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|  | भारतीय प्रतिभूति और विनिमय बोर्ड  ऋण (डैट) एवं हाइब्रिड प्रतिभूति विभाग  **रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार** प्रभाग - 1 | **Securities and Exchange Board of India**  **Department of Debt & Hybrid Securities**  **Registration, Approvals and Correspondence Division RAC – 1** |

**विषय: Registration of ${applicant\_name} as a Category II ESG Rating Provider**

1. **Background:**
2. ${applicant\_name} (${applicant\_name\_abb} hereinafter), vide letter (received on **DATE**) (**Vol I Pages/ corr.**), submitted an application (Form A of Schedule V of SEBI (Credit Rating Agencies) Regulations, 1999 (CRA Regulations)) and requisite documents seeking registration as a Category II ESG Rating Provider (ERP) under Chapter IVA of CRA Regulations.
3. The payment of required application fee of INR ${amount} was made through the SI Portal on ${payment\_date} (**Vol I Pages/ corr.**).
4. During the course of processing of the abovementioned application, information was sought from ${applicant\_name\_abb}. The details of correspondences exchanged with ${applicant\_name\_abb} is placed at **Vol I Pages /Corr.**
5. **Details of the applicant:** (**Vol I Pages/ corr.)**
6. The details of${applicant\_name\_abb}, as provided in Form A of Schedule V of CRA Regulations are as follows:

| **Sr. No** | **Particulars** | **Submission of the entity** |
| --- | --- | --- |
|  | Name of the Applicant | ${applicant\_name} |
|  | Registered office address | ${regd\_address} |
|  | Correspondence address | ${corr\_address} |
|  | Name of the Compliance Officer | ${comp\_officer\_name} |
|  | Mobile number of the Compliance Officer | ${comp\_officer\_num} |
|  | Email ID of the Compliance Officer | ${comp\_officer\_email} |
|  | Name of the contact person | ${cont\_person\_name} |
|  | Mobile number of the contact person | ${cont\_person\_num} |
|  | Email ID of the contact person | ${cont\_person\_email} |

1. **Details of Shareholding of the Applicant (Vol I Pages/ corr.)**
2. The shareholding pattern of ${applicant\_name\_abb} is as follows:

${table1\_data}

1. **Directors of the Applicant (Vol I Pages/ corr.)**
2. The details of directors of ${applicant\_name\_abb} are as follows:

${table2\_data}

1. **Business Model of the Applicant (Vol I Pages/ corr.)**
2. ${applicant\_name\_abb} has submitted that it will follow a “${business\_model}” business model.
3. **Eligibility Criteria**

| **Sr. No** | **Particulars** | **Our comments** |
| --- | --- | --- |
| 1 | Whether the applicant has been incorporated as a company under the Companies Act, 2013  *Regulation 28E(a) of CRA Regulations* | ${whether\_company}.  ${applicant\_name\_abb} has been incorporated as a company under the Companies Act, 2013 on ${date\_of\_incorp}.  **(Vol I Pages/ corr.)** |
| 2 | Whether the applicant has specified ESG rating activity as the main object in its Memorandum of Association (MOA)  *Regulation 28E(b) of CRA Regulations* | ${whether\_main\_activity\_moa}  The Memorandum of Association of ${applicant\_name\_abb} has specified ESG rating activity as the main object. The same is mentioned in ${main\_activity\_moa\_clause}.  **(Vol I Pages/ corr.)** |
| 3 | Whether the applicant has submitted its business plan pertaining to providing ESG ratings  *Regulation 28E(c) of CRA Regulations* | ${whether\_business\_plan}  ${applicant\_name\_abb} has submitted its business plan pertaining to providing ESG ratings.  The same is placed at **Vol I Pages/ corr.** |
| 4 | Summary of the Business Plan submitted  *Regulation 28E(c) of CRA Regulations* | ${business\_plan\_summary}  **Vol I Pages/ corr.** |
| 5 | Whether the Business Plan contains information about Target Breakeven Date  *Regulation 28E(c)(i) of CRA Regulations* | ${whether\_breakeven\_date}    The same is provided at ${breakeven\_clause\_num}.  **Vol I Pages/ corr.** |
| 6 | If yes, Details of Target Breakeven Date  *Regulation 28E(c)(i) of CRA Regulations* | Target Breakeven Date submitted by ${applicant\_name\_abb} is ${target\_breakeven\_date}.  **Vol I Pages/ corr.** |
| 7 | Whether the Business Plan contains information about target revenue and the targeted number of clients it plans to service, within 2 years of obtaining a certificate  *Regulation 28E(c)(ii) of CRA Regulations* | ${whether\_revenue\_clients}  The details of the same are provided at ${revenue\_clients\_clause}.  **Vol I Pages/ corr.** |
| 8 | Target Revenue  *Regulation 28E(c)(ii) of CRA Regulations* | Target Revenue (in 2 years): INR ${target\_revenue} Crore.  **Vol I Pages/ corr.** |
| 9 | Targeted number of clients  *Regulation 28E(c)(ii) of CRA Regulations* | Targeted number of clients (in 2 years): ${target\_clients} Customers  **Vol I Pages/ corr.** |
| 10 | Whether the Business Plan contains information about the cumulative cash losses that the applicant projects to incur until the targeted breakeven date, along with the activities or areas in which such losses shall be incurred  *Regulation 28E(c)(iii) of CRA Regulations* | ${whether\_cash\_losses}.  Details of the same are provided at ${cash\_losses\_clause}  **Vol I Pages/ corr.** |
| 11 | Whether the applicant has submitted a declaration that it does not and shall not undertake any activity or offer any product or service, except the following:   1. ESG rating of an issuer, that is listed or proposed to be listed on a stock exchange recognized by the Board. 2. ESG rating of a security, that is listed or proposed to be listed on a stock exchange recognized by the Board. 3. Offering any other product or service or undertaking any other activity as may be specified by the Board. 4. ESG rating of any other product or issuer, as may be required by another financial sector regulator or authority, as may be specified by the Board, under the guidelines of such regulator or authority.   *Regulation 28E(d) of CRA Regulations* | ${applicant\_name\_abb} has ${whether\_declaration} a declaration that it does not and shall not undertake any activity or offer any product or service, except the following:   1. ESG rating of an issuer, that is listed or proposed to be listed on a stock exchange recognized by the Board. 2. ESG rating of a security, that is listed or proposed to be listed on a stock exchange recognized by the Board. 3. Offering any other product or service or undertaking any other activity as may be specified by the Board. 4. ESG rating of any other product or issuer, as may be required by another financial sector regulator or authority, as may be specified by the Board, under the guidelines of such regulator or authority.   The same is placed at**Vol I Pages/ corr.** |
| 12 | Whether the applicant has a positive liquid net worth  *Regulation 28E(e) of CRA Regulations* | ${applicant\_name\_abb} has submitted that it has a liquid net worth of INR ${net\_worth} lakhs. The applicant has submitted the networth certificate based on audited financials.  The same is placed at**Vol I Pages/ corr.** |
| 13 | Whether the applicant has a minimum liquid net worth, the higher of:   * INR 20 lakhs   OR   * addition of rupees INR 10 lakhs and the target on cumulative cash losses until breakeven, as provided by the Applicant under CRA regulations:   *Regulation 28E(e) and 28 (n)(i) of CRA Regulations* | ${applicant\_name\_abb} has a liquid net worth of INR ${net\_worth} lakhs and cumulative cash losses of INR ${cummulative\_cash\_losses} lakhs. The applicant has submitted the Net-worth certificate based on audited financials.  The same is placed at**Vol I Pages/ corr.** |
| 14 | Whether the applicant has necessary infrastructure including adequate office space, technology, equipment and manpower, to enable it to provide ESG rating services  OR  Whether the applicant plans to conducts its operations remotely  *Regulation 28E(f) of CRA Regulations* | ${whether\_adequate\_infra}.  ${applicant\_name\_abb}, has submitted that it proposes to conduct ${operations}.  ${applicant\_name\_abb} ${operations\_undertaking}. (**Vol I Pages/ corr.)** |
| 15 | Whether the applicant is a SEBI registered credit rating agency or any other intermediary registered with the Board  *Regulation 28E(g) of CRA Regulations* | ${whether\_cra\_intermediary}.  The applicant has submitted details / undertaking in this regard and the same is placed at **Vol I Pages/ corr.** |
| 16 | Name of the Compliance Officer | ${comp\_officer\_name} |
| 17 | Date of appointment of compliance officer?  *Regulation 28E(h) of CRA Regulations* | ${comp\_officer\_date}  **Vol I Pages/ corr.** |
| 18 | Whether the employees are persons with adequate experience  *Regulation 28E(i) of CRA Regulations* | The details of the employees of the applicant having adequate experience are as follows: |
| ${table5\_v1\_data} |
| **Vol I Pages/ corr.** |
| 19 | Whether the applicant and its promoter(s), are fit and proper person(s), as per Schedule II of the Securities and Exchange Board of India  (Intermediaries) Regulations, 2008  *Regulation 28E(j) of CRA Regulations* | ${whether\_fit\_proper}.  ${applicant\_name\_abb} has submitted a declaration (**Vol I Pages/ corr.)** stating that the Applicant and its promoter(s), are fit and proper person(s), as per Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008. |
| 20 | Details of enforcement action or any such order by SEBI or any other authority as applicable, against the applicant | No such enforcement action or any such order by SEBI or any other authority as applicable, against ${applicant\_name\_abb}.  **Vol I Pages/ corr.** |
| 21 | Whether the applicant, during the past 3 years from the date of filing the application has been   * 1. refused by SEBI a certificate under these regulations, or   2. deemed not fit and proper by SEBI, or   3. subject to any enforcement action for a contravention of SEBI Act or of any rules or regulations made under SEBI Act.   *Regulation 28E(k) of CRA Regulations* | ${applicant\_name\_abb} has ${whether\_refused} a declaration (**Vol I Pages/ corr.)** stating that, during the past 3 years, from the date of filing the application, ${applicant\_name\_abb} has not been   1. refused by SEBI a certificate under these regulations, or 2. deemed not fit and proper by SEBI, or 3. subject to any enforcement action for a contravention of SEBI Act or of any rules or regulations made under SEBI Act. |
| 22 | Whether the applicant has at least 2 employees specialized across the certain areas like governance, sustainability, social impact or social responsibility, data analytics, finance, information technology, law  *Regulation 28E(m)(v) of CRA Regulations* | ${whether\_adequate\_employee}. The details of the employees of the applicant having requite specialization are given below: |
| ${table5\_v2\_data} |
| (**Vol I Pages/ corr.)** |
| 23 | Name of the MD/CEO | ${md\_ceo\_name}  **Vol I Pages/ corr.** |
| 24 | Whether the MD/ CEO of the applicant and/or any Executive Director is part of determining the ESG rating  *Clause 15 of Chapter II of Master Circular on ERP* | ${md\_ceo\_rating}  **Vol I Pages/ corr.** |
| 25 | Whether the ERP holds, directly or indirectly, 10% or more shareholding or voting rights in any other ERP  *Regulation 28U(1)(a) of CRA Regulations* | ${whether\_10\_percent}.  ${applicant\_name\_abb} has submitted a declaration (**Vol I Pages/ corr.)** stating that ${applicant\_name\_abb} does not hold directly or indirectly, 10% or more shareholding or voting rights in any other ERP    **Vol I Pages/ corr.** |
| 26 | Whether the ERP has representation on the board of directors of any other ERP  *Regulation 28U(1)(a) of CRA Regulations* | ${whether\_other\_erp\_bod}.  ${applicant\_name\_abb} has submitted a declaration (**Vol I Pages/ corr.)** stating that ${applicant\_name\_abb} does not have a representation on the board of directors of any other ERP.  **Vol I Pages/ corr.** |
| 27 | Whether any shareholder holding 10% or more shares or voting rights in an ERP is holding 10% or more shares or voting rights, directly or indirectly, in any other ERP  *Regulation 28U(1)(a) of CRA Regulations* | ${whether\_other\_erp\_shp}.  ${applicant\_name\_abb} has submitted a declaration (**Vol I Pages/ corr.)** stating that ${applicant\_name\_abb} any shareholder holding 10% or more shares or voting rights in an ERP is holding 10% or more shares or voting rights, directly or indirectly, in any other ERP.  **Vol I Pages/ corr.** |

1. **Observations and proposal:**
2. ${applicant\_name\_abb} has submitted the application for registration as Category II ERP in Form A of Schedule V of CRA Regulations (**Vol I Pages/ corr.**) along with the application fee (**Vol I Pages/ corr.)** and supporting documents.
3. CMS Action Taken Reports (ATR) of ${applicant\_name\_abb}, its promoter and directors have been checked as on **DATE**. No adverse observations were noted against ${applicant\_name\_abb}, its promoters and its directors. The details are placed at **Vol I Pages/ corr.**
4. In terms of Regulation 28G(1) of CRA Regulations, it is proposed that the case may be recommended for grant of registration as a Category-II ESG Rating Provider, subject to payment of the specified registrations fees.
5. If approved, the applicant may be directed to pay the registration fees as specified in Sixth Schedule of the CRA Regulations and upon receipt of the same, the certificate of registration may be granted to ${applicant\_name\_abb} to act as a Category-II ESG Rating Provider.
6. The draft letter to be sent to the applicant along with the registration certificate, pursuant to the payment of registration fee is placed alongside for approval

**Submitted for approval, please**