <ul style="list-style-type: none"> <li>a) All Non-Executive Non-Independent &amp; Independent Directors of the Company;</li> <li>b) All the Whole time Directors of the Company;</li> <li>c) All the employees;</li> <li>d) 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>e) Chief Executive Officer and employees up to 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> <li>f) Immediate relatives of all the above persons and any other person as specified from time to time.</li> </ul>
<b>Employee</b>	:	Means every employee of the Company.
<b>Immediate Relative</b>	:	<p>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.</p> <p>Spouse is presumed to be an 'immediate relative' unless rebutted so.</p>
<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>	:	<p><b>"Securities"</b> for the purpose of this Policy shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956.</p> <p>This Policy does not apply to Investments in Government Securities, Mutual Funds, gold, real estate, Government Savings Schemes, ETF, Gold &amp; Silver ETFs, Index Funds, Index based derivatives, Interest Rate Derivatives, Equity Index Derivatives, Interest Rate Futures, Currency, Commodities, RBI Bonds, RBI Relief Bonds, Capital Gain Bonds, Sovereign Bonds including Sovereign Gold Bonds, investments which are not in the nature of securities like life insurance policies, provident funds, Deposits in Public Provident Fund, National Savings Schemes, National Pension Scheme, ULIPs, Fixed Deposits kept with Banks, etc.</p>
<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>	:	Working day shall mean any working day of the Company.

**D. Dealing with Conflict of Interest in Investment/ Trading and Disclosures thereof**

The Policy is enumerated below:

Sr. No.	Categories of Persons	Policy
<b>1</b>	<b><u>Employees</u></b>	
a)	Analyst, Group Head and Rating Head	i) Cannot invest in the securities either on his behalf or on behalf of others whose rating assignments are handled by them or who were part of the team of Designated Employees, who are handling such assignment and until the expiry of six months from the date such Designated Person ceases to handle such assignment.  ii) Can invest in securities other than (i) above, after taking the prior approval of the Compliance Officer. Annual ceiling of Rs. 2 lakh per share in a financial year. No limit on sell value of these Shares. The aforesaid limit of investment will not be applicable to Tax-free bonds. No opposite transactions allowed for a period of 30 trading days.
b)	Other Employees	i) Cannot invest in the securities rated by CARE for a period of 30 days after rating is assigned by the Rating Committee.  ii) Can invest in securities other than (i) above after taking the prior approval of the Compliance Officer. Annual ceiling of Rs. 2 lakh per share in a financial year. No limit on sell value of these Shares. The aforesaid limit will not be applicable to Tax-free bonds. No opposite transactions allowed for a period of 30 trading days.  iii) The Compliance Officer can invest after taking the prior approval of the Managing Director & CEO.
c)	Investment in the Securities of CARE by all employees	Subject to applicable restrictions, an employee can purchase/sell the securities of CARE of the value of up to Rs. 5 lakhs for each buy and sell in a financial year after taking prior approval of Compliance officer. However, subject to other restrictions as may be prescribed from time to time, ceiling of Rs.5 lakhs shall not be applicable in case of sell of ESOP Shares. No opposite transactions allowed for a period of 6 months.

<b>2</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, 1(a)(i) and (ii) and 1(c) above 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>
b)	External Review (Appeal) Committee	<ul style="list-style-type: none"> <li>i) The External Review Committee (ERC) member will disclose their investment, if any, to CARE at the time of their appointment.</li> <li>ii) ERC members will not participate in the discussion for assigning rating to the entities in which he/she or their dependents 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>
<b>3</b>	<b><u>CRA</u></b>	CARE invests surplus funds as per the investment policy approved by the Board which is in line with all regulatory guidelines.
<b>4</b>	<b><u>Disclosures</u></b>	<ul style="list-style-type: none"> <li>(i) The approvals, if any, granted to the employees of the Company for the purpose of dealing in Securities of an entity shall be valid for seven trading days from and including the date of approval.</li> <li>(ii) Any person, who becomes an employee of the Company shall submit a statement of holding of all securities, if any, to the Compliance officer or Chief Executive, as the case may be, within 7 working days of joining the Company.</li> <li>(iii) All employees of the Company shall submit the following details to the CEO/Compliance Officer, as the case may be: <ul style="list-style-type: none"> <li>(a) Details of purchase or sale transactions effected, if any, within 7 trading days from the date of transaction.</li> <li>(b) A consolidated statement of holding of all securities within 15 days from the end of the Financial Year.</li> </ul> </li> </ul>

		<p>(iv) The members of the Rating Committee shall upfront declare / disclose their interest, if any, to the Chief Executive Officer or Compliance Officer, as the case may be, as per the policy of the Company, in the securities /instruments/ facilities that are considered for rating by the Company.</p>
<p><b>5</b></p>	<p><b><u>Penalty for non-compliance of this Policy</u></b></p>	<p>i. Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).</p> <p>ii. Any Designated Person who trades in securities or communicates any information for trading in Securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.</p> <p>iii. Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, warning, suspension, recovery, clawback, ineligibility for future participation in employee stock option plans, termination etc.</p> <p>iv. The action by the Company shall not preclude the Securities and Exchange Board of India from taking any action in case of violation of the Regulations.</p> <p>v. Any violation of the Regulations, will have to be promptly informed to the Stock Exchanges and amounts, if any, collected for such violation will be credited to Investor Protection and Education Fund administered by SEBI.</p>

**[Last updated on November 1, 2022]**

**Disclaimer**

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