



**26<sup>TH</sup> Annual  
Report**

**2018-19**

## Vision

To be a respected company that provides best - in its field - quality and value service

## Values

**Integrity and Transparency:** Commitment to be ethical, sincere and open in our dealings

**Pursuit of Excellence:** Committed to strive relentlessly to constantly improve ourselves

**Fairness:** Treat clients, employees and other stakeholders fairly

**Independence:** Unbiased and fearless in expressing our opinion

**Thoroughness:** Rigorous analysis and research on every assignment that we take

## Mission

To offer a range of high-quality services to all the stakeholders in the capital market

To build a pre-eminent position for ourselves in India in securities analysis, research and information services and to be an international credit rating agency

To earn customer satisfaction and investor confidence through fairness and professional excellence

To remain deeply committed to our internal and external stakeholders

To apply the best possible tools & techniques for securities analysis aimed to ensure efficiency and top quality

To ensure globally comparable quality standards in our rating, research and information services

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The Annual Report contains certain forward looking statements based on our current expectations, assumptions, estimates and projections regarding the Company's businesses. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof. By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by the forward-looking statements. Given the aforementioned uncertainties, prospective or present shareholders / investors and users of this Report are cautioned not to place undue reliance on any of these forward-looking statements. The Company does not undertake to update the forward-looking statements in the future, unless legally required.

## Message from Chairman



S. B. Mainak

Dear Shareholders

The Indian economy has gone through a challenging phase in 2018-19 with a combination of domestic concerns and global headwinds. The annual growth for the economy has been revised downwards to 6.8% from earlier 7% by the CSO and now stands at a 5-year low. The limited expansion in consumption and investment has had a bearing on economic growth. However on the positive side, higher government spending has tended to support the economy with expenditure being directed in critical infrastructure sectors.

In addition, the liquidity pressures in the domestic NBFCs segment have been a problem during the second half of the year where a squeeze was witnessed in the market for some of them especially in the housing finance sector. The liquidity issue was partly addressed by the RBI through commercial banks but the sentiment continued to be cautious and spreads on bonds of these companies tended to be higher than those of non-NBFCs.

On the global front, trade uncertainties and geopolitical tensions slowed down global growth while volatile crude oil prices continued to remain a concern for the growth prospects. The performance of the company in the current fiscal 2018-19 has to be evaluated against a more somber economic performance.

Though bank credit growth has seen a significant improvement in FY19, the growth has been driven by services sector credit growth at 17.8% (13.8%) with credit to the industry sector focused primarily on large corporates as against micro, small and medium entities. The domestic bond market, which was challenged by the asset-liability mismatches of few NBFCs, witnessed marginal increase of 7% in issuances during the year. The financial sector continued to dominate the corporate debt market with limited fund-raising by the non-financial companies.

Against the backdrop of these challenges your company's performance has been pressurized in terms of both growth in top line and profits. This we believe should hopefully get reversed in FY20. Both the volume of bank facilities and bonds rated have seen a significant growth with both recording an increase in the range of 25-30%. On account of these factors total income of your company declined marginally by 5.6% from Rs. 346.9 crs in FY18 to Rs. 327.2 crs in FY19. Net profit of your

company has contracted from Rs. 161 crs in FY18 to Rs. 135 crs in FY19. We do however believe that this is a temporary phenomenon and appreciate your support in these times. We have therefore retained the dividend payout (consolidated) at 300% for the year subject to your approval.

One key change on the regulatory front is SEBI and RBI's Large Corporate Borrower Framework which is a positive impetus to deepen the corporate bond market. In addition, RBI's withdrawal of 20% limit for FPIs in a single corporate and introduction of voluntary retention route (VRR) for FPIs in the corporate bond market would benefit the bond market and in turn our business. This we believe will be positive for your company in the time to come.

We have also been focused on enhancing business from our subsidiaries as there are opportunities to leverage in associated business lines. Our subsidiaries CARE Risk Solutions Limited and CARE Advisory, Research and Training (CART) have boosted our consolidated revenues significantly. The two rating joint ventures CARE Ratings Africa and CARE Ratings Nepal are already functional and have done good business. A memorandum of understanding has also been signed with Russian rating agency – Analytical Credit Rating Agency (ACRA) to assist each other in developing a multi-lateral credit rating framework.

With the resounding victory of the incumbent government there will be continuity in policy framework. This does increase expectations of a revival in the domestic economy but we look forward positively albeit with caution for the new financial year. We do hope that growth will rebound in the second half of FY20 with macroeconomic indicators turning positive especially for investment. The two major issues in the financial sector that should get sorted out are the NPAs of banks and the liquidity challenges for the NBFCs.

The easing of these strains and a revival in the macroeconomic indicators in FY20 should help the industry and your company to generate the requisite momentum. We would continue to focus on enhancing shareholder value and continue to strive towards achieving your goals.

I would again like to thank you for your continued support to the management and the team at CARE Ratings in this regard.

## Message from Managing Director & CEO

This has been one of the most challenging years for rating industry in general and for our organization in particular where we not only had to deal with a 'not so conducive economic environment' but also the liquidity crisis that impacted the Indian financial system.

The expectations at the start of the financial year were optimistic based on an improved domestic macro-economic environment as there were no aggressive reforms expected as was witnessed in the preceding two years in the form of demonetization and GST implementation. However that was not the case. Following a favorable start of high economic growth of 8% (year-on-year) in the first quarter of 2018-19, growth slowed down continuously as the year progressed and slackened to 5 year lows. The hope for recovery in private investment failed to materialize which coupled with the system level liquidity constraints and prevailing NPA issue of banks weighed on flow of funds to the corporates. This had a direct bearing on the rating business of our company. However, we have learnt from the past that economic expectations are beyond one's control and strategies must be tuned to face adversity.

We have hence been steadfast in our pursuit of building on existing clientele across all segments. Our business development team's efforts in this regard are reflected in our business numbers. The demanding business environment also made us look inward and focus on create new strategies to ensure that we continue to be on the growth path. We have looked closely into the LME and SME segments that both hold potential to drive future business. We worked on creating strategies to deal with existing constraints as well as likely pressure points that could emerge so as to sustain and secure our growth trajectory. On the products side we have worked at creating alternative channels for the SME sector in the FinTech space which we believe will takeoff in the coming year.

At the same time we continue to pursue gradual diversification to non-rating products, such as risk management and advisory services, through our subsidiaries as we are convinced of the potential that exists there. This belief has come to bear fruit. While the domestic ratings business faced trying times, our subsidiaries, both domestic and overseas, have been firing on all cylinders and have witnessed impressive and encouraging growth this year. This is important for us as CARE Ratings has been known to be only a single product company. By getting

the subsidiaries to contribute to the Group, our consolidated numbers have improved the overall financial picture.

We also forged new association, with Russian Rating Agency - Analytical Credit Rating Agency (ACRA) to further our analytical and research capabilities along with enhancing technological cooperation and investor reach.

We have paid special attention on bettering the rating operations. In our endeavor to strengthen the systems, robust processes were designed and implemented along with rigorous checks and balances. Various operations and processes were streamlined in this regard and brought in alignment with all the regulatory requirements, which has increased in scope.

As our human resources are our main assets who have always delivered we maintain our focus on them and have devised measures to incentivize analysts to build and develop analytical prowess. We are known to be a knowledge based company which is reflected in not just our ratings assignments but also in our insights and views on varied and relevant subjects which makes know the company's views on business and economic developments. The reports and views put forward by our economics and industry research teams on all business and economic developments have been disseminated from clients to regulators and consistently garner good coverage in the media.

While your company has crossed various milestones, the coming times will bring challenges and opportunities alike. The RBI's large exposure norms and SEBI norm of raising a portion of debt would necessarily provide a push to business even as the private investment pick up would continue to be gradual and limited.

At the same time, given the developments in the financial system, regulatory oversight has increased which is good for the industry as it increases confidence of all players. It is being monitored and quickly adapted on a continuous basis to enable us to continue to grow and provide attractive returns to our investors and improved value to our various stakeholders.



Rajesh Mokashi

## ● Directors & Committee Members

<b>Directors</b>	Mr. S. B. Mainak .....	Chairman
	Mr. A. K. Bansal (Upto September 28, 2018).....	Independent Director
	Dr. Ashima Goyal (Upto September 28, 2018).....	Independent Director
	Mr. Milind Sarwate (Upto August 13, 2018) .....	Independent Director
	Mr. Rajesh Mokashi .....	Managing Director and CEO
	Ms. Sadhana Dhamane (Upto August 06, 2019).....	Non- Executive Director
	Mr. V. Chandrasekaran .....	Non- Executive Director
	Mr. Adesh Kumar Gupta (w.e.f. May 22, 2018).....	Independent Director
	Ms. Sonal Guvant Desai (w.e.f. March 30, 2019).....	Additional Director (Independent Director)
	Mr. Najib Shah (w.e.f. July 17, 2019) .....	Additional Director (Independent Director)
Dr. M Mathisekaran (w.e.f. August 19, 2019) .....	Additional Director (Independent Director)	
Mr. Ananth Narayan Gopalakrishnan (w.e.f. August 19, 2019)...	Additional Director (Independent Director)	

### Board Reconstituted the Committees on July 31, 2019 as follows:

<b>Audit Committee</b>	Mr. Adesh Kumar Gupta .....	Chairman
	Mr. S. B. Mainak .....	
	Mr. V. Chandrasekaran .....	
	Ms. Sonal Guvant Desai .....	
<b>Nomination and Remuneration Committee</b>	Mr. Adesh Kumar Gupta .....	Chairman
	Mr. S. B. Mainak .....	
	Ms. Sadhana Dhamane (Upto August 06, 2019) ....	
	Mr. Najib Shah .....	
<b>Stakeholders Relationship Committee</b>	Mr. S. B. Mainak .....	Chairman
	Ms. Sadhana Dhamane (Upto August 06, 2019) .....	
	Mr. V. Chandrasekaran .....	
<b>Corporate Social Responsibility Committee</b>	Mr. Najib Shah .....	Chairman
	Mr. S. B. Mainak .....	
	Mr. V. Chandrasekaran .....	
	Ms. Sadhana Dhamane (Upto August 06, 2019) ...	
<b>Risk Management Committee</b>	Ms. Sonal Guvant Desai .....	Chairperson
	Mr. Adesh Kumar Gupta .....	
	Ms. Sadhana Dhamane (Upto August 06, 2019) ...	
	Mr. V. Chandrasekaran .....	
<b>Human Resources (HR) Committee</b>	Mr. S. B. Mainak .....	Chairman
	Ms. Sadhana Dhamane (Upto August 06, 2019) ....	
	Mr. Rajesh Mokashi .....	
<b>Bankers</b>	IDBI Bank Ltd. HDFC Bank Ltd.	
<b>Statutory Auditors</b>	M/s. Khimji Kunverji & Co. Chartered Accountants	
<b>Internal Auditors</b>	M/s. Pravin Chandak & Associates Chartered Accountants	

## ● Board of Directors



1



2

**1 Mr. S. B. Mainak**  
Chairman & Independent Director  
Former Managing Director, Life Insurance Corporation of India

**2 Mr. Adesh Kumar Gupta**  
Non Executive Independent Director  
Former Whole time Director and CFO, Grasim and Former Director – UltraTech – Aditya Birla Group



3



4

**3 Mr. V. Chandrasekaran**  
Non Executive Director  
Former Executive Director (Investment) LIC of India

**4 Ms. Sonal Desai**  
Former ED - Refinery Finance - HPCL



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6

**5 Mr. Najib Shah**  
Non Executive Independent Director  
Former Chairman of the Central Board of Excise & Customs (CBEC)

**6 Dr. M Mathisekaran**  
Non Executive Independent Director  
Former Director General, Ministry of Labour, Gol



7



8

**7 Mr. Ananth Narayan Gopalakrishnan**  
Non Executive Independent Director  
Associate professor in SPJIMR, Mumbai  
Former Co- head Standard Chartered Bank

**8 Mr. Rajesh Mokashi**  
Managing Director & CEO,  
CARE Ratings

## ● Senior Management Team

1 **Rajesh Mokashi**  
Managing Director & CEO



2 **T. N. Arun Kumar**  
Interim CEO

3 **Mehul Pandya**  
Executive Director



4 **Navin Kumar Jain**  
Executive Director &  
Company Secretary



5 **Revati Kasture**  
Senior Director

6 **Milind Gadkari**  
Senior Director

7 **Swati Agrawal**  
Senior Director

8 **Sanjay Agarwal**  
Senior Director

9 **Amod Khanorkar**  
Senior Director



10 **Madan Sabnavis**  
Chief Economist

11 **Umesh Ikhe**  
Chief Technology Officer

12 **P S Ramesh**  
Senior Director

13 **Bharat Adnani**  
Chief Financial Officer

14 **Sandeep Palodkar**  
Director & Head HR

## 25<sup>th</sup> Annual General Meeting

CARE Ratings held its 25th Annual General Meeting on September 24, 2018 at Shanmukhananda Hall, Mumbai



### Board of Directors From left:

Ms Sadhana P. Dhamane; Dr. Ashima Goyal; Mr. Rajesh Mokashi (MD & CEO); Mr. S. B. Mainak (Chairman); Mr. A. K. Bansal; Mr. V Chandrasekaran & Mr. Adesh Kumar Gupta



Mr. S. B. Mainak, Chairman addresses the shareholders



Mr. Rajesh Mokashi, MD & CEO interacting with shareholders



Shareholders casting their votes

## ● CARE Ratings Nepal - Annual General Meeting



CARE Ratings Nepal Limited held its 1st and 2nd Annual General Meeting on November 15, 2018, at Hotel Radisson, Kathmandu, Nepal

Representations from CARE Ratings Nepal Ltd: Mr. S. B. Mainak, Chairman (6th from left); Mr. Rajesh Mokashi, Director (3rd from left); Mr. Mehul Pandya, Director (8th from left); Dr. Binod Atreya, Director (2nd from left) & Mr. Sajan Goyal, CEO (9th from left).

## ● CARE Ratings Nepal - 1<sup>st</sup> Anniversary function

CARE Ratings Nepal Ltd (CRNL) hosted its 1st Anniversary function on November 15, 2018 at Hotel Radisson, Kathmandu, Nepal. From CARE Ratings, Mr. S. B. Mainak, Chairman, Mr. Rajesh Mokashi, MD & CEO and Mr. Mehul Pandya Executive Director were present at the event. From CRNL Mr. Sajan Goyal, CEO was present. The event was attended by Officials from Indian Embassy in Nepal, Nepal Rastra Bank, Securities Board of Nepal, Government of Nepal, Bankers, Insurance companies, local businessmen etc.



## ● CARE Ratings celebrates 25 years

CARE Ratings completed 25 years on April 23, 2018. A comprehensive communication plan was activated to showcase our Silver Jubilee.

AV commercials on Business Channels such as CNBC TV18, ET Now, CNBC Awaaz & ZEE Business



Signages



Internal communication



Social Media - LinkedIn



Social Media - Youtube



Stationery



Press Ads



*On the occasion of our 25<sup>th</sup> Anniversary, we wish to thank our investors, clients, employees and other stakeholders, whose trust in CARE Ratings has made us the preferred credit rating agency in India.*



CARE Ratings Limited

Member • Accredited • Regulated • Chartered • Certified • Incorporated • Listed • New Delhi • New York  
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# Conversations Over Dinner

## ● CARE Ratings Africa Pvt Ltd (CRAF)

CARE Ratings Africa Pvt Ltd (CRAF) hosted Conversations Over Dinner at Mauritius on November 28, 2018, Hennessy Park Hotel. Mr. Hareesh Seegolam, Chief Executive, The Financial Services Commission was the Chief Guest of the evening. From CARE Ratings, Mr. S. B. Mainak, Chairman, Mr. Rajesh Mokashi, MD & CEO and Mr. Mehul Pandya Executive Director were present at the event. From CRAF Mr. Saurav Chatterjee, CEO was present. His Excellency Mr. Abhay Thakur, High Commissioner of India was also present at the Event. There was a panel discussion on 'Credit Rating – Indicator of Risk-Return trade off', which was followed by cocktails & dinner.



From left: Mr. Saurav Chatterjee, CEO, CRAF;  
Mr. Parmasivum Pillay Vyapoory, Acting President of Mauritius;  
Mr. S. B. Mainak, Chairman, CARE Ratings;  
Mr. Rajesh Mokashi, MD & CEO, CARE Ratings;  
Mr. Mehul Pandya, Executive Director, CARE Ratings &  
Mr. Prashant Biswas, Chief Operating Officer,  
The New India Assurance Company Ltd.



Mr. S. B. Mainak, Chairman, CARE Ratings  
addresses the audience



The Esteemed Panel: From left - Ms. Francesca Harte, Director, Financial Services Commission; Mr. Ravneet Chowdhury, Chief Executive Officer, Bank One; Mr. Sunil Benimadhu, Chief Executive, Stock Exchange of Mauritius; Dr. Chiragra Chakrabarty, Director, Bank of Mauritius; Mr. Rajesh Mokashi, MD & CEO, CARE Ratings India and Director CARE Ratings Africa and Mr. Saurav Chatterjee – CEO, CRAF

## ● Kolkata

CARE Ratings hosted its 2018 edition of Conversations Over Dinner Event at Hotel Taj Bengal, Kolkata on May 4, 2018. After a lively and informative interactive session the evening concluded with cocktails & dinner



Panel Speakers from CARE Ratings - From left: Ms. Priti Agrawal, Director, CARE Ratings; Mr. Mehul Pandya, Executive Director, CARE Ratings; Mr. Rajesh Mokashi, MD & CEO, CARE Ratings and Mr. Madan Sabnavis, Chief Economist, CARE Ratings



Mr. Rajesh Mokashi, MD & CEO, CARE Ratings address the gathering



Audience



CARE Ratings' Kolkata Team

## Ahmedabad

CARE Ratings Conversations Over Dinner 2018, was hosted in Ahmedabad on June 22, 2018 at Hotel Hyatt. The session began with Mr. Rajesh Mokashi, MD & CEO, CARE Ratings presenting his views followed by a panel discussion on 'Challenges and Prospects for fund raising'. The session was moderated by Mr. Deepak Prajapati, Director & Regional Head, CARE Ratings. This was followed by an interactive session and the evening concluded with cocktails & dinner



The Speaker Panel – From left: Mr. Deepak Prajapati, Director, CARE Ratings; Mr. Mehul Pandya, Executive Director, CARE Ratings; Mr. Nitin Parekh Group CFO, Cadila Healthcare; Mr. Rajesh Mokashi, MD & CEO, CARE Ratings; Mr. Rajiv Nayar, Group Chief Financial Officer, ADANI Group; Mr. Nitin Patel Executive Director, Sadbhav Engineering Ltd & Mr. T N Arun Kumar, Interim CEO, CARE Ratings



Audience Interaction



Mr. Rajesh Mokashi, MD & CEO, CARE Ratings addresses the gathering



CARE Ratings Ahmedabad team

## Hyderabad ●

CARE Ratings' Conversations Over Dinner 2018, was hosted in Hyderabad on July 6, 2018 at Hotel Trident. The session began with Mr. Rajesh Mokashi, MD & CEO, CARE Ratings presenting his views. This was followed by a panel discussion on Challenges & Prospects for Fund Raising.

Esteemed Panel – From left - Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings; Mr. Sirish Navlekar, Joint Managing Director and Chief Financial Officer, Mytrah Group; Mr. Rajesh Mokashi, MD & CEO, CARE Ratings; Mr. V V Ravi Kumar, Executive Director and Chief Financial Officer, Laurus Labs and Mr. Mehul Pandya, Executive Director, CARE Ratings



Mr. Rajesh Mokashi, MD & CEO, CARE Ratings, address the gathering



## ● Chennai

CARE Ratings Conversations Over Dinner 2018, was hosted in Chennai on July 12, 2018 at Hotel Crown Plaza. The session began with Mr. Rajesh Mokashi, MD & CEO, CARE Ratings presenting his views on "What to look forward to? A Prognosis". This was followed by a panel discussion on 'Challenges & Prospects for Fund Raising'.



- From left:

Ms. Swati Agrawal, Senior Director, CARE Ratings; Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings; Ms. Subhasri Sriram- Executive Director and Chief Financial Officer, Take Solutions Limited; Mr. Rajesh Mokashi, MD & CEO, CARE Ratings; Mr. T. V. Karthikeyan, Chief Financial Officer, L&T Infrastructure Development Projects Ltd & Mr. Mehul Pandya, Executive Director, CARE Ratings



Mr. V Pradeep Kumar, Director, CARE Ratings Ltd.



CARE Ratings Chennai team



## ● Events and Representations



- CNBC TV18 had invited Mr. Rajesh Mokashi, MD & CEO, CARE Ratings for their 'India Move' show. The expert panel discussion was on 'Building a Vibrant Bond Market' – Mumbai, October 2, 2018



- Under MeJol program supported by CARE Ratings, a Resource Centre was inaugurated on October 11, 2018 at Thane, Mumbai. The inauguration event had Mr. Rajesh Mokashi, MD & CEO CARE Ratings as a Chief Guest (2nd from left) and Ms. Revati Kasture, Senior Director as Special Guest (1st from left).



- Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings was invited as a speaker at the 6th Edition of The Economic Times Infra Focus Summit. This was on September 27 2018 at The Taj Palace, Diplomatic Enclave, New Delhi. The speaking session was on "Alternative Sources - Need for new sources and their impact on Infrastructure Financing



- Mr. Mehul Pandya, Executive Director, CARE Ratings was a speaker at PHD Chambers' "National Oil & Gas Summit-2018" held on December 4, 2018 at PHD House, New Delhi



- Ms. Swati Agrawal, Senior Director and Mr. Dinesh Sharma, Associate Director made a presentation and held an interactive session on Indian Economy for Army Group Insurance Fund, an investor and CARE Ratings' client.



Ms. Revati Kasture, Senior Director received an award in the leading category of India's top 100 women in finance 2019. This was awarded by Association of International Wealth Management of India (AIWMI) at a function in Mumbai on March 8, 2019.

Ms. Revati Kasture, Senior Director, CARE Ratings was a speaker at ASSOCHAM's National Conference on Corporate Bond market - July 11, 2018, Hotel Four Seasons, Mumbai.



Mr. Saikat Roy, Director and Head SME, CARE Ratings was a speaker in the plenary session on "Access to Affordable Credit & Risk Management" at FICCI MSME Summit held on January 18, 2019 at Jaipur



Mr. Saikat Roy, Director and Head SME, CARE Ratings was a Moderator at the 3rd IPF Industrial Excellence Awards whose theme was "Winning Strategies For SMEs" held on December 13, 2018 at National Stock Exchange(NSE), Mumbai

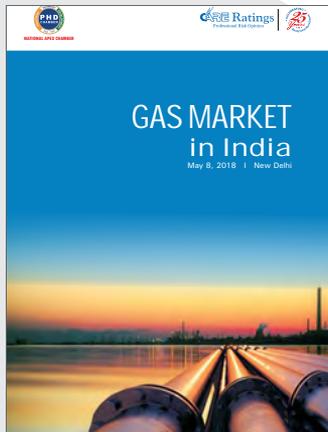
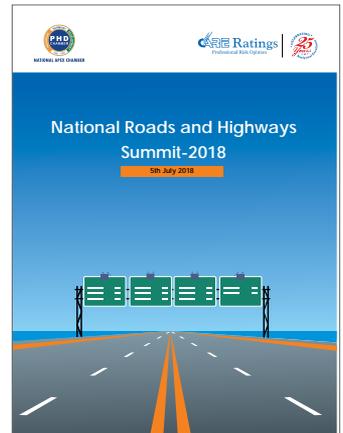
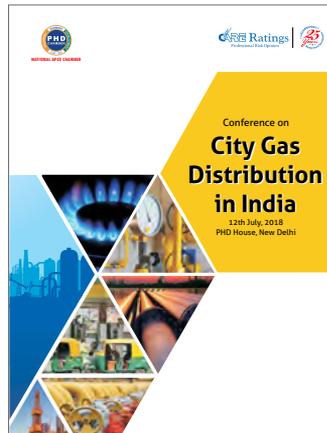
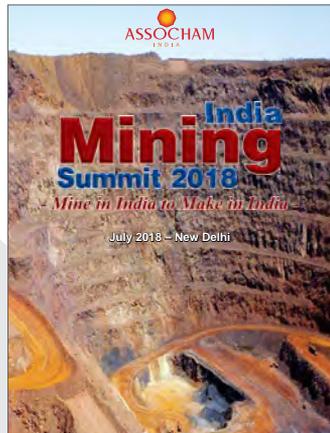
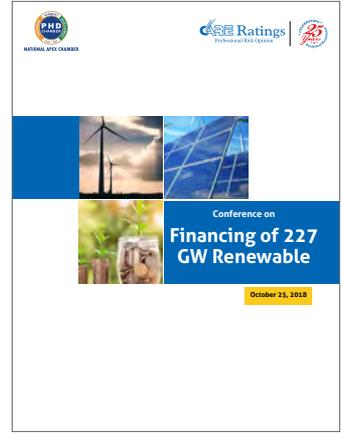
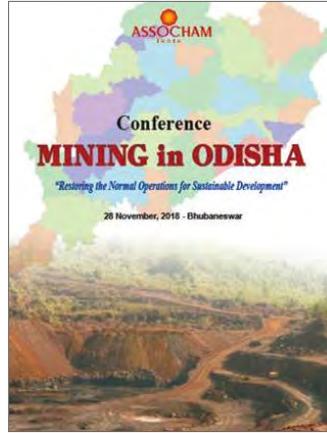
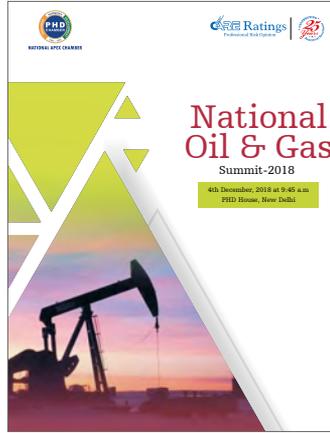
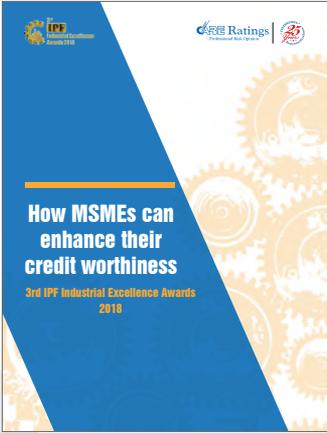


Ms. Priti Agarwal, Director and Lalit Sikaria, Associate Director, CARE Ratings took a session on "Introduction to Credit Ratings" at United World School of Business on November 26, 2018.



Ms. Jyotsna Gadgil, Director, CARE Ratings was a panel speaker at ASSOCHAM Global Summit on Leasing, Hire Purchase & Consumer Credit held on Friday, May 4, 2018 in New Delhi.

## ● CARE Ratings Knowledge Partnerships



## ● CARE Ratings Knowledge Partnerships Representations



➤ Mr. Mehul Pandya, Executive Director, CARE Ratings (1st from left) at PHD Chamber of Commerce and Industry's National Oil & Gas Summit-2018, December 4, 2018, New Delhi



➤ Ms. Swati Agrawal, Senior Director, CARE Ratings at ASSOCHAM's 16th Commodity Futures Market Summit, July 19, 2018, New Delhi



➤ Ms. Jasmeen Kaur, Associate Director, CARE Ratings (1st from right) at PHD Chamber of Commerce and Industry's Roads & Highways event, July 5, 2018, New Delhi



➤ Mr. Manek Narang, Associate Director, CARE Ratings (1st from left) at PHD Chamber of Commerce and Industry's conference on Gas Market in India, May 8, 2018, New Delhi



➤ Mr. Manek Narang, Associate Director, CARE Ratings (1st from left) at PHD Chamber of Commerce and Industry's conference on City Gas Distribution, July 12, 2018, New Delhi



➤ Mr. Ajay Dhaka, Senior Manager, CARE Ratings (2nd from left) at 15th National Awards for Excellence in Cost Management' organized by Institute of Cost Accountants of India (ICAI), August 2018, New Delhi



➤ Mr. Gautam Bafna, Senior Manager, CARE Ratings (1st from right) at India Green Energy Awards, 2018 organized by Indian Federation of Green Energy, September 7, 2018, New Delhi



➤ Mr. Kunal Arora, Manager, CARE Ratings (2nd from right) at PHD Chamber of Commerce & Industry's Conference on Financing of 227 GW Renewable, October 25, 2018, New Delhi

## ● Corporate Social Responsibility (CSR)



- On behalf of CARE Ratings Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings at the certificate distribution ceremony through Pratham Institute for Literacy, Education and Vocational Training, Mumbai, March 5, 2019.



- On behalf of CARE Ratings Ms. Revati Kasture, Senior Director donated a water cooler and a projector to Ramabai Municipal School, Mumbai, October 16, 2018.



- On behalf of CARE Ratings Ms. Swati Agarwal, Senior Director and Mr. Rajender Walia, Associate Director donated a water cooler with purifier to Sarvodya Bal Vidhalya, Jhandewalan, New Delhi, March 30, 2019.



- On behalf of CARE Ratings Ms. Swati Agarwal, Senior Director and Mr. Rajender Walia, Associate Director donated two water coolers with two purifiers to Rajkiya Pratibha Vikas Vidhalya, Karol Bagh, New Delhi, March 30, 2019.



- On behalf of CARE Ratings Ms. Priti Agarwal, Director & Regional Head and Mr. Arindam Saha, Associate Director donated One Water Cooler & One Water Purifier to KMPC School in Kidderpore and KMPC School in Park Circus, Kolkata on February 19, 2019



- On behalf of CARE Ratings Mr. Pratim Banerjee, Associate Director donated one Overhead Projector with Screen to K. Narayanrao Navle Primary Municipal Corporation School, Pune, August 14, 2018.

## ● Webinars

As part of knowledge dissemination initiative CARE Ratings hosted Live 31 Interactive Webinars for the period April 2018 to March 2019



## Employee Engagement Initiatives

As part of employee engagement initiatives across all branches, CARE Ratings organized festive celebrations, sports day, yoga, quiz and many other fun and entertainment programmes





## ● CARE Ratings signs MoU with Russian Rating Agency - Analytical Credit Rating Agency (ACRA)



CARE Ratings signed a Memorandum of Understanding (MoU) with Russian Rating Agency - Analytical Credit Rating Agency (ACRA) on February 27, 2019. Under this Memorandum CARE Ratings and ACRA will assist each other towards developing a multilateral credit rating framework and undertake joint analytical research work.

## ● CARE Ratings and Japan Credit Rating Agency (JCR) joint conference

CARE Ratings and Japan Credit Rating Agency (JCR) hosted a joint conference on Japanese financial market and fund raising from Japan on October 22, 2018 in Mumbai.



## ● CARE Advisory Research & Training (CART) signs MOU with BFIN, Nepal for collaboration in the field of Training

CART announced its collaboration with Banking Finance Insurance Institute of Nepal (BFIN) in the field of training for professionals working for Banking and Financial services sector in Nepal. The MOU was signed on December 23, 2018.



## ● CARE Advisory Research & Training (CART) signs MOU with SIESCOMS for collaboration in the field of Executive Training

CART announced its collaboration with SIES College Of Management Studies (SIESCOMS) India in the field of Executive training for professionals working in the Banking and Financial services sector. The MOU was signed on January 24, 2019 at Mumbai.



## ● CARE Advisory Research & Training (CART) : Training Programmes



CART gained momentum to reach to next level of excellence. In the period from April 2018 to March 2019, CARE Advisory Research & Training (CART) developed and executed pilot programs such as Stressed Asset Resolution-Challenges and Opportunities, Mastering Trade Finance, ECL under IndAS, Corporate Valuation and Mergers & Acquisitions. CART also executed soft skills training like Business Communication and Effective Sales Training. With the new office operational CART envisage to reach greater heights in the coming years.



## ● CARE Risk Solutions

Operating in a highly competitive category CARE Risk Solutions is challenging the status quo across national and international financial markets.

CARE Risk Solutions has made deep in-roads in the ASEAN markets. Our 'look east' policy has helped us make a strong entry in new markets like Bhutan and Cambodia while we continue to consolidate our position in Sri Lanka.

CARE Risk Solutions has significantly ramped up its product portfolio with continuous R&D and enhancements. Our IFRS product offering continues to be the most sought after solution by banks across countries. Our IFRS product won the "Best-In-Class IFRS-9, ECL Modelling Solution of the year" award at Treasury, Risk & Compliance Summit & Excellence Awards, 2019.

In the last year, we have also been rapidly upgrading our products especially in Artificial Intelligence and Machine learning space, placing our products on comparable global platforms.



➤ Mr. Umesh Ikhe  
CEO, CARE Risk Solutions



Mr. Arun Ramnath, Director, CARE Risk Solutions (3rd from left) receiving the IFRS product award. ➤

Publications

The image displays a collage of various CARE Ratings publications, reports, and press releases. The documents are overlapping and tilted, showcasing a range of content including:

- SME Roundup**: A report on Small and Medium Enterprises.
- ANALYSIS OF UNION BUDGET INTERIM 2019-20**: An analysis of the interim budget for the financial year 2019-20.
- Assessment of Credit Quality of Rated Entities for the 9M FY19**: A report evaluating the credit quality of entities over the first nine months of FY19.
- Aviation: Half-yearly Update**: An update on the aviation sector's performance.
- CARE Ratings' Corporate Bond Monitor (CCBM) - February 19**: A monitor of corporate bond markets.
- Retail Inflation September 2018**: A report on retail inflation trends.
- GDP: Q3-FY19**: A report on the third quarter of GDP for FY19.
- Debt Market Review: January 2019**: A review of the debt market.
- Industrial Growth: August 2018**: A report on industrial growth.
- OPEC World Oil Outlook 2020**: An outlook on the global oil market.
- Status of Central Infrastructure Projects**: A report on the progress of central infrastructure projects.
- Monetary Policy Review- February 2019**: A review of the monetary policy.
- Survey on 'Economic Perspective for 2019'**: A survey on the economic perspective for 2019.
- Real Estate Newscast February 25, 2019**: A newscast for the real estate sector.
- Indian Economy in 2018**: A report on the Indian economy for the year 2018.

Each publication includes contact information for CARE Ratings, such as Madan Sabnavis (Chief Economist), Kavita Chacko (Senior Economist), and Mradul Mishra (Media Contact).

CARE Ratings Views  
 • The government aims to address the slowdown in the real estate sector due to

# CARE Ratings in Media

MD & CEO Interactions



Concrete signs of a nudge to building blocks

Public spending in infrastructure, especially roads, airports, rural power and railways, has quickened: RBI's head of finance

Government spending on infrastructure has seen a significant increase in the last few years. Other placements with infrastructure companies have reached new highs and several sectors associated with infrastructure have shown enhanced performance. Traction has been seen in offshore of cement, steel as well as commercial vehicles.

Business Standard

Digital-first economy? Bank transactions via cheques hit all-time low

Data from RBI shows that value of transactions via cheques as a proportion to the total number of transactions has come down to 3%.

With the move to dematerialise 87 per cent of transactions, the government has aimed to push digital transactions from 10 per cent to 90 per cent of total payment.

RBI's forex sale profit to help bridge deficit

The volatility in the foreign exchange and bond market is helping the government to bridge some of its fiscal deficit. The Reserve Bank of India (RBI) is understood to have made record profits from selling dollars in the foreign exchange market when the rupee came under pressure.

Economic affairs secretary Subhash Chandra Garg said on Friday that the government expects an interim dividend of Rs 28,000 crore from the RBI. This is in addition to the Rs 40,000 crore already received from the central bank during FY19. Garg said in an interaction with the media after the interim budget was announced.

The Rs 28,000-crore interim dividend will be transferred by the RBI before end March 2019. As a result, the interim dividend will help the government ease fiscal pressure as the money will come within the current financial year. The RBI, which follows a July-June financial year, paid about 63% higher dividend than the previous year (2016-17).

RATINGS AGENCIES OUTLOOK

CARE RATINGS OUTLOOK FOR FY19

By Rajesh Mokashi, Managing Director & CEO, CARE Ratings

The industry will continue to grow in FY19 as a result of a strong recovery in the real estate sector. The government's focus on infrastructure will also support the growth of the sector.

Second Lap?

Evaluate rating agencies on basis of how often they are right rather than wrong: Rajesh Mokashi, CARE Rating

S&P has brought out the point about the sharp decline in bond spreads. In an indirect way, it is a reflection of the credit quality. Rajesh Mokashi, MD, CARE Rating, says ET News.

Revisiting UMPPs

How to meet such large (foreign) capacities?

UMPPs (Ultra Mega Power Projects) are a significant part of India's power generation capacity. However, they face several challenges, including high costs and long gestation periods.

MSME - A Rising Star on Indian Landscape

Rajesh Mokashi, Managing Director & CEO, CARE Ratings

MSMEs constitute a vital sector promising high growth potential for the Indian economy as it encompasses both manufacturing and services. MSMEs are a major engine of growth and employment generation in the country and a major constituent of exports.

Private banks turn more cautious in granting new loans after controversies

The IICI Bank controversy and Axis Bank's chief cutting short her tenure have now made private sector lenders extra watchful about making loans, picking up a trend that has been prevalent at state-owned banks in the wake of corruption investigations. Decisions that were considered routine a few months ago are getting delayed, said bankers and others with knowledge of the matter.

Mixed Outlook

The outlook for the Indian economy is mixed. While there is strong growth in the services sector, the manufacturing sector remains sluggish. The government's infrastructure push is expected to provide a boost to the economy.

MD & CEO on TV



ET Now on CARE Ratings Q1 FY19 Financial Results – August 14, 2018



Bloomberg Quint on CARE Ratings Q1 FY19 Results – August 14, 2018



BTVi on CARE Ratings Q1 FY19 Results – August 14, 2018



CNBC BAZAAR on CARE Ratings Q1 FY19 Results – August 14, 2018



CNBC TV18 'India Move' show. The expert panel discussion was on 'Building a Vibrant Bond Market' – Mumbai, October 2, 2018



CNBC Bazaar – Know Your Company – June 19, 2018



# CARE Ratings in Media

Other Interactions



Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings speaks to ET Now on SEBI Reforms push – September 19, 2018



Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings; speaks to ET Now on SEBI's new circular of credit rating agencies – November 14, 2018



## Twitter



**Mehul Pandya**  
ED  
CARE Ratings

### Indian Telecom Equipment Industry - Will 5G Drive The Future Growth?

December 2018

The telecom industry primarily comprises of telecom service providers, telecom Equipment manufacturers and suppliers, and passive infrastructure providers. Telecom Equipment can be consumer-end equipment (i.e. handset, Customer Premises Equipment (CPE) etc.), (i.e. Switches, Routers, Base Trans-Receiver Stations, Multiplexing equipment, Antenna arrays, etc.) and network equipment. The industry is dominated by large players such as Ericsson, Cisco Systems, Fujitsu, Nokia, Huawei etc. The industry is also dominated by few players like Apple, Samsung, and Xiaomi. Significant investment in R&D and frequent upgradations.

Over last decade, Indian Telecom Industry had witnessed extensive growth in its base (reached 1.19 billion), resulting in India being the second largest telecom market overall (tele-density at 91.11 as on August 31, 2018). However, for a nation that shows world, the soft underbelly lies in the limited domestic telecom equipment manufacturing. Domestic telecom services and passive infra sectors have shown a robust growth reflected in subscribers, revenues of service providers, and coverage of telecom services up to country but telecom equipment manufacturing had not grown on similar pace.

Year after year, India is meeting around 90 percent of its robust demand for telecom equipment (about 8 percent of global demand) through imports. While a liberal trade in telecom equipment with low or no duty has kept both service providers and capacity building for domestic production poses a serious challenge to India's telecom sector. Imports had increased by 32 percent from USD 16.56 billion in FY18 mainly on account of shift towards VoLTE technology and fibre optic based In-Fiber. The change in technology also led to consolidation and substantial investment in the sector in recent past. Airtel's move to acquire Tata Teleservices' mobile business, Bharti Infratel and Indus Tower, merger of Vodaphone and Idea, Reliance Jio's acquisition (awaiting regulatory approvals), Den networks cable business, and Hathways' bid for the consolidation trend.

## ग्रामीण विद्युतीकरणतील यश विकासपूरक!

### ‘अर्थाचे नंतरस’

अर्थव्यवस्थेच्या तब्येतीचा अर्थ-विरलेयकाढून घेव...

● **मेहुल पंड्या**

कार्यकारी संचालक, केअर रेटिंग्स

वैद्यकीय क्षेत्रात, केअर रेटिंग्सने निविदे देण्यासाठी 'हायबीड अँग्युअरिटी' प्रतिष्ठान अखत्यार करणाऱ्या पोलात स्वीकारल्याने अर्थव्यवस्थेच्या विकास प्रकल्प 'सोपा' हातूच अर्थव्यवस्थेतील

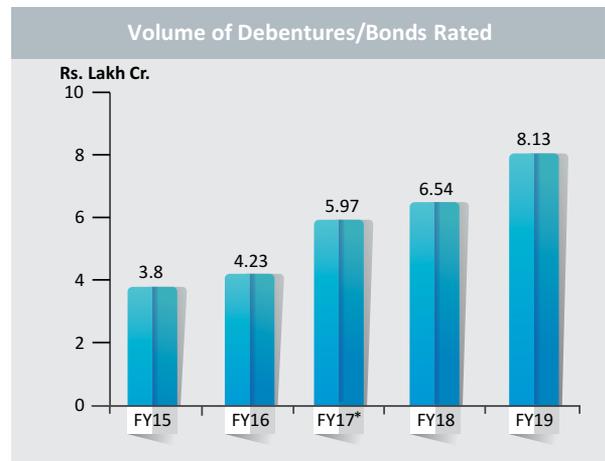
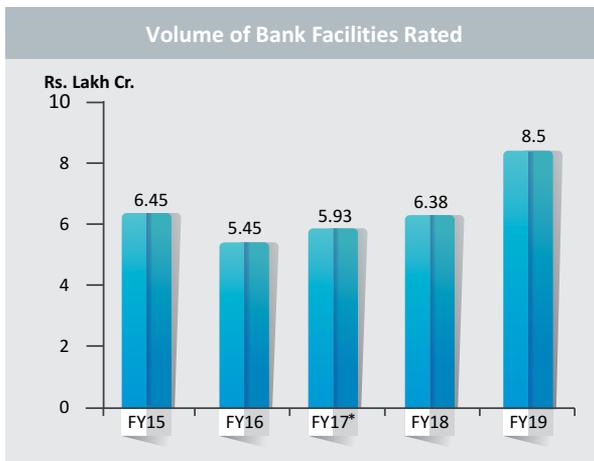
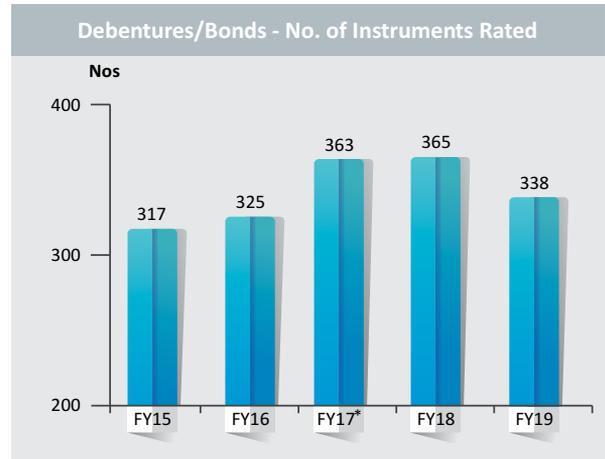
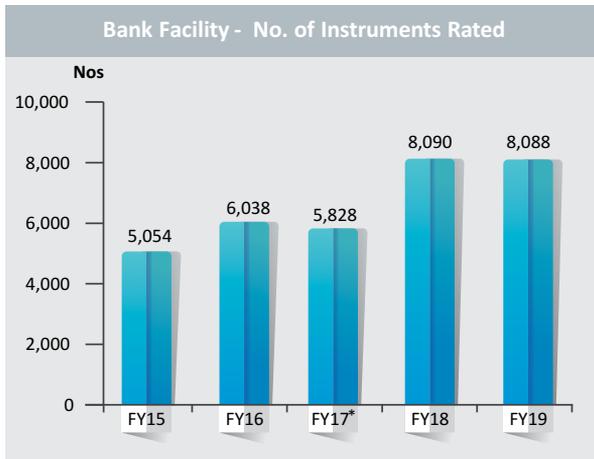
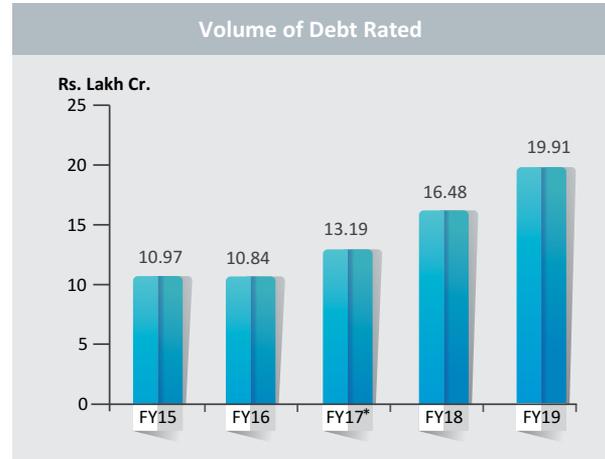
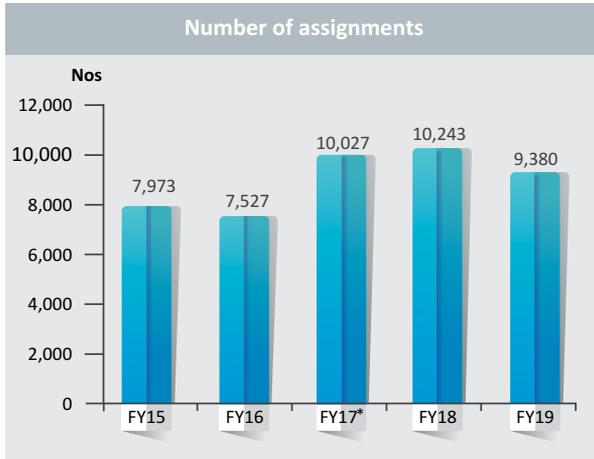
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कार्यकारी संचालक, केअर रेटिंग्स

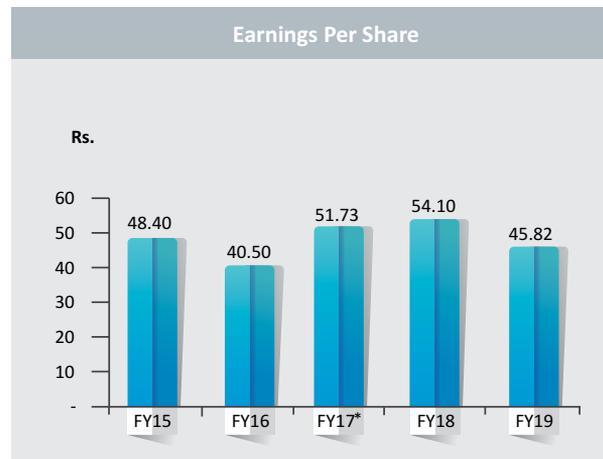
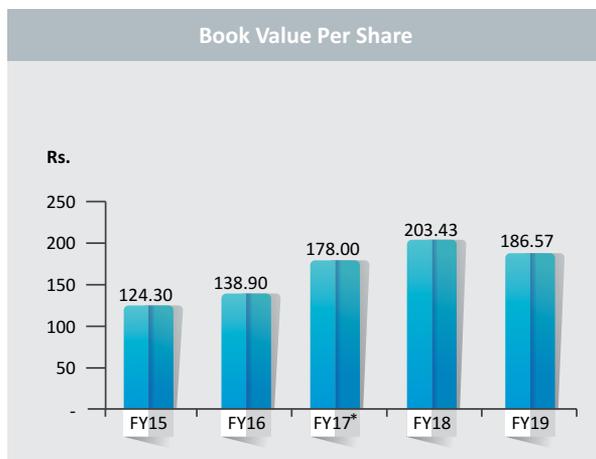
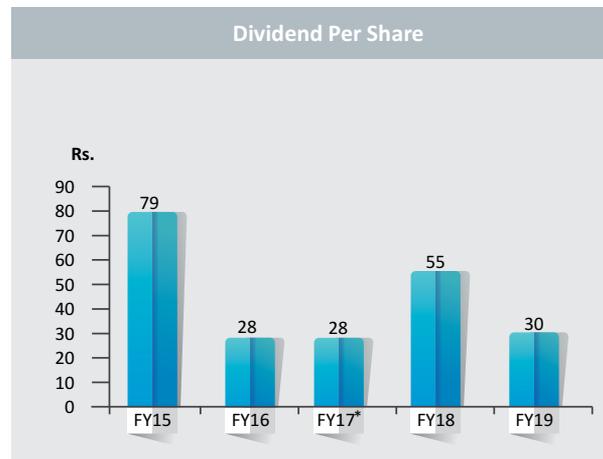
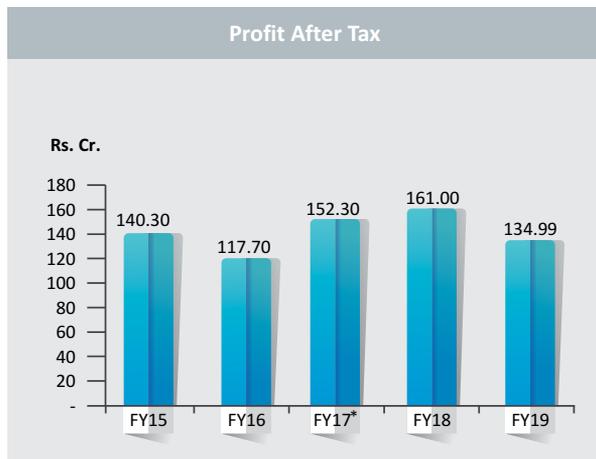
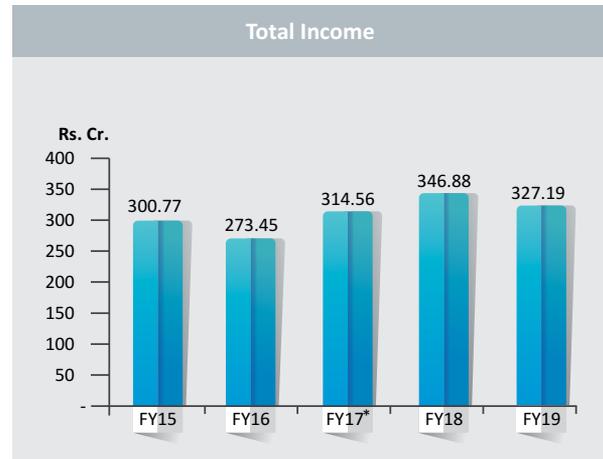
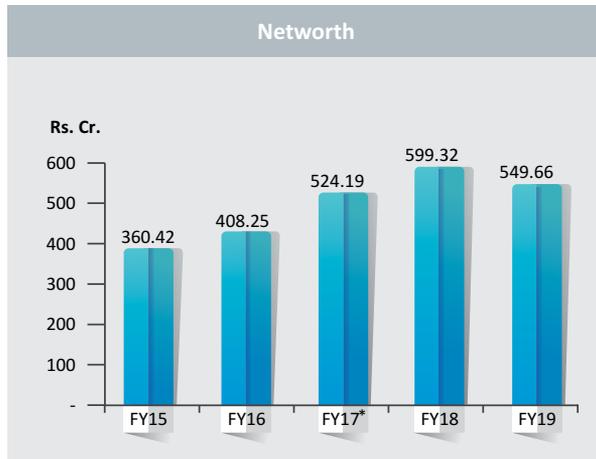
वैद्यकीय क्षेत्रात, केअर रेटिंग्सने निविदे देण्यासाठी 'हायबीड अँग्युअरिटी' प्रतिष्ठान अखत्यार करणाऱ्या पोलात स्वीकारल्याने अर्थव्यवस्थेच्या विकास प्रकल्प 'सोपा' हातूच अर्थव्यवस्थेतील



## ● Performance snapshot



## ● Performance snapshot



\*Restated as per IndAS

# includes Special dividend of Rs.65 & Rs.25 for FY15 & FY18 respectively

## ● Highlights

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### ● Business

- CARE Ratings is the second largest credit rating agency in terms of domestic rating income.
- Rated cumulatively a large volume of debt of around Rs.128.37 lakh crore as of March 31, 2019 and has completed 76,531 rating assignments since inception.
- Company added 3,565 new clients in FY19.
- Total number of assignments rated in FY19 is 9,380. The number of bank facilities rated was 8,088 and the number of bonds/debentures rated was 338.
- PAT margin of 41.26% in FY19
- Strong cash position of about Rs. 440 cr as on March 31,2019

### ● Others

- CARE Ratings signed a Memorandum of Understanding (MoU) with Russian Rating Agency - Analytical Credit Rating Agency (ACRA) on February 27, 2019. Under this Memorandum, CARE Ratings and ACRA will assist each other towards developing a multilateral credit rating framework and undertake joint analytical research work.
- Had been knowledge partner with industry associations on various subjects such as Oil and gas, commodity futures, roads and highways, city gas distribution, mining, steel, renewable energy.
- As part of the outreach effort held various programmes under the banner of 'Conversations Over Dinner – 2018-19 edition' at our various branch office locations such as Kolkata, Ahmedabad, Hyderabad, Chennai and Jaipur.
- Similar programmes held in Kathmandu and Mauritius by the subsidiary companies.

## DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Sixth Annual Report of your Company along with the audited Financial Statements for the year ended March 31, 2019.

### Financial Performance

Your Company's Financial Performance for the year ended March 31, 2019, is summarized below: (Rs Lakhs)

<i>Particulars</i>	<i>For the year ended March 31, 2019</i>	<i>For the year ended March 31, 2018</i>
Income from Operations	29,736	32,161
Other Income	2,983	2,527
<b>Total Income</b>	<b>32,719</b>	<b>34,688</b>
Total Expenditure	12,915	11,513
<b>Profit Before Tax (PBT)</b>	<b>19,804</b>	<b>23,175</b>
Provision for Tax	6,305	7,073
<b>Profit After Tax (PAT)</b>	<b>13,499</b>	<b>16,103</b>
Other comprehensive Income/(loss)	(204)	410
Total Comprehensive Income for the period	13,295	16,513
<b>Appropriations</b>		
Interim Dividend	5,303	5,303
Tax on Interim Dividend	1,090	1,080
Final Dividend	10,901	2,945
Tax on final dividend	2,241	599
<b>Total (Dividend Outflow)</b>	<b>19,535</b>	<b>9,927</b>
Transferred to General Reserve	-	1,500

Income from operations stood at Rs. 297.36 crore during the year FY19. Other income increased from Rs 25.27 crore in FY18 to Rs. 29.83 crore in FY19 mainly due to change in investment portfolio mix.

Total expenditure increased by 12.18% in FY19 largely on account of additional ESOP charge of Rs. 4.09 crore, CSR expenses of around Rs. 3.42 crore and salary expenses by Rs.11.33 crore.

### Dividend

Your Company paid a total interim dividend of Rs. 18/- per share amounting to a payout of Rs.63.93 crore including Dividend Distribution Tax (DDT). The Board has recommended final dividend of Rs. 12/- per share amounting to a payout of Rs. 42.62 crore including DDT for FY 2018-19, to be approved at the ensuing Annual General Meeting which would translate to total dividend of 300% of face value. The dividend would be paid in compliance with the applicable rules and regulations. In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy is appended as Annexure I to the report and is available on the website of the Company at [www.careratings.com](http://www.careratings.com).

### Transfer to Reserves

No amount has been transferred to the General Reserve of the Company during the said period.

### Share Capital

The Authorised Share Capital of your Company is 30,000,000 Equity Shares of face value Rs.10/- each amounting to Rs. 300,000,000/- and the Paid-up Share Capital is 29,461,214 Equity Shares amounting to Rs. 294,612,140 /- . During the financial year ended March 31, 2019, the Company has not issued and allotted any equity shares of Rs. 10/- each.

**Economic Backdrop: 2018-19**

India's economy has been subdued in 2018-19 with GDP growth at 6.8%, the lowest rate of growth in the last 5 years. Domestic GDP growth in 2018-19 is 40 bps lower than that in 2017-18 and 140 bps lower than that in 2016-17. The lower growth can be attributed to a slower growth in agriculture, mining, electricity, trade, transport and public administration. At the same time, a pick-up in exports and higher government spending led to marginal improvement in the investment rate which supported overall growth in economic output during the year. Economic growth slowed since the second quarter of the fiscal. As per the provisional estimates, there has been a downturn in the economic growth over the quarters. After growing by a healthy 8% in Q1, the GDP growth slowed to 7% in Q2, further to 6.6% in Q3 and dipped to 5.8% in Q4 of 2018-19. This is in contrast to the growth pattern of the previous year when the economy picked up pace from the second quarter.

In terms of sectoral performance, the manufacturing, construction and financial services sectors witnessed higher growth, while agriculture, mining and trade and hotels and public administration witnessed moderation in growth momentum in 2018-19 as per the provisional estimates of the CSO. Manufacturing sector grew at 6.9% in 2018-19 over the 5.9% growth in the previous year and the construction sector growth was at 8.7% versus the 5.6% growth last year. The growth in the sector was supported by higher government spending towards infrastructure.

Agriculture sector's lower growth at 2.9% over the 5% growth in 2017-18 can be attributed to the uneven monsoons in certain pockets of the country affecting certain crops, besides a high base effect. The mining sector growth has declined to 1.3% from 5.1% a year ago on account of lower demand coupled with policy issues and financial stress faced by firms in the sector. In case of the services sector, trade, hotels, transport & communication services are estimated to grow by 6.9% in 2018-19, 90 bps lower than year ago, while financial services (including real estate and professional services) grew by 7.4% in 2018-19 which is 120 bps lower than that in the previous year as per provisional estimates. Public spending (public administration, defense and other services) too has seen a decline in 2018-19, with growth in the segment at 8.6% lower than year ago at 11.9%.

The investment rate in the economy witnessed a marginal improvement during 2018-19. At 29.3% of GDP in 2018-19 it was higher in the past 3 years. It nevertheless continued to be significantly lower than the rate of 34.3% of GDP achieved in 2011-12. There has also been an improvement in the capacity utilization rate in the domestic economy. The capacity utilization rate as per the RBI capacity utilization survey rose to 76.11% in Q4 2018-19 from 75.2% in Q4 2017-18. This improvement however is not supported by the data on IIP growth which suggests limited increase during the period.

Industrial growth at 3.6% in 2018-19 was lower than the 4.4% growth of the preceding year. The manufacturing sector growth moderated by 110 bps to 3.5% in 2018-19 and electricity by 20 bps to 5.2% while that of mining improved by 0.6% to 2.9%. In terms of used based classification, the intermediate goods witnessed a contraction at (-) 60 bps over 2.3% growth a year ago, the output in capital goods fell by 120 bps to 2.8% and consumer non-durables declined substantially from 10.6% in 2017-18 to 3.8% in 2018-19. However, infrastructure output grew by 7.5%, 190 bps higher than the growth a year ago along with consumer durables which grew at 5.3%, 450 bps higher than the growth registered in the previous year.

Corporate Performance has shown an improvement in net sales and net profit in 2018-19 over the previous year when the disruptions on account of implementation of GST had a bearing on business earnings. For a sample of 1,589 companies, net sales have grown by 15.6% in 2018-19 vis-à-vis a growth of about 9.4% a year ago and net profits grew by 11.5% in 2018-19 which is significantly higher than the 7.4% growth in the last fiscal year. Net Profit margins for the sample however have largely remained stable at 21% in 2018-19.

Bank credit off take improved further in 2018-19. Bank credit growth for the year came in at 13.2%, higher than the 10% growth of the previous year and even surpassed bank deposit growth. Bank deposits growth was 10% during 2018-19 higher than the 6.2% growth a year ago.

Although there has been an improvement in bank credit growth, it has been limited to certain segments. Non-food credit off take nearly doubled in 2018-19. Agriculture and allied activities witnessed credit growth of 7.9% in 2018-19 compared with the 3.8%

growth a year ago. Industry sector, which has registered lackluster growth in the bank credit in 2017-18 (0.7%), witnessed a pick-up in credit off take by 6.9%. Bank credit to services grew by substantial 17.8% in 2018-19 from the 13.8% growth in the previous year. Retail sector continued to witness double digit growth in bank credit at 16.4%, marginally lower than the 17.8% growth in 2017-18.

In 2018-19, total corporate bond issuances aggregated Rs. 6.44 lakh cr, 7% higher than the issuances of Rs. 6.04 lakh cr in 2017-18. Among sectors, bond issuances by the banking segment was the highest at 30% followed by financial services (23%) and housing finance (19%). In terms of sectoral growth in issuances, in 2018-19, funds raised by way of corporate bonds by the banking segment was 3% higher than year ago and that by real estate more than doubled. At the same time, issuances by housing finance companies and the financial services sector declined by 3% and 1% respectively from a year ago.

Commercial Paper (CP) issuances by corporates were higher in 2018-19. Fresh issuances of commercial paper amounted to Rs. 26.0 lakh crore, a 13% increase over the issuance of Rs. 22.9 lakh crore in the previous year. With respect to sectoral issuances during the year, financial services accounted for the highest share at 28% followed by banking (17%), housing finance (16%), petroleum (10%) and power generation and supply (6%). In 2018-19, commercial paper issuances by the banking and housing finance segment increased by 19% and 17% respectively while it declined in case of financial services (-19%), roads and highways (-45%) and real estate (-11%).

Inflation in the country declined during the year. Retail inflation in 2018-19 fell to a 7 year low of 3.4% led by a slowdown in food inflation. The non-food non-fuel or core inflation however rose during the year and averaged 5.8%, 1.2% higher than a year ago. The WPI (Wholesale Price Index) inflation on the other hand firmed up to reach a 5 year high of 4.3% in 2018-19 as against 2.9% in the previous year mainly on account of high price of fuel and power. CPI inflation remained around RBI target inflation level of 4% with a band of +/- 2%.

The RBI raised interest rates by 25 bps in Jun'18 and Aug'18 to 6.5% on concerns over a rise in inflation following the increase in crude oil prices and potential inflation on account of higher MSPs, fiscal deficit, and Pay Commission impact among others. The RBI subsequently changed its stance and cut interest rates by 25 bps each in Feb'19 and Apr'19 to 6% with CPI inflation remaining within the lower end of RBI 4% ± 2% target range and the economy showing signs of economic weakness.

The government fiscal position was under pressure in 2018-19. The fiscal deficit for 2018-19 was 3.4% in line with the revised estimates for the year though was a higher than 3.3% target as per budget estimate. The fiscal deficit at Rs. 6.45 lakh crore was 1.7% higher than the budget estimate for 2018-19. Lower tax collections viz. GST along with higher expenditure exerted pressure on the government finances during the year.

GSec yields witnessed significant volatility in 2018-19 but ended the year nearly stable. It saw a near sustained increase in the first 6 months rising from 7.33% to 8.18% driven by the weakness in the domestic currency, rise in crude oil prices, RBI rate hikes, foreign investor outflows, liquidity deficit, and concerns over inflation and fiscal slippages. Thereafter, yields declined with the easing of oil prices, strengthening of the Rupee, RBI rate cut and dovish policy stance of the US Federal Reserve and the central banks of advanced economies. The yields ranged between 7.13% and 8.18% during the year.

The rupee too witnessed significant volatility in 2018-19, ranging between Rs.64.9/\$ to Rs.74.4/\$. It ended the year at around Rs.69.2/\$, a depreciation of 6% from the start of the fiscal. The Rupee depreciated in the first 8-9 months of the fiscal on the back of increased foreign fund outflows, rise in crude global crude oil prices and the consequent increase in the import bill. The rupee strengthened in the last quarter with the increase in foreign inflows and moderation in crude oil prices.

The performance of your company should be looked at against this background.

### **Business operations**

In 2019, under challenging business environment conditions, your Company worked towards growing the business book by

building the client base and widening the coverage of debt rated in the market. Since inception, your company has completed total 76,531 rating assignments till March 31, 2019. On a cumulative basis, the amount of rated debt increased to Rs. 128.37 lakh crore as of March 31, 2019.

<i>Assignment Type (New Instruments)</i>	<i>Number of Instruments Rated</i>		<i>Volume of debt rated (Rs. crore)</i>	
	<i>2018-19</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2017-18</i>
Short & Medium term	110	156	326,932	3,55,928
Long term	338	365	813,405	6,53,690
Bank Facility Ratings	8,088	8,090	850,170	6,37,916
Others including NSIC rating	844	1,632	-	-
<b>Total</b>	<b>9,380</b>	<b>10,243</b>	<b>19,90,507</b>	<b>16,47,535</b>

The above table provides information on the various aspects of the business profile and growth during the year. Certain key aspects are enumerated as under:

1. The total number of rating assignments declined by 8% in 2018-19. The moderation can be partly ascribed to decline in NSIC/MSE grading and RESCO grading. Bank facilities accounted for 86% of total assignments in 2018-19, which were stable at the previous year's level.
2. The total volume of new debt rated increased from Rs. 16.48 lakh crore in 2017-18 to Rs. 19.91 lakh crore in 2018-19 – a growth of 21%. This was mainly on account of increase in volume of debt rated across long term and bank facility ratings.

### **Business during the year**

#### **Large corporates and Mid-corporates**

The focus on the large and mid-corporate segment with augmentation of client portfolio, addition of new clients and maintaining relationships with the existing companies has enabled improvement in the business. Besides continuous interaction with the major clients, your company shares all the relevant research reports with them besides holding Knowledge Sharing sessions with the various teams. As a result, in 2018-19, CARE Ratings continued to hold significant presence with share of 50%, 42% and 45% in ET Top 500, BS Top 1000 and FE Top 1000 companies respectively.

#### **Rating Committee**

The final ratings given are decided by expert rating committees from within the organization. The Rating Committee members comprise senior executives within the ratings team and the meetings are chaired by senior personnel from its rating division possessing rich experience of ratings across varied sectors.

#### **Small and Medium Enterprises (SMEs)**

The SME rating business is an important component of our business. CARE has put in place technology enabled models both to acquire and provide analytical services to this set of customers. Strategically, we believe that SMEs of today would eventually move to a larger size bracket and hence need to be included in our active client list.

Post withdrawal of the subsidy regime a renewed thrust on cost control and focus on the bank facility ratings for SMEs as well as cross-selling of other products continue to be a strong pillar for the SME business of your company. With significant geographic presence across the country, your company has been successfully able to cater to the need of finance for such entities through the bank facility ratings.

A SME Newsletter covering important developments is disseminated on a fortnightly basis. Further, participation in various seminars and workshops on SMEs organized by apex industrial bodies and government bodies such as NSIC has been the medium used for increasing the universe of players in this segment.

**Rating of fintechs and Securitisation of loans originated by Fintech (system based originated and serviced Personal loans)**

The 'Fintech' space has emerged as the cradle of innovation in financial services, including lending. This form of lending uses data services to access and generate traditional and alternate data sources to originate, access and service the capability of individual borrowers. These entities capture several financial, behavioral and social data points and design their credit risk assessment models accordingly. This format of lending expands the lending space, provides credit to 'New to Credit' (NTC) borrowers, thereby playing a significant role in financial inclusion.

Usually, backed by deep-pocketed investors, Fintech entities are re-working the dynamics of the financial landscape for the next generation. Such form of businesses currently has its own challenges such as insufficient business seasoning, lack of physical human intervention, possible changes in regulations governing privacy and capture of private data, etc.

CARE Ratings has been at the forefront of engaging with the new vertical in finance and tapping into emerging opportunities in the domain. CARE has rated these NBFCs for the first time in FY18-19. This is based on our experience in assessment of financial services and our understanding of how various, nascent, business models are evolving, the functional issues confronting the players and the intensely competitive drive to reach the 'critical-mass' in terms of number of borrowers.

CARE Ratings also carried out securitization of personal loans and consumer durable loans pools of some of fintechs in FY'18-19. This is based on our understanding of the credit assessment abilities of such platforms, the track record of the originating entities, the actual performance of the underlying loans till date, etc.

**Yield Based Study**

SEBI has chosen a few CRAs for its study on Yield Based Risk Indicators and CARE Ratings is a part of the ongoing study. The study looks at various factors affecting bond yields and arrives at outliers for each rating category.

**CP market**

Commercial paper market has witnessed growth during the year. In 2018-19, the issuances of CPs increased by 13% from Rs. 22.9 lakh crore in 2017-18 to Rs. 25.9 lakh crore in 2018-19. The RBI has also mandated a dual rating when the size of issue during the year is above Rs 1,000 cr.

The ratings volume of the Commercial paper carried out by your company during the year were Rs. 2.86 lakh crore in 2018-19.

**IT Initiatives:**

In 2018-19, our IT initiatives were focused on upgrading the existing IT infrastructure in order to support business growth. IT was enabled to digitize the manual processes for refining operational effectiveness. This included automating the receivables and reimbursement tracking structure. Further, by implementing the model validation tool, we have completed the model validation process using various known market practices. We added new features and performance upgrades in our core business application "Ci3" to effectively handle growing data and larger user base.

CARE has completed several IT infrastructure up-gradations during this year in line with the available tech stack in today's market.

For 2019-20 your company has planned to roll out a new enhanced rating application equipped with artificial intelligence (AI)/ machine learning (ML) based models and algorithms. We do expect to roll out analytics platform to support and grow business using the vast database available with company.

**Knowledge dissemination**

CARE Ratings has a plethora of knowledge on the aggregate level of economic, industrial and capital market activities and has been very proactive in reacting to events and disseminating our views immediately to our clients, regulators, government departments, opinion makers, and the media on various issues. For this, we have two independent research teams – Economics and Industry Research team.

CARE Ratings has continued with its monthly release of CARE Debt Quality Index (CDQI) which tracks the changes in the overall quality of debt in the economy based on a representative sample of companies in our portfolio, besides the quarterly release of Modified Credit Ratio (MCR) which looks at the proportion of upgrades, downgrades and reaffirmations of ratings. Further, CARE comes out with a weekly Liquidity report that puts in perspective the state of funds in the market and a monthly Corporate Bond Monitor (CBM) which tracks how yields, certain tenures and spreads over GSecs have traversed over time. The employees are also encouraged to conduct webinars on their subject, which gives them an opportunity to discuss their research with other stakeholders.

This year CARE Ratings has been a knowledge partner and written papers in association with ASSOCHAM and PHD Chamber of Commerce on topics such as Indian Roads and Highways, Mining in India, Augmenting Coal Production through Commercial Mining, City Gas Distribution, Indian Commodity Derivatives Markets, Mining in Odisha, Gas Markets in India and National Steel Summit: Enhancing competitiveness and overcoming challenges.

### **Economics**

The Economics Department has always been consistent in circulating real-time domestic and global economic related updates. The department brings out regular reports on GDP, inflation, industrial growth, core sector, monsoons, fiscal situation, NPA situation, monetary policy, etc. In addition to this, in depth analytical studies are also carried out pertaining to debt market, employment, state finances etc. along with regular surveys. The Economics division also initiates a daily and monthly debt market reports- DDMU- Daily Debt Market Update and DMR- Debt Market Review.

This year the Economics Department has started publishing a liquidity report on a weekly basis. Also the issuances and yields in the CP and corporate bond markets are monitored on a monthly basis.

### **Sectoral Views**

The Industry research team covers over 45 sectors. Sector specialists also give their views on various developments from time to time which blend the expertise of our rating and research specialists. All this put together helps in the better assessment of the industry while undertaking the rating exercise. The department also publishes thematic reports, reports on developments pertinent to the sector and updates on the aforementioned sectors on a regular time interval. All these reports are widely disseminated within the company, clients, regulators, government authorities, opinion makers, media etc.

### **Branding**

CARE Ratings branding strategy is focused on communicating to our strengths and ethos across all touch points. This year, special emphasis was given to communicate our 25 years of completion in the form of activating a comprehensive campaign across print, online & television. In terms of overall branding initiatives, focus was on maintaining design & visual consistency, digital & social media presence, external & internal events, knowledge disseminations, webinars, knowledge papers, conferences and media relations.

### **Events**

- CARE Ratings hosted its most celebrated series of events 'Conversations Over Dinner – 2018-19 edition' at our various branch office locations such as Kolkata, Ahmedabad, Hyderabad, Chennai and Jaipur. The event format comprised of presentation by our MD & CEO, Mr. Rajesh Mokashi, panel discussions with invited eminent chief executives & dignitaries followed by interactive session, cocktail and dinner.
- CARE Ratings Nepal Ltd (CRNL) hosted its 1st anniversary function at Nepal in November 2018. The event hosted officials from Indian Embassy in Nepal, Nepal Rastra Bank, Securities Board of Nepal, Government of Nepal, Bankers, Insurance companies, local businessmen, etc. It was graced by our Chairman Mr S B Mainak and Executive Director Mr Mehul Pandya.
- CARE Ratings Africa Pvt Ltd (CRAF) hosted 'Conversations Over Dinner' at Mauritius in November 2018, which was attended by Mr. Harvesh Seegolam, Chief Executive, The Financial Services Commission and His Excellency Mr. Abhay Thakur, High

Commissioner of India. The session included a panel discussion on 'Credit Rating – Indicator of Risk-Return trade off'. It was graced by Chairman Mr S.B. Mainak and Managing Director and CEO, Mr Rajesh Mokashi.

### Webinars

Dissemination of knowledge and establishing credibility with investors is an important activity for CARE Ratings. Towards this end, CARE Ratings conducted a total of 31 webinars during FY 2018-19. All key sectors from economy & public finance, industries, banking and infrastructure were covered. Each of the presentations was made by a Senior Director, Sector specialist from ratings and analyst (ratings or research).

### Knowledge Partnerships

CARE Ratings associated as Knowledge Partner for:

- PHD Chambers' "National Oil & Gas Summit-2018" held on December 4, 2018 at PHD House, New Delhi.
- 16th Commodity Futures Market Summit organized by ASSOCHAM at New Delhi on July 19, 2018.
- PHD Chambers' Roads & Highways event in New Delhi on July 5, 2018.
- Knowledge partner at PHD House conference on "Gas Market in India" on May 8, 2018 at PHD House, New Delhi.
- PHD Chambers' City Gas Distribution in India event in New Delhi on July 12, 2018.
- Assocham's India Mining Summit, New Delhi on July 20, 2018 and released its knowledge paper at this event
- Assocham's India Steel Summit 2018 at Delhi in September 2018. CARE Ratings prepared and released a knowledge paper during this event
- PHD Chambers' Conference on Financing of 227 GW Renewable, October 25, 2018, Delhi. CARE Ratings published and released a Knowledge Paper at this event.
- CARE Ratings partnered with Franchise India (FRO 2018) & Entrepreneur Start-up Summit 2018 at Bangalore as a Knowledge Partner on August 25 and 26, 2018. The session was on Alternative Lending Mechanism/ emerging debt lending regime for SMEs
- CARE Ratings was a knowledge partner for "India Green Energy Awards, 2018" organized by Indian Federation of Green Energy. CARE Ratings was entrusted with the complete evaluation work for the awards including conceptualization of award categories, preparation of criteria & questionnaire, evaluation of nominations, scoring and presentation to the Jury.
- '15th National Awards for Excellence in Cost Management' organized by Institute of Cost Accountants of India (ICAI). CARE Ratings was entrusted with the complete evaluation work for the awards under the monitoring of an independent screening committee constituted by ICAI.
- ASSOCHAM' Conference on "Mining in Odisha" - Restoring the Normal Operations for Sustainable Development on 28 November 2018

CARE Ratings was associated with the 6th edition of Samudra Manthan awards and was involved right from designing the criteria in consultation with the core committee to assigning weightages for different parameters and arriving at a common numerical score to rank the nominees. CARE Ratings also presented the top nominations based on data collated from nominees and available in public domain to the Core Committee and the Governing Council for deliberations.

### Media interactions

CARE Ratings' Senior Management is regularly seen at prominent forums, seminars and conferences for presenting views and insights. Our MD & CEO, Rajesh Mokashi participates in brainstorming discussions on topical issues on all business channels like CNBC, ET Now, BTVi, CNBC Awaz and Zee Business. CARE Ratings management interviews and expert quotes are constantly featured across media. CARE Ratings regularly published and disseminated its updates on Industry Research covering over 45 sectors and economy. These reports were widely covered in print media, online and television. CARE Ratings Reports, Insights, Management and Industry Expert quotes are regularly uploaded on our Social Media channels such as LinkedIn & YouTube. Some of our reports have been a focal point of discussions on social media amongst influencers and thought leaders.

**Interaction with Japan Credit Rating (JCR) Agency**

CARE Ratings and JCR hosted a joint conference on Japanese financial market and fund raising from Japan on October 22, 2018 at Mumbai HO. The objective was to share with the audience a comprehensive guide on Japanese financial market and fund raising from Japanese financial institutions by the two leading credit rating agencies in India and Japan. The conference had guest speakers from SMBC Nikko Securities Hong Kong and Sumitomo Mitsui Banking Corporation Singapore Branch. From CARE Ratings Mr. Rajesh Mokashi, MD & CEO, Mr. Mehul Pandya, Executive Director and other Senior Members were part of the conference

**Top Management Representations**

CNBC TV18 had invited Mr. Rajesh Mokashi, MD & CEO, CARE Ratings for their 'India Move' show. The expert panel discussion was on 'Building a Vibrant Bond Market' – Mumbai, October 2, 2018.

Under MeJol program supported by CARE Ratings, a Resource Centre was inaugurated at Thane, Mumbai in October 2018 which was attended by Mr. Rajesh Mokashi (MD & CEO, CARE Ratings) and Ms. Revati Kasture, (Senior Director, CARE Ratings).

Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings was invited as a speaker at the 6th Edition of The Economic Times Infra Focus Summit held in September 2018 at New Delhi. The speaking session was on "Alternative Sources - Need for new sources and their impact on Infrastructure Financing".

Mr. T. N. Arun Kumar, Interim CEO, CARE Ratings was a speaker at ASSOCHAM' Conference on Mining in Odisha - Restoring the Normal Operations for Sustainable Development on November 28, 2018 at Hotel Pal Heights, Bhubaneswar.

Mr. Mehul Pandya, Executive Director, CARE Ratings was a speaker at PHD Chambers' "National Oil & Gas Summit-2018" held on December 4, 2018 at PHD House, New Delhi

Ms. Swati Agarwal, Senior Director and Mr. Dinesh Sharma, Associate Director made a presentation and held an interactive session on Indian Economy for Army Group Insurance Fund, an investor and CARE Ratings' client. Ms. Swati Agarwal delivered a presentation to senior management and investment committee of Army Group Insurance fund on CARE Ratings' outlook on Macro Economic indicator and on key industries. Army group insurance fund is a collective pool of private insurance fund of Army Group.

Ms. Revati Kasture, Senior Director received an award in the leading category of India's top 100 women in finance 2019. This was by Association of International Wealth Management of India (AIWMI) at a function in Mumbai on March 8, 2019.

Ms. Revati Kasture, Senior Director, CARE Ratings was a speaker at ASSOCHAM's National Conference on Corporate Bond market - July 11, 2018, Hotel Four Seasons, Mumbai.

Mr. Saikat Roy, Director and Head SME, CARE Ratings was a speaker in the plenary session on "Access to Affordable Credit & Risk Management" at FICCI MSME Summit held on January 18, 2019 at Jaipur.

Mr. Saikat Roy, Director and Head SME, CARE Ratings was a Moderator at the 3rd IPF Industrial Excellence Awards whose theme was "Winning Strategies For SMEs" held on December 13, 2018 at National Stock Exchange(NSE), Mumbai

Ms. Priti Agarwal, Director and Lalit Sikaria, Associate Director, CARE Ratings took a session on "Introduction to Credit Ratings" at United World School of Business on November 26, 2018. The session was attended by around 50 students.

Ms. Jyotsna Gadgil, Director, CARE Ratings was a panel speaker at ASSOCHAM Global Summit on Leasing, Hire Purchase & Consumer Credit held on May 4, 2018 in New Delhi. She gave Credit perspective on Leasing, H.P. and Consumer Credit Business.

### **Challenges to industry and our plan of action**

In tune with the subdued economic growth during the year, credit markets were characterized by the NBFC sector facing headwinds, following default by a large infrastructure financing conglomerate. Liquidity conditions worsened, leading to funding pressure in NBFC sector which in turn affected their business growth. These developments had stark ramifications in the markets leading to rating downgrades and credit defaults. Rating industry is being subjected to regulations requiring higher level of disclosures in rating rationales, apart from setting uniform benchmarks for various rating levels. We welcome these new regulations as they would be enhancing investor awareness and provide greater transparency and insights into the direction and factors affecting rating. At the same time, we are seized of the matter involving sharp rating transitions in certain entities and have put in place mechanisms for corrective actions. CARE already has a system of learning from sharp rating actions and has institutionalized a system of initiating remedial steps in a systematic manner. We had appointed external consultants to study our existing process and strengthen them as also comment on our analytical rigor. The main objective of this exercise was to help develop nimble processes which can have better reaction timelines in a more scientific manner, while keeping in mind strict adherence to regulatory requirements. The review of criteria are made through institutionalized process of criteria committees comprising senior rating personnel. Rating models are being strengthened by continuous evaluation of ratings.

### **Human Resources**

The level of analytical expertise has a bearing on the quality of the ratings assigned by a credit rating agency wherein human resources play an important role in the business. We have always believed in picking up the best talent and encouraging them to think independently while working in teams in order to enhance the quality of rating. We further enrich their talents by way of conducting induction and training programmes which are conducted by our Senior Experts in the field. In addition to in-house training sessions we also sponsor attendance to external training programmes to fine tune the existing skills of the employees.

As on March 31, 2019, we had 633 employees compared with 627 as on March 31, 2018. Around 90% of the staff is professionally qualified in the areas of management, CA, CS, legal, economics, engineering etc. holding professional qualifications or are post graduates.

### **Office expansion**

Your company has purchased premises in Andheri, Mumbai which can seat up to 120 persons. The decision was taken keeping in mind future expansion of the company as well as providing easier access to employees residing in the Mumbai western suburbs.

### **CSR activities**

As part of CARE Ratings' initiative under Corporate Social Responsibility (CSR), CARE Ratings has selected Education and as its primary theme. Local area development has been decided as one of the concurrent themes along with some other themes involving employee engagement and leadership passion. The activity under the primary theme was in the form of scholarships to deserving students pursuing higher education in finance as a part of CARE Ratings Vidyasaarathi e-portal initiative. As a part of its local area development concurrent theme, CARE Ratings took the initiative to support the infrastructure in some municipal schools in Mumbai and Ahmedabad. Your Company also considers sound infrastructure schools/ colleges as one of the fundamental requirements for providing quality education and appropriate environment for study.

### **About CARE Ratings Vidyasaarathi e-portal initiative**

CARE Ratings tied up with NSDL e- Governance Infrastructure Limited for on-boarding CARE Ratings Scholarship on Vidyasaarathi Platform. As a part of the same, 46 deserving students pursuing higher education in the field of: i) Finance; and ii) Banking and Insurance, were selected for scholarship after a thorough screening process.

### **About local area development**

The theme of local area development revolves around providing for development of Local Area (area in the city in which CARE's office is located) in terms providing assistance and infrastructure to local bodies, government offices, schools and public places. To begin with and as a first such initiative in FY18, CARE Ratings explored the requirements in some schools around its office

locations. We understood from the school management that availability of safe drinking water for the children and projectors with screens are their key requirements. Accordingly, we provided good quality water coolers with purifiers and projectors with screens to 19 municipal schools in Mumbai and Ahmedabad during FY19.

#### **About Infrastructure up-gradation of Laboratories**

A Six decades old K.J. Somaiya Trust was founded by Late Padmabhushan Shri Karamshibhai Jethabhai Somaiya with mission to aspire and strive for excellence in education and service by creating a conducive teaching, learning environment and developing the human potential of the students for the benefit of the society. The trust had approached CARE with a proposal to aid them by funding for infrastructure up-gradation of Laboratories for its Nursing College.

#### **About Scholarships for destitute and renovation of Multi-purpose hall**

Girivanvasi Educational Trust, the trust formed under the ambit of K.J. Somaiya Trust, proposed to utilize the funds for caring and nurturing the 100 destitute children living in Balgruh and renovations of multipurpose project at Nareshwadi Learning Centre located at Nareshwadi, Post Dhundalwadi, Dahanu Taluka

#### **About Midday Meal Program**

Annamrita foundation (ISKCON Food Relief Foundation) is a non-profit, non-religious, non-sectarian charitable trust. Its Midday Meal program is being implemented in municipal, government aided and non-aided schools for the benefit of underprivileged children. The foundation proposed to utilize the funds to address the issue of classroom hunger, mal – nutrition and illiteracy for under privileged children. Delivery vans were also provided for taking food from kitchen to schools.

#### **About Distance Education**

Your company also believes that work life balance can be achieved by one when there is proper cultural touch to it. Hence, the company contributed when approached by ‘The Fine Arts Society, Chembur’ a premier cultural institution engaged in pursuit of promoting Cultural Excellence in Mumbai. They had started a new Academy Structure in their new premise, for launching “Distance Education” from their Music Class Rooms, & for optimizing the services of the faculty members, by installation of skype facility in each of such room. They are also going to identify “Aided Schools and remote villages” where music aspirants are located and to provide them the requisite skill development opportunities in the arena of Indian Classical Music.

Your Company has also transferred the balance eligible amount to Prime Minister’s National Relief Fund.

#### **Depository Services**

Our Company’s equity shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2019, nearly 100 % of the equity shares of your Company were held in dematerialised form and 301 no. of shares are in Physical form which constitutes insignificant quantum of the equity shares of your Company.

#### **Extract of Annual Return**

The Extract of Annual Return of the Company as provided under Section 92(3) of the Companies Act, 2013 for the financial year ended March 31, 2019 is available on the website of the Company at [www.careratings.com](http://www.careratings.com) and also given in as **Annexure II**.

#### **Number of Meetings of the Board & its committees**

##### **a) Board of Directors**

The Board of Directors met 10 (Ten) times during the financial year 2018-19 on May 22, 2018, June 21, 2018, July 24, 2018, August 13, 2018, September 25, 2018, November 2, 2018, December 17, 2018, February 11, 2019, February 16, 2019 and March 30, 2019.

##### **b) Audit Committee**

The Audit Committee met 9 (Nine) times during the financial year 2018-2019 on May 22, 2018, June 7, 2018, June 21, 2018, July 24, 2018, August 13, 2018, September 25, 2018, November 2, 2018, December 17, 2018 and February 11, 2019. The

composition of the Audit Committee as required to be disclosed in the Directors Report as per the Companies Act, 2013 is mentioned in the Corporate Governance report forming part of this report.

**c) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee met 5 (five) times during the financial year 2018-2019 on May 22, 2018, September 25, 2018, November 2, 2018, February 11, 2019 and March 30, 2019.

**d) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee met 4 (four) times during the financial year 2018-2019 on May 14, 2018, August 9, 2018, October 23, 2018, and February 5, 2019.

**e) Corporate Social Responsibility (CSR) Committee**

The Corporate Social Responsibility (CSR) Committee met 3 (three) times during the financial year 2018-2019 on June 21, 2018, September 25, 2018 and March 26, 2019.

**Directors Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- I. In the preparation of the annual accounts for financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- II. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit for that period;
- III. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. They have prepared the annual accounts for financial year ended March 31, 2019 on a 'going concern' basis;
- V. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating effectively;
- VI. They have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

**Declaration by Independent Directors**

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Policy on Directors' appointment and remuneration**

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 (3) of the Companies Act, 2013, is appended as Annexure III to this Report and also available on the website of the Company viz.; [www.careratings.com](http://www.careratings.com).

**Particulars of Loans, Guarantees or Investments under section 186**

The Details of the loans given, guarantees given, and investments made and securities provided covered under Section 186 of the Companies Act, 2013 forms part of the Notes to the financial statements provided in this Annual Report.

**Particulars of Contracts or Arrangements with Related Parties**

All transactions entered into during the financial year 2018-19 with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, 2013 with related parties which could be considered material under SEBI LODR Regulations. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act, 2013 in **Form AOC-2 is not applicable.**

Attention of the members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts – **Note No 32** forming part of the Standalone Financial Statements.

As required under Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at [www.careratings.com](http://www.careratings.com).

**Material Changes and Commitments affecting the Financial Position of the Company**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2019 and the date of this report other than those disclosed in this report.

**Update regarding certain ongoing matters**

The Company is in the process of addressing certain ongoing matters. That, the Securities and Exchange Board of India (SEBI) has initiated adjudication proceedings ('Adjudication Proceeding') related to the credit ratings assigned to two of the Company's customers and also the subsidiaries of one of the customer. The settlement application filed in respect of one of the customer in this regard by the Company has been rejected by SEBI. The Company is cooperating with SEBI and government agencies and responding to their queries in timely manner.

The Board of directors of the company, had in its meeting held on July 17, 2019 decided that, pending the completion of the examination of anonymous complaint received by the Securities and Exchange Board of India ("SEBI") and forwarded to Company, to place Shri. Rajesh Mokashi, Managing Director & CEO of CARE, on leave, until further notice. The Company has appointed external professionals for examining and submit the report on the above said anonymous complaints to SEBI.

The Company has made a provision for penalty on a prudent basis with regards to the Adjudication Proceedings as well as the examinations and other matters noted above remain ongoing, the results of which are not yet available or is unknown.

**Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo Conservation of Energy and Technology Absorption**

Your Company has taken necessary steps and initiative in respect of conservation of energy to possible extent to conserve the resources as required under Section 134(3)(m) of the Companies Act, 2013 and rules framed thereunder. As your Company is not engaged in any manufacturing activity, the particulars of technology absorption as required under the section are not applicable.

**Foreign Exchange Earnings and Outgo**

During the year under review, the Company has earned a foreign exchange of Rs. 247.62 Lakh and has spent a foreign exchange of Rs. 25.42 Lakh.

**Business Risk Management**

Your Company has formulated a risk management policy to ensure that every effort is made to manage risk appropriately so as to maximize potential business opportunities and minimize the adverse effects of risk.

**Corporate Social Responsibility**

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Policy has been devised on the basis of the recommendations made by the CSR Committee. The CSR Policy of the Company and details about the development of CSR Policy as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in CSR Report appended as Annexure IV to this Report along with projects and amounts spent under CSR in the financial year 2018-19.

**Vigil Mechanism – Whistle Blower**

The Company has established a vigil mechanism for directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report and also posted on the website of the Company at [www.careratings.com](http://www.careratings.com). During the year, your Company affirms that no employee of the Company was denied access to the Audit Committee.

**Annual Evaluation of Performance of the Board**

The Board of Directors have carried out an annual evaluation of the performance of the Board, its committees and individual Directors pursuant to the provisions of the Act and the Corporate Governance Requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the basis of criteria such as skills, knowledge, discharge of duties, level of participation at the meetings etc., on the issues to be discussed.

In a separate meeting of Independent Directors, performance of Non Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking in to account the views of executive directors and non-executive directors. Performance evaluation of independent Directors was done by the entire Board, excluding the independent Director being evaluated.

**Subsidiaries****A. CARE Advisory Research and Training Limited (CART)**

CARE Advisory Research and Training Limited is a wholly owned subsidiary of your Company which was incorporated on September 6, 2016. CART is in the business of Advisory, Research and Training.

**Advisory division**

During FY 2018-19, CART has been able to further expand its business offerings and now offers TEV, Valuation, Business plan preparation, Financial Improvement Plan, Bid process management, LIE services among other services. CART is empanelled with Bank of Baroda, Bank of Maharashtra, Andhra Bank, State Bank of India, Union Bank of India, Central Bank of India, Punjab National Bank, UCO Bank, Syndicate Bank, Bank of India and United Bank of India for TEV assessments. During FY 2018-19, CART executed more than 200 Advisory assignments.

**Research Division**

CART services a variety of business research needs of its Domestic and Multinational clients with credible, high-quality research and analysis on various facets of the Economy and Industries. During FY 2018-19, CART undertook around 20 industry research assignments for clients to assist them in filing Draft Red Herring Prospectus.

**Training Division**

The Company caters to the training needs of corporates and professionals through its training programmes which are offered through on-line as well class room mode. During the year, the company conducted 23 days of executive classroom trainings on various topics which included customized training for clients. The Company also launched more on-line courses and now has 7 on-line course live on its trainings portal.

CARE Training gained momentum to reach to next level of excellence. In FY19, CARE Training under CARE Advisory Research & Training (CART) developed and executed pilot programs such as Stressed Asset Resolution-Challenges and Opportunities, Mastering Trade Finance, ECL under IndAS, Corporate Valuation and Mergers & Acquisitions. CARE Training also executed

soft skills training like Business Communication and Effective Sales Training. With the new office operational for CART, they envisage to reach greater heights in the coming years.

CARE Training announced its collaboration with Banking Finance Insurance Institute of Nepal (BFIN) in the field of training for professionals working for Banking and Financial services sector in Nepal. The MOU was signed on December 23, 2018 during the conference on “Transformation of Human Capital for a Digital World” in Kathmandu. The event was graced by Honorable Governor Dr. Chiranjibi Nepal, Nepal Rastra Bank and various dignitaries from Nepalese financial services sector. CARE Training and BFIN co-develop and offer on-line as well class room trainings on various subjects/topics relevant to Nepalese financial services sector.

CARE Training announced its collaboration with SIES College Of Management Studies (SIESCOMS) India in the field of iExecutive training for professionals working in the Banking and Financial services sector. The MOU was signed on January 24, 2019 at Mumbai. CARE Training and SIESCOMS co-develop and offer on-line as well class room trainings on various subjects/topics relevant to financial services sector.

**B. CARE Risk Solutions Private Limited (CRSPL) (formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt. Ltd)**

Our wholly owned subsidiary CARE Risk Solutions Pvt Ltd (CRSPL) is a leading fin-tech company which provides Enterprise wide financial risk management and financial compliance solution. The focus of the organization is multi-fold. It is directed at innovative disruption in risk and finance automation which enables financial institutions like banks to address risk management from a strategic perspective. It involves robust effort on technology R&D, product compliance to central bank’s regulation across geographies and rapid and timely implementation.

With over 12+ years of experience in fin-tech space, the company has been renowned globally as thought leaders in Risk and Finance transformation with 65+ implementations across 10+ geographies. The company got industry wide recognition by winning “Best in class IFRS 9 ECL modelling” award at Treasury Risk and Compliance Summit 2019.

The solutions offered by the company which assist the Chief Risk Officer (CRO) of a financial institution are Credit Risk, Operational Risk, and Market Risk. The company also provides systems and solutions for ECL Computation (IFRS Compliance), Financial Reporting Automation, Asset Liability Management, Funds Transfer Pricing which are pertinent to the Chief Financial Officer of an organization.

The company is now extending its domain into early warning system (NPA Management), Artificial Intelligence and Machine Learning across all its products. Further we are also embarking on Big Data Analytics journey.

Some of the key benefits experienced by our clients are Business rules driven processing, transparency of models, process and output, enhanced accuracy and enriched analytics, dynamic solutions and best in class support. Thus, the end result of using our solutions is business prudence and good governance.

**C. Care Ratings (Africa) Private Limited (CRAF)**

Care Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius and obtained its Licence on May 7, 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 9, 2016. CRAF’s shareholders are CARE Ratings Limited (78.01%), African Development Bank (9.99%), MCB Equity Fund (6.00%) and SBM (NFC) Holdings Limited (6.00%). The experienced mix of shareholders enables the Company to have stronger brand recognition in the African continent.

During last 2 years, due to regular presentation to the Regulators 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 Investors. Banks, pension funds and other Financial Institution are now seeking Credit rating of Bonds and facilities to

determine the pricing of the Issue.

During the financial year under review (FY19), CRAF has assigned ratings to 12 corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd. [CARE MAU AAA (IS) Stable], Bank One [CARE MAU A+ (IS) Stable], Ciel Limited [CARE MAU AA Stable], CIM Finance Ltd. [CARE MAU AA Stable], Leal & Co. Ltd. [CARE MAU A1+] and ENL Ltd. [CARE MAU A Stable]. In FY18-19, the Company has assigned credit ratings to bank facilities and bond issue aggregating to around MUR 21.0 billion. 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.

In FY19, CRAF has achieved a turnover of Mur 11.7 million (Mur 6.4 million in FY18) and a PAT of MUR 5.8 million (Mur 0.8 million in FY18). CRAF has been profitable for last 2 years of operations and in FY19 it has recovered almost all the losses incurred in the initial years of operation.

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. This will enable CRAF to expand its rating activities in Kenyan market.

#### **D. CARE Ratings Nepal Limited**

CRNL has done 30 rating assignments in FY19 with total debt and equity rated INR 36 Billion from the date of establishment. In short span of time CRNL able to expand its operations and added more than 100 clients till March 31, 2019.

CRNL conducted its 1st and 2nd AGM on November 15, 2018 at Hotel Radisson, Kathmandu, Nepal. CARE Ratings Nepal Ltd (CRNL) hosted 1st Anniversary function on November 15, 2018 at Hotel Radisson, Kathmandu, Nepal. From CARE Ratings, Mr. S. B. Mainak, Chairman, Mr. Rajesh Mokashi, MD & CEO and Mr. Mehul Pandya Executive Director were present at the event. From CRNL Mr. Sajan Goyal, CEO was present. The event was attended by Officials from Indian Embassy in Nepal, Nepal Rastra Bank, Securities Board of Nepal, Government of Nepal, Bankers, Insurance companies, local Businessmen etc., which was followed by cocktails & dinner.

In FY18-19, CRNL with first full year of operation has expanded its operations and assigned ratings/gradings to equity share issues, debentures and bank facilities aggregating to around NPR 61.0 billion (NPR 1.0 billion in FY18).

#### **Global MoU**

- CARE Ratings signed a Memorandum of Understanding (MoU) with Russian Rating Agency - Analytical Credit Rating Agency (ACRA) on February 27, 2019. Under this Memorandum, CARE Ratings and ACRA will assist each other towards developing a multilateral credit rating framework and undertake joint analytical research work.
- The Company does not have any joint venture or associate company.

#### **Material Non-Listed Indian Subsidiary**

There is no material (non-listed) Indian subsidiary of your Company as on March 31, 2019.

#### **Performance and Financial Position of Subsidiary, Associate and Joint Venture Company and their contribution to the overall performance of the Company**

As required under Section 129 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards and form part of the Annual Report. Statement on the highlights of performance of the subsidiary companies and their contribution to the overall performance of the Company are given in the Form AOC-1 and note 45 of the consolidated financial statements and forms part of this report.

#### **Details relating to Deposits covered under Chapter V of the Companies Act, 2013**

Your company has not accepted any deposits within the purview of Chapter V of the Companies Act, 2013 during the year under review.

**Significant and Material Orders passed by the Regulators or Courts or Tribunals**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of your Company and its future operations.

**Instances of fraud, if any reported by the Auditors**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

**Internal Financial Control System**

The Company has an Internal Financial Control System commensurate with the size, scale and complexity of its operations. Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating action on continuing basis. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant Audit observations and follow up actions thereon are reported to the Audit Committee.

**Directors and Key Managerial Personnel**

In accordance with the Articles of Association of the Company and provisions of the Section 152(6) (e) of the Companies Act, 2013 Mr. V. Chandrasekaran (DIN: 03126243) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Ms. Sonal Gunvant Desai (DIN: 08095343) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on March 30, 2019. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Ms. Sonal Gunvant Desai will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on July 31, 2019 on the recommendation of the Nomination and Remuneration Committee decided to appoint Ms. Sonal Gunvant Desai as an Independent Director for a period till the conclusion of AGM of FY22-23 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. Najib Shah (DIN: 08120210) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on July 17, 2019. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Mr. Najib Shah will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on July 31, 2019 on the recommendation of the Nomination and Remuneration Committee decided to appoint Mr. Najib Shah as an Independent Director for a period till the conclusion of AGM of FY22-23 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Dr. M Mathisekaran (DIN: 03584338) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on August 19, 2019. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Dr. M Mathisekaran will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on August 19, 2019 on the recommendation of the Nomination and Remuneration Committee decided to appoint Dr. M Mathisekaran as an Independent Director for a period till the conclusion of AGM of FY 2022-23 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. Ananth Narayan Gopalakrishnan (DIN: 05250681) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on August 19, 2019. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Mr. Ananth Narayan Gopalakrishnan will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on August 19, 2019 on the recommendation of the Nomination and Remuneration Committee decided to appoint Mr. Ananth Narayan Gopalakrishnan as an Independent Director for a period till the conclusion of AGM of FY 2022-23 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. A.K. Bansal (DIN 06752578) and Dr. Ashima Goyal (DIN 00233635) completed their second term of appointment (tenure) as Independent Director on September 28, 2018.

Further, Mr. Milind Sarwate (DIN: 00109854), Independent Director of the company has resigned from the Board of the company w.e.f. August 13, 2018.

Further, Ms. Sadhana Dhamane (DIN: 01062315), Non-Executive Director of the company has resigned from the Board of the company w.e.f. August 6, 2019.

The board appreciated the contributions made by Mr. Milind Sarwate, Mr. A. K. Bansal, Dr. Ashima Goyal and Ms. Sadhana Dhamane during their tenure as Directors.

Further Mr. Chandresh Shah, Chief Financial Officer of the Company has resigned with effect from December 31, 2018 and Mr. Nitin Kumar Agrawal was appointed as a Chief Financial officer of the Company with effect from February 11, 2019.

Further, Mr. Anandghan S. Bohra, Company Secretary and Compliance Officer of the Company has been transferred to other department with effect from February 11, 2019, and your Company has appointed Mr. Navin Kumar Jain, as the Company Secretary and Compliance Officer with effect from February 11, 2019.

Further Mr. Nitin Kumar Agrawal, Chief Financial Officer of the Company has resigned with effect from July 18, 2019 and Mr. Bharat Adnani has been appointed as a Chief Financial officer of the Company with effect from August 19, 2019.

#### **Auditor and Auditor's Report**

M/s. Khimji Kunverji & Co. LLP, Chartered Accountants (Firm Registration No. 105146W) were reappointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in 2021.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Khimji Kunverji & Co. LLP, Chartered Accountants, Statutory Auditors, in their report.

#### **Status of Investors Compliant**

During the financial year 2018-19, your Company has received complaints with regard to non-receipt of annual report and non-receipt of dividend. All the complaints were resolved expeditiously. The details of complaints are appended to this Report as **Annexure V**.

#### **Secretarial Audit Report**

The Board of Directors of your Company have appointed M/s A K Jain & Co., Company Secretaries, Mumbai, to conduct the Secretarial Audit and his Report on Company's Secretarial Audit is appended to this Report as **Annexure VI**.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s A K Jain & Co., Company Secretaries, Secretarial Auditors, in their report.

Maintenance of cost records and Cost Audit as specified by the Central Government under 148(1) of the Act is not required by the Company.

#### **Employees Stock Option Schemes**

As required in terms of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the disclosure relating to CARE Ratings Limited ("ESOS - 2013") is appended as **Annexure VII** respectively to this report.

#### **Management Discussion and Analysis Report**

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) (e) of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed as **Annexure VIII** to this report.

### Particulars of Employees

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure IX** to this Report. The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of managerial Personnel) Amended Rules, 2016 in respect of employees of your Company is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

### Business Responsibility Statement

As per regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the annual report of top 500 listed entities based on market capitalisation (calculated on March 31 of every financial year), must include a business responsibility report describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the SEBI from time to time. The Business Responsibility Statement is annexed as **Annexure X** to this report.

### Corporate Governance

The Company is committed to maintaining the highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. The Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Corporate Governance Report.

### Audit Committee of the Company

Your Company's Audit Committee comprises the following directors as its members:

1.	Mr. Adesh Kumar Gupta	Chairman (Independent Director)
2.	Mr. S. B. Mainak	Member (Independent Director)
3.	Mr. V. Chandrasekaran	Member (Non-Executive Director)
4.	Ms. Sonal Gunvant Desai	Member (Independent Director) (w.e.f. July 31, 2019)

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Disclosures under Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has complied with the provisions relating to the constitution of the Internal Compliant Committee.

Your Company has a policy on Prevention of Sexual Harassment at Workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (ICC) has been set up as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in order to investigate any complaints / issues related to sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2019, the ICC did not receive any complaint pertaining to sexual harassment.

**Compliance of the Secretarial Standards Issued by The Institute of The Company Secretaries of India (ICSI)**

The relevant Secretarial Standards issued by ICSI related to the Board and General Meetings have been complied by the Company.

**Acknowledgements**

The Board places on record its appreciation of the contribution of its employees to the company's operations and the trust reposed in it by market intermediaries, issuers and investors. The Board also appreciates the support provided by the Reserve Bank of India, Securities Exchange Board of India and the Company's Bankers, IDBI Bank and HDFC Bank.

On behalf of the Board of Directors

**Place: Mumbai**

**Date: August 19, 2019**

**S. B. Mainak**  
**Chairman (DIN: 02531129)**

## ANNEXURE I TO THE DIRECTORS' REPORT

**CARE RATINGS LIMITED**  
**(Formerly known as Credit Analysis and Research Limited)**  
**DIVIDEND DISTRIBUTION POLICY**

1. The Board shall declare & pay dividends out of
  - The Current year's profit after (a) transferring to the reserves such amount of profit as may be prescribed by law and (b) providing for depreciation in accordance with the applicable laws; or
  - The profits for any previous financial year(s) that remain undistributed after providing for depreciation in accordance with applicable laws; or
  - Combination of (i) and (ii) above
2. The following shall be considered by the Board prior to any recommendation in relation to declaration of dividends:
  - Plough back of profits i.e. for future capital expenditure for expansion programme; for acquisition of premises if any and for renovation and major repairs and maintenance.
  - Crystallization of contingent liabilities, if any
  - Acquisition or sale of business
3. Interim dividends may be declared by the Board based on the review of profits earned during the current year to date. Declaration of final dividends based on review of profits as per the audited financial statements for the year are to be recommended by the Board to shareholders for approval.
4. The above dividend policy is subject to provisions of the Companies Act 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. This policy will be reviewed annually and as and when changes take place in the regulations.

## ANNEXURE II TO THE DIRECTORS' REPORT

### Form No. MGT-9

Extract of Annual Return as on the financial year ended March 31, 2019 [Pursuant to section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i.	CIN	L67190MH1993PLC071691
ii.	Registration Date	April 21, 1993
iii.	Name of the Company	CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited)
iv.	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company.
v.	Address of the Registered office and contact details	4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 – 67543456 Fax No: 022 – 67543457 Email : <a href="mailto:care@careratings.com">care@careratings.com</a> Website: <a href="http://www.careratings.com">www.careratings.com</a>
vi.	Whether listed company (Yes / No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Pvt. Ltd. Unit: CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) Karvy Selenium Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel. No. 040 – 67162222 Fax No. 040 – 23001153 Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Website: <a href="http://www.karvy.com">www.karvy.com</a> Contact Person : Mr. K. S. Reddy & Mr. B. V. Kishore

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Financial Services other than securities dealing activities	66190	100%



<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	38,75,566	0	38,75,566	13.15	32,13,791	0	32,13,791	10.91	(2.30)
b) Banks / Financial Institutions	2,69,871	0	2,69,871	0.92	2,66,820	0	2,66,820	0.91	(0.01)
c) Central Govt.	0	0	0	0	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
f) Insurance Companies	29,02,136	0	29,02,136	9.85	29,02,136	0	29,02,136	9.85	0.00
g) Foreign Institutional / Portfolio Investors	1,26,19,225	0	1,26,19,225	42.83	1,37,42,878	0	1,37,42,878	46.65	3.81
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
i) Others - Qualified Foreign Investor	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (B)(1)</b>	<b>1,96,66,798</b>	<b>0</b>	<b>1,96,66,798</b>	<b>66.75</b>	<b>2,01,25,625</b>	<b>0</b>	<b>2,01,25,625</b>	<b>68.31</b>	<b>1.51</b>
<b>2. Non-Institutions</b>									
Bodies Corporate	58,54,035	0	58,54,035	19.87	52,83,495	0	52,83,495	17.93	(1.94)
Individuals									
(i) Individuals holding nominal share capital upto Rs.1 lakh	32,60,844	26	32,60,870	11.07	32,57,294	301	32,57,595	11.06	(0.01)
(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	3,18,178	0	3,18,178	1.08	3,55,481	0	3,55,481	1.21	0.13
Others									
Clearing Members	33,036	0	33,036	0.11	58,970	0	58,970	0.20	0.09
Directors	76,721	0	76,721	0.26	76,721	0	76,721	0.26	0.00
Non Resident Indians	1,61,726	0	1,61,726	0.55	2,12,157	0	2,12,157	0.72	0.17
Nri Non-Repatriation	72,852	0	72,852	0.25	88,838	0	88,838	0.30	0.05
Trusts	2,332	0	2,332	0.01	2,332	0	2,332	0.01	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(2) :</b>	<b>97,79,724</b>	<b>26</b>	<b>97,79,750</b>	<b>33.20</b>	<b>93,35,288</b>	<b>301</b>	<b>93,35,589</b>	<b>31.69</b>	<b>(1.51)</b>

<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>2,94,61,188</b>	<b>26</b>	<b>2,94,61,214</b>	<b>100.00</b>	<b>2,94,60,913</b>	<b>301</b>	<b>2,94,61,214</b>	<b>100.00</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>2,94,61,188</b>	<b>26</b>	<b>2,94,61,214</b>	<b>100.00</b>	<b>2,94,60,913</b>	<b>301</b>	<b>2,94,61,214</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Category of shareholders	No. of shares held at the beginning of the year (01.04.2018)				No. of shares held at the end of the year (31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
NIL									

\*During the year under review in promoter's category the shareholding is Nil.

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No Change			
	At the end of the year				

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Name of the shareholder	Shareholding at the beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1) Life Insurance Corporation of India</b>				
At the beginning of the year	29,02,136	9.85		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
At the end of the year			29,02,136	9.85

<b>2) CRISIL Limited</b>				
At the beginning of the year	26,22,431	8.90		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
At the end of the year			26,22,431	8.90
<b>3) Stichting Depository APG Emerging Markets Equity Pool</b>				
At the beginning of the year	10,59,491	3.60		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
06/04/2018 Sale	2,827	0.01	10,56,664	3.59
13/04/2018 Sale	3,664	0.01	10,53,000	3.57
20/04/2018 Purchase	28,825	0.10	10,81,825	3.67
27/04/2018 Purchase	55,875	0.19	11,37,700	3.86
05/10/2018 Purchase	1,70,000	0.58	13,07,700	4.44
12/10/2018 Purchase	2,23,675	0.76	15,31,375	5.20
26/10/2018 Purchase	1,07,267	0.36	16,38,642	5.56
16/11/2018 Purchase	73,531	0.25	17,12,173	5.81
07/12/2018 Purchase	1,57,000	0.53	18,69,173	6.34
28/12/2018 Purchase	1,50,000	0.51	20,19,173	6.85
11/01/2019 Sale	2,834	0.01	20,16,339	6.84
18/01/2019 Sale	1,639	0.01	20,14,700	6.84
At the end of the year			20,14,700	6.84
<b>4) Virtus Kar International Small-Cap Fund</b>				
At the beginning of the year	0	0.00		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
07/12/2018 Purchase	85,275	0.29	85,275	0.29
14/12/2018 Purchase	3,47,639	1.18	4,32,914	1.47
21/12/2018 Purchase	2,53,586	0.86	6,86,500	2.33
01/02/2019 Purchase	19,470	0.07	7,05,970	2.40
08/02/2019 Purchase	7,030	0.02	7,13,000	2.42
15/02/2019 Purchase	17,786	0.06	7,30,786	2.48
22/02/2019 Purchase	3,814	0.01	7,34,600	2.49
08/03/2019 Purchase	17,610	0.06	7,52,210	2.55
15/03/2019 Purchase	15,762	0.05	7,67,972	2.61

22/03/2019 Purchase	5,07,743	1.72	12,75,715	4.33
29/03/2019 Purchase	3,200	0.01	12,78,915	4.34
At the end of the year			12,78,915	4.34
<b>5) L &amp; T Mutual Fund Trustee Ltd - L &amp; T Tax Advantage Fund</b>				
At the beginning of the year	5,78,067	1.96		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
06/04/2018 Purchase	52,534	0.18	6,30,601	2.14
13/04/2018 Purchase	80,892	0.27	7,11,493	2.42
20/04/2018 Purchase	672	0.00	7,12,165	2.42
04/05/2018 Purchase	10,000	0.03	7,22,165	2.45
18/05/2018 Purchase	39,835	0.14	7,62,000	2.59
15/06/2018 Purchase	20,734	0.07	7,82,734	2.66
22/06/2018 Purchase	42,666	0.14	8,25,400	2.80
29/06/2018 Purchase	1,64,118	0.56	9,89,518	3.36
13/07/2018 Purchase	7,734	0.03	9,97,252	3.38
20/07/2018 Purchase	10,000	0.03	10,07,252	3.42
27/07/2018 Purchase	21,667	0.07	10,28,919	3.49
03/08/2018 Purchase	14,612	0.05	10,43,531	3.54
10/08/2018 Purchase	755	0.00	10,44,286	3.54
24/08/2018 Purchase	35,417	0.12	10,79,703	3.66
28/09/2018 Purchase	26,600	0.09	11,06,303	3.76
30/11/2018 Purchase	10,000	0.03	11,16,303	3.79
01/03/2019 Purchase	53,181	0.18	11,69,484	3.97
08/03/2019 Purchase	35,416	0.12	12,04,900	4.09
15/03/2019 Purchase	9,324	0.03	12,14,224	4.12
22/03/2019 Purchase	568	0.00	12,14,792	4.12
At the end of the year			12,14,792	4.12
<b>6) Franklin Templeton Mutual Fund A/C Franklin India</b>				
At the beginning of the year	14,64,044	4.97		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
28/09/2018 Sale	2,50,000	0.85	12,14,044	4.12
At the end of the year			12,14,044	4.12
<b>7) Franklin Templeton Investment Funds</b>	<b>17,49,165</b>	<b>5.94</b>		
At the beginning of the year				

Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.				
22/06/2018 Sale	1,91,099	0.65	15,58,066	5.29
28/09/2018 Sale	1,45,900	0.50	14,12,166	4.79
26/10/2018 Sale	17,600	0.06	13,94,566	4.73
25/01/2019 Sale	1,42,400	0.48	12,52,166	4.25
01/02/2019 Sale	60,800	0.21	11,91,366	4.04
08/02/2019 Sale	10,520	0.04	11,80,846	4.01
At the end of the year			11,80,846	4.01
<b>8) India Capital Fund Limited</b>				
At the beginning of the year	7,63,747	2.59		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.				
28/09/2018 Purchase	1,40,000	0.48	9,03,747	3.07
07/12/2018 Purchase	1,43,100	0.49	10,46,847	3.55
At the end of the year			10,46,847	3.55
<b>9)Mawer Global Small Cap Fund</b>				
At the beginning of the year	0	0.00		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
25/01/2019 Purchase	10,941	0.04	10,941	0.04
01/02/2019 Purchase	3,98,235	1.35	4,09,176	1.39
08/02/2019 Purchase	2,97,871	1.01	7,07,047	2.40
15/02/2019 Purchase	23,455	0.08	7,30,502	2.48
22/02/2019 Purchase	26,497	0.09	7,56,999	2.57
01/03/2019 Purchase	12,629	0.04	7,69,628	2.61
08/03/2019 Purchase	2,59,772	0.88	10,29,400	3.49
At the end of the year			10,29,400	3.49
<b>10) Lloyd George Investment Company Public Limited Company</b>				
At the beginning of the year	4,87,129	1.65		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
13/04/2018 Purchase	1,36,952	0.46	4,87,129	1.65
20/04/2018 Purchase	3,186	0.01	6,24,081	2.12

08/06/2018 Purchase	19,041	0.06	6,27,267	2.13
15/06/2018 Purchase	13,516	0.05	6,46,308	2.19
22/06/2018 Purchase	53,804	0.18	6,59,824	2.24
19/10/2018 Purchase	46,727	0.16	7,13,628	2.42
07/12/2018 Purchase	62,034	0.21	7,60,355	2.58
14/12/2018 Purchase	43,038	0.15	8,22,389	2.79
18/01/2019 Purchase	577	0.00	8,65,427	2.94
At the end of the year			8,66,004	2.94

**(v) Shareholding of Directors and Key Managerial Personnel:**

<i>Name of Director /Key Managerial Personnel</i>	<i>Shareholding at the beginning of the year</i>		<i>Cumulative Shareholding during the year</i>	
	<i>No. of Shares</i>	<i>% of total Shares of the Company</i>	<i>No. of Shares</i>	<i>% of total Shares of the Company</i>
<b>1) Mr. Rajesh Mokashi, Managing Director &amp; CEO</b>				
At the beginning of the year (01.04.2018)	76,721	0.26		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.03.2019)			76,721	0.26
<b>2) Mr. Mehul Pandya</b>				
At the beginning of the year (01.04.2018)	18,855	0.06		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.03.2019)			18,855	0.06
<b>3) Mr. T. N. Arun Kumar</b>				
At the beginning of the year (01.04.2018)	28,960	0.10		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.03.2019)			28,960	0.10
<b>4) Mr. Chandresh Shah, Chief Financial Officer</b>				
At the beginning of the year (01.04.2018)	3,000	0.01		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.12.2018)			3,000	0.01

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	<i>Secured Loans excluding deposits</i>	<i>Unsecured Loans</i>	<i>Deposits</i>	<i>Total Indebtedness</i>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	NIL	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**vi) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rs.)

<i>Sl No.</i>	<i>Particulars of Remuneration</i>	<i>Name of MD / WTD / MANAGER</i>
		<i>Mr. Rajesh Mokashi, Managing Director &amp; CEO</i>
1	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2,02,46,291
2	Stock Option	-
3	Sweat Equity	-
4	Commission as % of profit others, specify	-
5	Others, please specify Provident Fund Performance Related Pay (for FY 2017-18)	16,79,139 60,00,000
	<b>Total (A)</b>	<b>2,79,25,430</b>

**B. Remuneration to other directors:****(Amount in Rs.)**

Sr. No.	Particulars of Remuneration / Sitting Fees	Name of Directors							Total Amount
		Mr. S. B. Mainak, Chairman	Dr. Ashima Goyal, Independent Director	Mr. A. K. Bansal, Independent Director	Mr. Milind Sarwate, Independent Director	Mr. Adesh Kumar Gupta, Independent Director	Ms. Sadhana Dhamane, Non Executive Director	Mr. V. Chandrasekaran, Non Executive Director	
<b>1</b>	<b>Independent Directors</b>								
	Fee for attending Board / Committee meetings (Rs.)	23,00,000	10,50,000	10,50,000	7,50,000	13,50,000	-	-	64,50,000
	Commission (Rs.)	-	-	-	-	-	-	-	-
	Others, please specify (Rs.)	-	-	-	-	-	-	-	-
	<b>Total (1) (Rs.)</b>	<b>23,00,000</b>	<b>10,50,000</b>	<b>10,50,000</b>	<b>7,50,000</b>	<b>13,50,000</b>	<b>-</b>	<b>-</b>	<b>64,50,000</b>
<b>2</b>	<b>Non-Executive Directors</b>								
	Fee for attending Board / committee meetings (Rs.)	-	-	-	-	-	18,00,000	12,00,000	30,00,000
	Commission (Rs.)	-	-	-	-	-	-	-	-
	Others, please specify (Rs.)	-	-	-	-	-	-	-	-
	<b>Total (2) (Rs.)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,00,000</b>	<b>12,00,000</b>	<b>30,00,000</b>
	<b>Total (B)=(1+2) (Rs.)</b>	<b>23,00,000</b>	<b>10,50,000</b>	<b>10,50,000</b>	<b>7,50,000</b>	<b>13,50,000</b>	<b>18,00,000</b>	<b>12,00,000</b>	<b>30,00,000</b>
	<b>Overall Ceiling as per the Act (%)</b>	1% of the Net Profits equivalent to Rs. 2,02,81,028/- with respect to the ceiling for the Company applicable for the financial year covered by this Report							

**C. Total Managerial Remuneration to Directors:**

No.	Name	Amount (Rs)
1.	Mr. S. B. Mainak, Chairman & Independent Director	23,00,000
2.	Mr. A. K. Bansal, Independent Director	10,50,000
3.	Dr. Ashima Goyal, Independent Director	10,50,000
4.	Mr. Milind Sarwate, Independent Director	7,50,000
5.	Mr. Adesh Kumar Gupta, Independent Director	13,50,000
6.	Mr. Rajesh Mokashi, Managing Director & CEO	2,79,25,430
7.	Ms. Sadhana Dhamane, Non Executive Director	18,00,000
8.	Mr. V. Chandrasekaran, Non Executive Director	12,00,000
	<b>TOTAL REMUNERATION TO DIRECTORS</b>	<b>3,62,25,430</b>

**Overall Ceiling as per the Act (%)** - 11% of the Net Profits equivalent to Rs.22,30,91,309/- with respect to the ceiling for the Company applicable for the financial year covered by this Report.

**D. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD: (Amount in Rs.)**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel							Total Amount
		Mr. T. N. Arun Kumar, Executive Director	Mr. Mehul Pandya, Executive Director	Mr. Chandresh Shah, Chief Financial Officer (Till 31-Dec-18)	Mr. NitinKumar Agrawal, Chief Financial Officer (From 11-Feb-19)	Mr. Navin Jain, Company Secretary (From 11-Feb-19)	Mr Anandghan S Bohra, Company Secretary (from 22-May-18 till 11-Feb-19)	Mr. Mahendra Naik, Company Secretary (till 21-May-18)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,01,80,182	90,33,686	52,93,771	11,63,811	8,21,390	14,16,907	7,58,278	2,86,68,025
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	4,072	34,233	-	-	-	-	38,305
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-	-
	Variable Pay Leave Encashment	-	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-	-
4.	Commission as % of profit others, specify...	-	-	-	-	-	-	-	-
5	Others, please specify Provident Fund Performance Related Pay	3,33,321	2,91,753	1,04,352	28,221	35,791	61,653	7,812	8,62,903
	<b>Total</b>	<b>1,05,13,503</b>	<b>93,29,511</b>	<b>54,32,356</b>	<b>11,92,032</b>	<b>8,57,181</b>	<b>14,78,560</b>	<b>7,66,090</b>	<b>2,95,69,233</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

<i>Type</i>	<i>Section of the Companies Act</i>	<i>Brief Description</i>	<i>Details of Penalty / Punishment/ Compounding fees imposed</i>	<i>Authority [RD / NCLT / COURT]</i>	<i>Appeal made, if any (give details)</i>
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## ANNEXURE III TO THE DIRECTORS' REPORT

### NOMINATION & REMUNERATION POLICY (DIRECTORS, KMP & SENIOR MANAGEMENT)

#### INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the company, to harmonize the aspirations of human resource consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated.

#### CONSTITUTION OF COMMITTEE

CARE had two separate committees, 1) Remuneration Committee and 2) Corporate Governance and Nomination Committee. To comply with the provisions of the Companies Act, 2013 and revised clause 49 of the Listing agreement, the Board of Directors at its 114<sup>th</sup> Board Meeting held on May 20, 2014 merged the Remuneration Committee and the Corporate Governance and Nomination Committee and named it as 'Nomination and Remuneration Committee'.

#### OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement / Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The terms of reference of the Committee as defined by the Board are as follows:

#### Section 178 of the Companies Act, 2013

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
2. Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
3. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
4. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

#### Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

**APPLICABILITY**

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

**DEFINITIONS**

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Executive Director” means a director who is in full time employment and involved in the day to day management of the company.

“Non- Executive Director” means a director who is not in employment of the Company but is involved in policy making and planning exercises.

“Independent Directors” means a non- executive director who apart from receiving sitting fees ,does not have any material pecuniary relationships or transactions with the company, its promoter, its senior management or its holding company, its subsidiaries and associates which may affect the independence of director.

**“Key Managerial Personnel” means**

- Managing Director and Chief Executive Officer
- Executive Director(s);
- Company Secretary;
- Chief Financial Officer and
- Such other officer as may be prescribed.

“Senior Management Personnel” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Whole-time Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT****1. Appointment Criteria and Qualifications**

- The Board of Directors of CARE to consist of eminent professionals from the disciplines of banking, finance, accounts, economics, etc.
- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement

annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

## 2. Positive Attributes

- Excellent interpersonal, communication, leadership and representational skills.
- Having continuous professional development to refresh knowledge and skills.
- Commitment of high standard of ethics, personal integrity and probity.

## 3. Independence of Director

CARE is a professionally managed company. It does not have any nominee director or any director holding any substantial shareholding in the Company.

The Directors do not have any pecuniary relationship with the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year.

Further, the Directors have not been an employee or partner of a firm of auditors or company secretaries in practice of the company or its holding, subsidiary or associate company or a partner of any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm in any of the three financial years immediately preceding the financial year in which he is appointed.

## 4. Evaluation of Performance

The Committee shall recommend to the Board on appropriate performance criteria for the directors. It shall also carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

## 5. Term / Tenure

- **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## 6. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 7. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 8. Board Diversity

The Committee is to assist the Board in ensuring that diversity of gender, thought, experience, knowledge and perspective is maintained in the Board nomination process in accordance with the Policy on Board Diversity.

### A. POLICY FOR REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL

#### 1. Remuneration to Managing Director, Executive Director, KMP and Senior Management Personnel:

The Remuneration / Compensation etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The remuneration with regard to Senior Management Personnel will be as per the policy of the Company.

#### 2. Performance Evaluation and Variable pay to Managing Director & CEO and Key Managerial Personnel:

The performance evaluation of the Managing Director & CEO and other Key Managerial Personnel will be decided on the basis of financial and technical parameters and its achievement to the budgeted targets fixed by the Board. Further, the overall performance of the Company, retention of the clients, new additions of the client, recovery of outstanding dues, growth in profit, growth in revenue and control over management expenses will also be considered.

#### 3. Remuneration to Non-Executive Director and Independent Director:

The Non-Executive Director and Independent Director are paid sitting fees subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Board.

#### 4. Commission:

The Non-Executive Director and Independent Director may be paid commission subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Shareholders.

#### 5. Stock Options:

Independent Directors shall not be entitled to any stock options of the Company.

#### 6. Minimum remuneration to Managing Director and Executive Director in case of no profits or inadequate profits:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 or, if it is not able to comply with such provisions, with the approval of the Central Government.

#### 7. Post-retirement Benefits:

The Managing Director, Executive Director and Senior management Personnel are entitled for retirement benefits such as encashment of leave, leave travel concession, provident fund, superannuation fund and gratuity.

### B. DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing

its effectiveness;

- b) Ensuring that on appointment as Independent Directors at the Annual General Meeting, the Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d) Determining the appropriate size, diversity and composition of the Board;
- e) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- f) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- g) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- h) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- i) Recommend any necessary changes to the Board; and
- j) Considering any other matters, as may be requested by the Board.

#### **C. DUTIES IN RELATION TO REMUNERATION MATTERS**

The duties of the Committee in relation to remuneration matters include:

- a) Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b) Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- d) Considering any other matters as may be requested by the Board.

#### **D. REVIEW AND AMENDMENT**

- a) The Committee or the Board may review the Policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- c) This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

## ANNEXURE IV TO THE DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	<p>Primary theme: To contribute towards promotion of financial education.</p> <p>Concurrent Theme: To contribute towards local area community development.</p> <p>As a part of its primary theme, CARE shall look at opportunities for funding higher education for the students in the field of finance. Such funding could also be for training of students in the field of finance.</p> <p>To implement its concurrent theme, CARE may look to provide for development of Local Area (area in the city in which CARE's office is located) in terms providing assistance and infrastructure to local bodies, government offices, schools and public places.</p> <p>For Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts</p> <p>The CSR Policy of the Company is available on the website - <a href="http://www.careratings.com">www.careratings.com</a></p>
2.	The Composition of the CSR Committee	<p>Mr. V. Chandrasekaran, Chairman, (Non-Executive Director)</p> <p>Mr. S. B Mainak, Member (Independent Director)</p> <p>Ms. Sadhana Dhamane, Member (Non-Executive Director)</p> <p>Mr. Rajesh Mokashi, Member (Managing Director &amp; Chief Executive Officer)</p>
3.	Average net profit of the company for last three financial years	Rs. 1,906,396,977/-
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	Rs. 38,127,940/-
5.	Details of CSR spent during the financial year.	<p>1) K.J. Somaiya Trust: Funding for infrastructure up-gradation of Laboratories.- Rs. 21.35 Lakh</p> <p>2) Girivanvasi Educational Trust, the trust under the ambit of K.J. Somaiya Trust: Scholarship of destitute children and for renovation of Multi-purpose hall. – Rs. 16.25 Lakh</p> <p>3) Girivanvasi Educational Trust, the trust under the ambit of K.J. Somaiya Trust for empowering communities by providing financial and technical assistance for sustainable social activities such as developing infrastructure for training, education – Rs. 20.00 Lakh</p>

		<p>4) Annamrita foundation (ISKCON Food Relief Foundation): Address the issue of classroom hunger, mal-nutrition and illiteracy for under privileged children. – Rs. 30.00 Lakh</p> <p>5) The Fine Arts Society, Chembur: Improvement of infrastructure in new premises. – Rs. 30.00 Lakh</p> <p>6) CARE Ratings scholarship programme through NSDL – Vidyaarthi for providing scholarships to students pursuing higher education in the field of finance – Rs.50.00 Lakh</p> <p>7) MelJol focuses on fostering healthy attitudes in adolescents, youth and women by imparting financial literacy – Rs.25.00 Lakh</p> <p>8) Pratham, NGO does financial literacy programme for the underprivileged youth and women – Rs.15.00 Lakh</p> <p>9) CSR activities in Municipal / Government schools – Rs. 25.05 Lakh</p> <p>10) Prime Minister’s National Relief Fund – Rs. 151.00 Lakh</p>
(a)	Total amount spent to be for the financial year;	Rs. 38,127,940 /-
(b)	Amount unspent , if any;	Rs. 0/-

(c)	Manner in which the amount spent during the financial year is detailed below.						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>S. No.</b>	<b>CSR project or activity identified</b>	<b>Sector in which the Project is covered</b>	<b>Projects or programs Local area or other Specify the State and district where projects or programs was undertaken</b>	<b>Amount outlay (budget) project or programs wise</b>	<b>Amount spent on the projects or programs- Sub- heads: (1) Direct expenditure on projects or programs- (2) Overheads:</b>	<b>Cumulative expenditure upto to the reporting period</b>	<b>Amount spent: Direct or through implementing agency</b>
1)	Scholarships to students pursuing higher education in the field of finance	Education	Across the country	50	50	NIL	Through implementing agency

2)	Municipal Schools	Municipal Schools	14 Nos Municipal Schools in Mumbai & 5 Nos Municipal Schools in Ahmedabad provided Water Purifier, Water cooler, Water Storage Tank, Projector and Smart Board.	25	25.05	NIL	Direct
3)	Financial Literacy programs	NGOs- Meljol & Pratham	Training activities through NGOs for promoting financial education	40	40	NIL	Through implementing agency
4)	Laboratory Equipment for Nursing College/ School	School/ College	The funds to be utilized for upgrading the laboratory instruments of the following laboratories:- 1. Nursing Foundation/ Advance Nursing Lab 2. Community Health Nursing Laboratory 3. Maternal and Child Health Laboratory 4. Nutrition Laboratory	21.35	21.35	NIL	Through implementing agency
5)	To Support the socially and economically under privileged section of the society	NGO - Girivanvasi Educational Trust	The funds will be utilized for caring & nurturing 100 destitute children living in Balgruh	20	20	NIL	Through implementing agency

6)	To empower communities by providing financial and technical assistance for sustainable social activities such as developing infrastructure for training, education	NGO - Girivanvasi Educational Trust	The funds will be utilized for the renovations of the Multi-purpose Hall to provide a venue for children's cultural activities as well as for conducting workshops, trainings, exhibitions etc. for children, teachers and the local community.	16.25	16.25	NIL	Through implementing agency
7)	To address the issue of class room hunger, mal-nutrition and illiteracy for under privileged children	NGO - Annamrita Foundation (ISKCON Food Relief Foundation)	The funds will be utilized in all of these schemes 1. Mid-day meals to students 2. Vehicles duly modified for carrying food 3. 1000 Insulated food grade Stainless steel containers 4. New kitchen setup	30	30	NIL	Through implementing agency

8)	To Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts	Fine Arts Society	The Funds utilization will be utilised for: 1. Fitment of "Skype facility" in 20 class rooms 2. For creation music related experience Centre facility	30	30	NIL	Through implementing agency
9)	To provide financial literacy programme for the underprivileged youth and women	Pratham, NGO	Financial literacy programme for the underprivileged	15	15	NIL	Through implementing agency
10)	Prime Minister National Relief Fund	PMNRF	As per the Objectives of PMNRF	151	151	NIL	Direct

6.	In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	The Company has spent the 2% stipulated norm as stipulated in CSR Policy of the Company.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.	The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

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**Rajesh Mokashi**
**MD & CEO**
**DIN: 02781355**


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**V. Chandrasekaran**
**Chairman – CSR Committee**
**DIN: 03126243**

## ANNEXURE V TO THE DIRECTORS' REPORT

### STATUS OF THE INVESTORS COMPLAINT FOR FINANCIAL YEAR 2018-19

The Company has received 11 complaints from the shareholders during the financial year ended March 31, 2019. The details are as follows:

<b>No</b>	<b>Description</b>	<b>Complaints received</b>	<b>Complaints Attended</b>	<b>Complaints pending</b>
1.	Non-receipt of refund order	NIL	NIL	NIL
2.	Non-receipt of Annual Report	2	2	NIL
3.	Non-receipt of dividend	9	9	NIL
4.	Non-receipt of Securities	NIL	NIL	NIL
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	NIL	NIL	NIL
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	NIL	NIL	NIL
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	NIL	NIL	NIL
	<b>TOTAL</b>	<b>11</b>	<b>11</b>	<b>NIL</b>

The Company has promptly attended to all the complaints and there were no pending complaints at the end of the year.

## ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

For The financial year ended on 31st March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Care Ratings Limited,**  
Godrej Coliseum, 4th Floor, Somaiya Hospital Road,  
Off Eastern Express Highway, Sion East,  
Mumbai 400022.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Care Ratings Limited (CIN: L67190MH1993PLC071691) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period) and;
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

(vi) The Management has identified and confirmed the compliance of The Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 which is specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards except to the following observations that there have been few instances of delay in filing of the intimation to the Stock Exchanges as required to be disclosed under Regulation 30 read with Schedule III Part A and Para A and Regulation 44 of SEBI (LODR) Regulations, 2015.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there is no specific events/actions which may have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. are mentioned below:

**For A. K. Jain & Co.  
Company Secretaries**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. CP: 6124**

**Place: Mumbai  
Date: July 31, 2019**

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

**Annexure A**

To,  
The Members  
**Care Ratings Limited,**  
Godrej Coliseum 4th Floor, Somaiya Hospital Road,  
Off Eastern Express Highway, Sion East,  
Mumbai 400022.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For A. K. Jain & Co.**  
**Company Secretaries**

**Ashish Kumar Jain**  
**Proprietor**  
**FCS: 6058. CP: 6124**

**Place: Mumbai**  
**Date: July 31, 2019**

## ANNEXURE VII TO THE DIRECTORS' REPORT

Information to be disclosed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") with regards to options which are in force as on March 31, 2018.

There is no change in the scheme as approved by the Shareholders. The Scheme is in compliance with the Regulations as amended from time to time.

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided on the web link: [www.careratings.com](http://www.careratings.com)

B. Diluted EPS on issue of shares in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI :- Rs. 54.10

C. Details related to Employee Stock Option Scheme (ESOS) -Tranche II

(i)	A description of ESOS that existed at any time during the year:	
(a)	Date of shareholders' approval	September 27, 2013
(b)	Total number of options approved under ESOS	1,000,000 (of which 500,000 was already granted and exercised by FY17)
(c)	Vesting requirements	2 years from the date of grant i.e., September 1, 2017
(d)	Exercise price or pricing formula	Rs. 1,139 per share
(e)	Maximum term of options granted	3 years
(f)	Source of shares (primary, secondary or combination)	Primary(Direct allotment)
(g)	Variation in terms of options	NIL
(ii)	Method used to account for ESOS - Intrinsic or fair value:-	Fair Value
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	Not applicable since the company has followed Fair Value method
(iv)	Option movement during the year:	
	Number of options outstanding at the beginning of the year	NIL
	Number of options outstanding at the beginning of the year	524,108
	Number of options forfeited / lapsed during the year	46,650
	Number of options vested during the year	NIL
	Number of options exercised during the year	NIL
	Number of shares arising as a result of exercise of options	NIL

	Money realized by exercise of options (INR), if scheme is implemented directly by the company	NIL								
	Loan repaid by the Trust during the year from exercise price received	Not Applicable								
	Number of options outstanding at the end of the year	477,458								
	Number of options exercisable at the end of the year	NIL								
(v)	Weighted-average exercise prices and weighted- average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted Average Exercise Price Rs. 1,139/- per share. Weighted Average Fair Values Rs.565.79/- per share.								
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to – (a) senior managerial personnel;  (b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and  (c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Refer Note 1 below  NIL  NIL								
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:									
(a)	weighted-average share price (₹) exercise price (₹) expected volatility Option life (Comprising vesting period + exercise period) (In Years) Expected dividends Risk-free interest rate	Rs 1139/- 31.80% 4 years 1.86% (yield) 6.39%								
(b)	The method used and the assumptions made to incorporate the effects of expected early exercise;	The options will vest in 2 years after grant and exercise period is for 2 years from the date of vesting, hence the average exercise period is calculated as follows								
		<table border="1"> <thead> <tr> <th>Grant Date/ Valuation date</th> <th>Vesting</th> <th>Exercise period</th> <th>Time to maturity (years)</th> </tr> </thead> <tbody> <tr> <td>September 1, 2017</td> <td>September 1, 2019</td> <td>September 1, 2020</td> <td>3 years</td> </tr> </tbody> </table>	Grant Date/ Valuation date	Vesting	Exercise period	Time to maturity (years)	September 1, 2017	September 1, 2019	September 1, 2020	3 years
Grant Date/ Valuation date	Vesting	Exercise period	Time to maturity (years)							
September 1, 2017	September 1, 2019	September 1, 2020	3 years							

(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited) being a listed company, the annual volatility of the stock price for the period September 2, 2016 to September 1, 2017 which is 31.80%.
(d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	The methodology followed is Black Scholes model

**Note 1****Employee wise details of options granted to Senior Management Personnel (KMP)**

<b>Name</b>	<b>Designation</b>	<b>Number of options granted under ESOS 2013 – Tranche 2</b>	<b>Exercise Price of options Rs. Per share</b>
Rajesh Mokashi	MD & CEO	32538	Rs. 1139/-
T. N. Arunkumar	Executive Director	28185	Rs. 1139/-
Mehul Pandya	Executive Director	28185	Rs. 1139/-
Chandresh M. Shah*	Chief Financial Officer	17650	Rs. 1139/-
Mahendra Naik*	Company Secretary	1000	Rs. 1139/-

\*Mr. Chandresh shah was associated with the company till December 31, 2018 & Mr. Mahendra Naik till June 1, 2018.

## ANNEXURE VIII TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Economic Backdrop

In 2018-19, Indian economy grew at a slowest pace at 6.8% since 2012-13 as per the provisional estimate put forward by CSO. The economic growth during the year has curtailed on account of lackluster consumption demand and slow pick up in the private investment. In terms of GVA, deficient monsoon weighted on agriculture sector with sector growing at 2.8% in 2018-19, lowest in the past 2 years. However, sustained government spending has supported the growth to a certain extent. Owing to the push by the government the investment rate has witnessed marginal uptick. In 2018-19, the investment rate (measured as gross fixed capital formation as a percentage of GDP) has inched up marginally to 29.3% in 2018-19 though the private sector participation is still lacking. Capacity utilization rate in the domestic economy has improved in recent times. As per the RBI Capacity Utilization Survey, the rate has increased to 76.11% in Q4 2018-19 from 75.2% in Q4 2017-18.

Nevertheless, the improvement in the investment rate and capacity utilization has not been translated into the bond market. The issuances in the corporate bond market moderated during the year. Total bond issuances in 2018-19 aggregated to Rs. 6.44 lakh crore, 7% higher compared with Rs. 6.04 lakh crore in the previous year, as per SEBI. As against this, Commercial paper market has witnessed growth during the year. In 2018-19, the issuances of CPs increased by 13% from Rs. 22.9 lakh crore in 2017-18 to Rs. 26.0 lakh crore in 2018-19 as per RBI data.

The bank credit off take has witnessed an uptick during the year. Incremental bank credit grew at 13.2% in 2018-19 compared with 10% in the previous year. Credit off take in manufacturing plus services, which is integral from a rating industry's perspective, nearly doubled and has grown by 11.6% during 2018-19 as against the growth rate of 6% last year.

In these constrained economic conditions, your company has persevered to grow its business. As CARE Ratings has tirelessly focused on not only garnering new businesses but also in forging and strengthening existing and past relations, we have been able to fare reasonably well on both these counts. We believe that this will help us scale up the business and grow when economic conditions improve.

#### Regulatory Developments

The regulators have undertaken various measures to deepen the corporate bond market along with bringing in transparency in the ratings. SEBI has announced following measures to achieve the same.

- Pursuant to SEBI's meeting held on December 2018, the Credit Rating Agencies (CRAs) were refrained from carrying out any activity other than the rating of securities offered by way of public or rights issue or as defined under section 3(18) of the Insolvency and Bankruptcy Code.
- In case any rating agency is carrying out activities other than that required by a financial sector regulator such activities shall be segregated to a separate entity within a period of two years from the date of notification of Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2018.
- As per the directive by SEBI in May 2018 the 'Appeal Committee' of CRAs shall be renamed as 'Review Committee'.
- SEBI has directed all companies with rating of AA and above which have long-term borrowing of above Rs 100 crore to source 25% of their incremental borrowing from the corporate bond market.

We do believe that all these measures will not only add buoyancy and depth to the corporate debt markets, but also pave the way forward for the revival in investments in the coming years.

#### Risk Management

As a credit rating agency registered with SEBI, CARE is subject to various types of risks, in its business and operations. The risk factors are classified into the following categories

**Operational Risk**

CARE's primary business and operations lies in the executing of rating assignments; This could take the following dimensions:

**People risk** - This would involve dependence on the expertise of management team, Rating Committee Members and skilled personnel in terms of recruitment, training and retention of talent. CARE has a comprehensive HR policy to address these issues on people risk.

**Process Risk** - CARE has defined "Standard Operating Procedures (SOPs)" which are continually updated to remove gaps if any in the process. SOPs ensure all employees stick to a uniform process and maintain records with a well defined responsibility of each individual in the rating process. CARE is also subject to operational audit on a half-yearly basis. CARE has defined certain key documents that need to be stored in a centralized location and has introduced the Document Management System (DMS) which stores all key documents electronically.

**Fraud vigilance and accountability** - CARE's business involves handling large information from its clients and other sources which are often confidential and price sensitive in nature. CARE's reputation could be adversely affected by fraud or breach in confidentiality that it owes towards its clients committed by employees, clients or third parties. To mitigate the same, CARE has adopted a comprehensive code of conduct and takes annual declarations from employees, directors and rating committee members as stipulated in the code. Further, SEBI also provides guidelines on investments by the staff members and rating committee members. The code of conduct takes into account SEBI's guidelines on these aspects as well.

**Technology risk** - To address risks involving significant security breaches, breakdowns in computer systems and network infrastructure, we employ security systems, including firewalls and intrusion detection systems, conduct periodic penetration testing for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data. In this regard, CARE has in place a comprehensive IT security policy.

**Compliance risk** - CARE's business is regulated by SEBI and other regulators for various products. CARE's software interface maps the entire workflow in the rating process, affixing responsibility of various stakeholders and captures timelines of key activities. The interface also sends out periodic alerts to supervisors on deviations and gives comprehensive MIS reports for monitoring. Continual improvement shall be done in the systems to increase the effectiveness of the MIS within the organization. The data required for regulatory reporting are captured and customized reports are obtained from the systems interface.

**Legal Risk** - CARE is subject to litigation by parties directly or indirectly affected by CARE's ratings, including investors and lenders to companies which may default on their payment obligations. Rating is an opinion on the credit quality of an instrument issued by an entity and not a recommendation to invest or lend to the entity. As such all our communications clearly state the same. Nevertheless, aggrieved parties taking legal recourse or aggrieved banks referring some cases to investigating agencies cannot be ruled out. While CARE cannot prevent occurrence of such events, CARE strives to have sound systems and processes such that right ratings are assigned and ratings are reviewed and re-calibrated to reflect current credit quality on a continuous basis.

**Business Risk**

Volume of rating business is dependent on economic conditions, which if unfavorable, reduces borrower's ability and/or investor's/lender's willingness to invest/lend which would impact the rating income. Therefore, being a full service rating agency, CARE has developed various products apart from debt ratings which bring diversification of revenue and reduces dependence on a single source of income. CARE shall continuously scan the market space for introduction of new products and services.

**Competition**

Credit rating and financial services markets are constantly evolving and the market for such services is becoming increasingly competitive. CARE faces pricing pressure from its competitors. CARE may also compete with new rating agencies that enter the market in the future, as well as rating agencies in new markets that it enters.

CARE competes on the basis of investor and market acceptance, sector-specific knowledge, methodologies, quality of products and client service. CARE shall continually invest in strengthening process and training its employees towards this end.

#### **Quality of Information**

CARE depends on its clients and third parties for the adequacy and accuracy of information. Any misrepresentation, inadequacy or inaccuracy of information may expose CARE to the risk of giving an inappropriate rating, which may impact CARE's reputation and result in legal or regulatory action. CARE relies on representations as to the accuracy and adequacy of information. CARE has a prescribed due diligence process, of interacting with bankers, auditors, customers, suppliers, so as to gather independent opinions on the information supplied by the clients.

#### **Non-payment of fees by clients**

In the event of downward revision in ratings, there would be a threat of non-cooperation of clients to continue with the rating exercise, which may result in loss of revenue. For new assignments, CARE collects initial fees in advance before rating is assigned and CARE does not carry the risk of non-payment of fees by clients. However, CARE is bound by regulations of carrying out reviews and surveillances in a timely fashion. This may, at times result in carrying out rating reviews without receipt of fees. CARE's business development team is in active follow up of fees from such clients and top management reviews the debtors position on a periodic basis so as to collect the fees due from clients.

#### **Reputational risk**

CARE's business is largely dependent on its brand recognition and reputation. Factors that may have already affected credibility of the ratings industry globally include the appearance of a conflict of interest, the timing and nature of changes in ratings, adverse publicity about rating process and compliance failures. In this regard, CARE has in place policies to address conflict of interest issues by way of a code of conduct. Further, CARE has separated the analytics function and the business development function and analyst compensation is not linked to business generated. Till March 31, 2017, CARE had an External Rating Committee for assigning of ratings and except MD & CEO of CARE, all the members of External Rating Committee were independent and reputed professionals. CARE had a system of delegation of powers where certain ratings are assigned/reviewed by an internal rating committee as approved by the Board. Internal Rating Committees are headed by senior personnel of the Company and these ratings were reported to the External Rating Committee.

W.e.f. April 1, 2017, CARE has moved to an Internal Rating Committee system where all ratings are assigned by senior personnel of the company. As per SEBI guidelines, MD & CEO is not a part of such Rating Committees. CARE, on its website, discloses the rating process that it adopts for rating any instrument or facility. The website also gives a comprehensive insight into the various methodologies adopted by CARE for rating instruments from different industries. Further, key policy documents like CARE's approach to default recognition are also available on the website. These methodologies and polices shall continue to be reviewed and updated periodically. SEBI has stipulated higher level of disclosures for all CRAs, which inter alia includes indicating specific criteria adopted for ratings and disclosing rating history for last three years. We believe increased level of disclosures would go a long way in increasing the quality of information provided by CRAs in the country.

#### **Market Risk**

##### **On Rating Operations**

CARE may, in an indirect manner, be exposed to market risk as investors in a rated paper would tend to lose money in case of steep rating downgrades. This is applicable only for CARE's capital market instrument ratings and not bank loans (which, nevertheless entails borrower to suffer higher interest rates if the rating is downgraded). CARE has systems to critically analyse, on a periodic basis, quick and steep downward revisions of its ratings. Rating systems and processes are continually fine-tuned such that weakness in credit quality are detected early and appropriate rating reviews are initiated. CARE shall strive, to effect rating actions in a timely manner so as to minimize incidence of sharp rating migrations.

##### **Market Risk and Credit Risk due to Own Portfolio**

CARE is subject to risk of loss due to decline in value of investments in its own portfolio of investments, either due to non-payment

(credit risk) in respect of debt investments or loss in investment value (market risk). CARE has in place an Investment Policy which lays out specific “Approved investment avenues” for investment of surplus funds. The objective of the policy is to generate reasonable and competitive returns with high level of safety.

### **Regulatory risk**

Major portion of CARE’s ratings business is driven by regulatory requirements or requires accreditation, recognition or approval from government authorities. CARE is recognized by RBI as an eligible credit rating agency for Basel II implementation in India; and commercial paper is mandatorily rated in India. In the event that there are changes to these regulations or norms, there may be a decrease in the demand for ratings. Demand for ratings may also decrease if there is a change in regulations which negatively impacts the volume of debt instruments issued or the demand for bank loans or facilities in the domestic markets. Implementation of the Internal Rating Based (IRB) approach by RBI may make rating non-mandatory by those banks for whom IRB approach is approved by RBI.

CARE is a full service rating agency and has developed products apart from products that involve credit ratings for bank loans which are regulated under the Basel II Standardized Approach regime. While CARE shall continuously scan the market space for introduction of new products and services, its operations would be impacted by introduction of IRB approach. Nevertheless, the syndicated lending system prevalent in India would mean that while those banks in a consortium which have been approved for IRB approach would not be requiring a rating, the other banks (which are not approved for IRB approach) may have to still use ratings from rating agencies like CARE. Further, with the thrust on infrastructure sector by government, recent measures by RBI to boost the bond markets over the medium term as it is also expected that banks would not be able to fully cater to the large debt requirement of these projects are positive developments for CARE.

There are certain products like ESCO, RESCO, Maritime grading, etc, which are mandated by regulation. This can change at any point of time exposing the business to a modicum of risk. The same holds for the business of NSIC-SME grading which has in the past been subjected to significant changes in the budgetary allocations made by the government, which affects our business. CARE is also registered with SEBI as a Credit Rating Agency and has to abide by the rules and regulations stipulated by SEBI. The Internal Auditor conducts the Operation Audit every six months and the Action Taken Report is submitted to SEBI after being considered by the Board.

### **Governance and oversight**

CARE’s Board of directors comprises of a majority independent directors who bring with them rich experience in finance, economics, regulatory affairs and insurance industry.

### **CARE’s Strategies**

Our strategy continues to be in the direction of enhancing the rating business by widening the client base and deepening relationships. Both of these elements help in enhancing our business field. The number of clients is very important for us because even if the business procured is of a smaller magnitude, it has the potential to grow in future. In fact, our approach to the SME business is based not just on getting more assignments but works on the assumption that they would become larger with time and be potential borrowers in the debt market.

The introduction of GST has been significant for integrating the economy as the unorganized sector gets assimilated in the mainstream. This will benefit the SMEs in particular and also give them access to the credit market as they become more transparent in operations. This would widen the scope for ratings in this sector.

Our conventional businesses covering bank loan and corporate debt would continue to be the focal points and our business teams are classified into various groups to build relations with clients. We would also be looking at making greater inroads into the CP rating market where two ratings are required. The RBI policy to have two ratings when overall amount raised is above Rs 1000 cr in a year has provided an impetus last year and we intend to traverse this canvas in a bigger way going forward. Also the rating of insolvency resolution plans helped generate some business in FY19.

The grading products, especially in the area of infrastructure and environment, would continue to be important in our strategy plans. SMEs too are being accorded requisite focus as a special category as we believe that a SME of today would be a mid/large corporate tomorrow. Therefore, the bouquet of products that we offer would appeal to them at different stages in their corporate life cycle.

For our clients, we would also be offering other services in the fields of customized research, advisory and training through our subsidiary CART, which has already made significant inroads in these domains.

### Global ventures

Our global subsidiaries such as CRAF and CARE Ratings Nepal Limited are already in operation and would be gradually seeking a wider market in ratings and other allied services. We believe that these companies would become progressively larger in the next few years with their operations becoming scalable.

### Our performance in FY19

Total income for the year ended March 31, 2019, at Rs.327.19 crore, compared with Rs.346.88 crore for the year ended March 2018. Net profit for the year at Rs. 134.99 crore, compared with Rs.161.03 crore in the corresponding previous year.

The performance of CARE Ratings in terms of volume of debt rated improved with quantum of debt rated increased by 21% from Rs. 16.48 lakh crore in 2017-18 to Rs. 19.91 lakh crore. During the year, your company rated 9,380 instruments. The improvement in the volume of debt rated was on account of increase of 33% in the bank loan rating and long term instruments by 24% compared with that in the previous year. Your company's performance can be juxtaposed with the macro environment where the total number of debt market issuances was Rs. 6.44 lakh crore during 2018-19, 7% higher compared with Rs. 6.04 lakh crore in the previous year. Growth in bank credit to sectors relevant for rating i.e. industry and services were 6.9% (0.7% a year ago) and 17.8 (13.8% a year ago) respectively in 2018-19.

Operating profit margin and Net profit margin were healthy at 56.6% and 41.3% respectively.

<i>Sr. No.</i>	<i>Ratios</i>	<i>FY 2018-19</i>	<i>FY 2017-18</i>
i.	Debtors Turnover	6.75	8.22
ii.	Inventory Turnover	NA	NA
iii.	Interest Coverage Ratio	NA	NA
iv.	Current Ratio	5.71	6.87
v.	Debt Equity Ratio	0.72	0.61
vi.	Operating Profit Margin (%)	56.84%	66.57%
vii.	Net Profit Margin (%)	38.93%	46.48%
viii.	Return on Net worth (%)	25.10%	27.20%

There is no significant change, i.e. change of 25% or more, as compared to the immediately previous financial year, in key financial ratios.

### Outlook for FY20

FY20 is likely to be less modest in terms of economic performance relative to FY 19 based on the prognosis so far. With the Elections dominating the economic horizon for the first 2-3 months of the year, investment decisions have tended to be deferred. To this extent economic progress will be consciously slower. The progress of the monsoon and the spread will play an important role in driving rural demand which has been subdued in the last few years. Also the price realization and spending power of the farmers will be driven by these outcomes.

Employment generation in the private sector will hold the key to private consumption which is a prerequisite for better capacity utilization and hence investment. The resolution of the NPA cases will be a key factor on the lending side as bank credit to manufacturing and services will be contingent on how this plays out. While we do expect private investment to be better the pace would be gradual and hence GDP growth is likely to be around 6.7-6.8% with a downward bias. The debt market post upheaval in the NBFC space would continue to be cautious.

Presently given the macroeconomic conditions the repo rate could be cut further by 25-40 bps and the timing will be largely data driven. Liquidity is likely to be stable given the flow of funds and RBI's continuous monitoring of the same.

Our business will be driven by these external factors which will form the edifice of our business prospects.

## ANNEXURE IX TO THE DIRECTORS' REPORT

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of the Director / KMP & Designation	Remuneration of Director / KMP for financial year 2018-19 (Amt in Rs.)	Remuneration of Director / KMP for financial year 2017-18 (Amt in Rs.)	% increase/ (decrease) in Remuneration in the financial year 2018-19	Ratio of Remuneration of each Director / to median remuneration of employees
1.	Mr. S. B. Mainak, Chairman & Independent Director	23,00,000	11,50,000	100.00%	3.07:1
2.	Mr. A. K. Bansal, Independent Director (upto September 28, 2018)	10,50,000	11,00,000	(4.55%)	1.33:1
3.	Dr. Ashima Goyal, Independent Director (upto September 28, 2018)	10,50,000	11,00,000	(4.55%)	1.4:1
4.	Mr. Milind Sarwate, Independent Director (upto August 13, 2018)	7,50,000	9,00,000	(16.67%)	1:1
5.	Mr. Adesh Kumar Gupta Independent Director (w.e.f. May 22, 2018)	13,50,000	-	N.A.	1.80:1
6.	Mrs. Sadhana Dhamane, Non-Executive Director (w.e.f. June 2, 2017 upto August 6, 2018)	18,00,000	5,50,000	227.27%	2.4:1
7.	Mr. V. Chandrasekaran, Non-Executive Director (w.e.f. November 15, 2017)	12,00,000	2,00,000	500.00%	1.6:1
8.	Mr. Rajesh Mokashi, Managing Director & CEO	2,79,25,430	2,47,95,961	12.62%	37.23:1
9.	Mr. T. N. Arun Kumar, Executive Director	1,05,13,503	1,43,82,919	(26.90%)	14.01:1
10.	Mr. Mehul Pandya, Executive Director	93,29,511	94,57,145	(1.35%)	12.44:1
11.	Mr. Navin Jain Company Secretary (w.e.f. February 11, 2019)	8,57,181	-	N.A.	1.14:1
12.	Mr. Nitinkumar Agrawal, Chief Financial Officer (w.e.f. February 5, 2019 upto July 19, 2019)	11,92,032	-	N.A.	1.59:1

13.	Mr. Mahendra Naik, Company Secretary (Till May 22, 2018)	7,66,090	13,26,538	(57.75%)	1.02:1
14.	Mr. Chandresh Shah, Chief Financial Officer (Till December 31, 2018 )	54,32,356	48,59,683	(11.78%)	4.58:1
15.	Mr. Anandghan Bohra Company Secretary (w.e.f. May 22, 2018 upto February 11, 2019)	14,78,560	-	N.A.	1.97:1

2. The remuneration to Non-Executive & the Independent Directors is sitting fees paid to them for attending the Board and the Committee meetings in the financial year 2018-19. The sitting fees paid to the Non-Executive and the Independent Directors were Rs. 100,000/- for attending each Board and Rs. 50,000/- for Committee Meeting.
3. The median remuneration of employees of the Company during the financial year 2018-19 was Rs. 7,50,000/-.
4. In the financial year there is substantial increase in the median remuneration of employees on account of salary revision.
5. There were 633 employees on the rolls of Company as on March 31, 2019
6. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was around 12.50% whereas the indicative increase in the managerial remuneration for the same financial year would be around 7%. The total impact on post factoring increment/revision of remaining employees would be around 15.
7. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management.
8. Some of the employees / Directors were associated with the Company for shorter duration during the year. Hence, the comparison of their remuneration to the median would be inappropriate.

## ANNEXURE X TO THE DIRECTORS' REPORT

### BUSINESS RESPONSIBILITY REPORT

[Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Last amended on March 29, 2019)]

#### INTRODUCTION

We, CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) entrust our people with responsibility and freedom to operate, and empower them by creating an environment that is conducive to performance, thus motivating them to perform better each year. We have a strong record of shareholder value creation through regular dividends. As one of the pioneers of credit rating in Indian market, we are responsible for several rating innovations for our customers.

This Business Responsibility Report articulates our activities based on the nine-principle framework of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. The policy and practice under each principle is explained in subsequent paragraphs with correlation to the Securities and Exchange Board of India (SEBI) reporting format, appended at the end of the Report.

<b>Section A: General Information about the Company</b>			
1.	Corporate Identity Number (CIN) of the Company	:	L67190MH1993PLC071691
2.	Name of the Company	:	CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited)
3.	Registered Address	:	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion East, Mumbai - 400022
4.	Websites	:	www.careratings.com
5.	Email id	:	care@careratings.com
6.	Financial Year reported	:	2018 – 19
7.	Sector(s) that the Company is engaged in (Code - Wise)	:	66190 - Financial Services other than securities dealing activities
8.	List three key products/services that the Company manufactures / provides (as in balance sheet)	:	(i) Ratings: Providing credit ratings including Debt ratings, Bank Loan Ratings, Recovery ratings, SME ratings, other grading services. (ii) Information services (iii) Economic and Industrial Research (available to all on website)
9.	Total number of locations where business activity is undertaken by the Company:-  Number of International Locations  Number of National Locations	:	The Company currently operates with 10 branches across all over India. Further, the Company is having a subsidiary company in Mauritius and Nepal. Two wholly owned subsidiaries in Mumbai & Navi Mumbai.  2 (Subsidiary Companies)  10 (Branches)
10.	Market Served by the Company – Local/State/ National / International	:	Domestic : India  International : Mauritius and Nepal (through subsidiaries)

<b>Section B: Financial Details of the Company</b>		
1.	Paid up Capital:	: Rs. 29,46,12,140
2.	Total Turnover (Rs):	: Rs. 2,97,35,73,930
3.	Total Profit after taxes (FY19) (Rs):	: Rs. 1,34,98,68,432
4.	Total Spending on Corporate Social Responsibility [CSR] as percentage of <u>average</u> Net Profit of the company for last 3 financial years:	: 2% (Rs.3.81cr)
5.	List of activities in which expenditure in 4 above has been incurred:-	: <ol style="list-style-type: none"> <li>1) K.J. Somaiya Trust: Funding for infrastructure up-gradation of Laboratories.- Rs. 21.35 Lakh</li> <li>2) Girivanvasi Educational Trust, the trust under the ambit of K.J. Somaiya Trust: Scholarship of destitute children and for renovation of Multi-purpose hall. – Rs. 16.25 Lakh</li> <li>3) Girivanvasi Educational Trust, the trust under the ambit of K.J. Somaiya Trust for empowering communities by providing financial and technical assistance for sustainable social activities such as developing infrastructure for training, education – Rs. 20.00 Lakh</li> <li>4) Annamrita foundation (ISKCON Food Relief Foundation): Address the issue of classroom hunger, mal–nutrition and illiteracy for under privileged children. – Rs. 30.00 Lakh</li> <li>5) The Fine Arts Society, Chembur: Improvement of infrastructure in new premises. – Rs. 30.00 Lakh</li> <li>6) CARE Ratings scholarship programme through NSDL – Vidyasaarhi for providing scholarships to students pursuing higher education in the field of finance – Rs.50.00 Lakh</li> <li>7) MelJol focuses on fostering healthy attitudes in adolescents, youth and women by imparting financial literacy – Rs.25.00 Lakh</li> <li>8) Pratham, NGO does financial literacy programme for the underprivileged youth and women – Rs.15.00 Lakh</li> <li>9) CSR activities in a Municipal / Government schools – Rs. 25.05 Lakh</li> <li>10) Prime Minister’s National Relief Fund – Rs. 151.00 Lakh</li> </ol>

<b>Section C: Other Details</b>		
1.	Company subsidiaries / joint ventures	Subsidiaries <ul style="list-style-type: none"> <li>• CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Service Private Limited)</li> <li>• CARE Advisory Research and Training Limited</li> <li>• CARE Ratings (Africa) Private Limited</li> <li>• CARE Ratings Nepal Limited</li> </ul>
2.	Subsidiaries participating in Company’s Business Responsibility (BR) Initiatives	Nil
3.	Other entities ((e.g Suppliers, distributors etc.) participating in Company’s BR initiatives	Nil

<b>Section D (1) : Other Details</b>		
1.	Director responsible for implementation of BR policies -	:
	Director Identification Number (DIN) Name Designation	02781355 Rajesh Mokashi Managing Director and CEO
2.	Details of BR Head	:
	DIN Number (if applicable) Name Designation Telephone number Email id	07610232 Mehul Pandya Executive Director 022 – 67543456 mehul.pandya@careratings.com

<b>Section D (2) : BR Information</b>										
<b>Principle - wise (as per NVGs) BR Policy/ Policies (YES / NO)</b>										
No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies of the Company are developed and aligned to applicable legal requirements, guidelines and the requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Last amended on March 29, 2019). CARE has aligned its code of conduct with 'Code of Conduct Fundamentals for credit rating agencies' (the 'IOSCO Code') issued by the International Organization of Securities Commissions (IOSCO), as amended upto July 2018. These are available at <a href="http://www.careratings.com/pdf/about-us/IOSCOCode-24Jul18.pdf">http://www.careratings.com/pdf/about-us/IOSCOCode-24Jul18.pdf</a>								
4	Has the policy being approved by the Board?  If yes, has it been signed by MD/ owner /CEO/ appropriate Board Director?	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	-	Approved at desired level as required by law	Approved at desired level as required by law
5	Does the company have a specified committee of the Board/ Director/ official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

6	Indicate the link for the policy to be viewed online?	<p>The following policies are available on the Company's website <a href="http://www.careratings.com">www.careratings.com</a></p> <ol style="list-style-type: none"> <li>CARE's Code of Conduct for Directors, Rating Committee Members and Employees of CARE. (<a href="http://www.careratings.com/about-us.aspx#CodeOfConduct">http://www.careratings.com/about-us.aspx#CodeOfConduct</a>)</li> <li>Whistle Blower Policy (<a href="http://www.careratings.com/pdf/investor/WhistleBlowerPolicy-2019.pdf">http://www.careratings.com/pdf/investor/WhistleBlowerPolicy-2019.pdf</a>)</li> <li>Corporate Social Responsibility Policy (<a href="http://www.careratings.com/pdf/investor/CSR-Policy-on-website.pdf">http://www.careratings.com/pdf/investor/CSR-Policy-on-website.pdf</a>)</li> <li>Gift policy (<a href="http://www.careratings.com/pdf/resources/CARE'sGiftPolicy27June2017.pdf">http://www.careratings.com/pdf/resources/CARE'sGiftPolicy27June2017.pdf</a>)</li> </ol>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	<p>The Head of Departments are responsible for the effective implementation of the policies. The Compliance Department monitors the adherence to the implementation of these policies as mandated by the respective Regulators.</p>								

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	--	--	--	--	--	--	--	--	--
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	--	--	--	--	--	--	--	--	--
3	The company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	--	--
4	It is planned to be done within next 6 months	--	--	--	--	--	--	--	--	--
5	It is planned to be done within the next 1 year	--	--	--	--	--	--	--	--	--
6	Any other reason (please specify)	--	--	--	--	--	--	--	--	--

**# Principle – wise policies**

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

**Section D (3) : BR Governance**

a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The policies are reviewed by the Board once in a year and as and when the changes are made in these policies, the same are placed before the Board.
b)	Does the Company publish a BR or a Sustainability Report? How frequently it is published?	The Business Responsibility Report is as per Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Last amended on March 29, 2019). The report is published as a part of Annual Report.

**Section E: Principle - wise Performance**

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.  Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/ Others?	Yes, the Company has a Code of Conduct (Code of Ethics) for Directors and Senior Management. Further, the Company has a Code of Conduct for Directors and Employees of CARE. This Code of Conduct is circulated to all the employees at the beginning of the financial year and to the new employees at the time of their induction. Each individual employee and Director is required to confirm his/ her acceptance of the Code of Conduct. Further, the Company has a Whistle Blower Policy which establishes the necessary mechanism for employees to report to the management concerns about unethical behavior or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. We also have a gift policy which details the circumstances under which gifts can be accepted and also a monetary ceiling has been stipulated. The Company has many Channels of communications, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns.										
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p><b>Details of Investor Complaints</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>As on 31.03.2018</th> <th>Received during 2018 -19</th> <th>Redressed during 2018-19</th> <th>As on 31.03.2019</th> </tr> </thead> <tbody> <tr> <td>Investor Complaints</td> <td>NIL</td> <td>11</td> <td>11</td> <td>NIL</td> </tr> </tbody> </table>	Particulars	As on 31.03.2018	Received during 2018 -19	Redressed during 2018-19	As on 31.03.2019	Investor Complaints	NIL	11	11	NIL
Particulars	As on 31.03.2018	Received during 2018 -19	Redressed during 2018-19	As on 31.03.2019								
Investor Complaints	NIL	11	11	NIL								

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

CARE Ratings is a credit rating agency being in the services sector where business operations take place in office space and is not directly involved with the environment. However, as we are very cognizant of the environment there are specialized products that we deal with which evaluate how companies deal with it. Also we do look at the impact companies have on environment when do our ratings assignments.

We do have various grading products that are directed to improvement of the environment. These are:ESCO grading specializes in energy audits and implementation of energy efficiency practices in a particular organization. Under Bureau of Energy Efficiency (BEE) platform CARE Ratings carries out assessment of Energy Service Companies (ESCO) ESCOs are the entities which by way of engaging in a performance based contract with a client firm to implement energy conservation measures and costs in a technically and financially viable manner.

CARE Ratings also carries out the Accreditation/Grading exercise for Renewable Energy Service Companies (RESCOs) and System Integrators (SI).

On the social front CARE Ratings has dedicated teams for rating infrastructure projects which have social implications. Two special products which need mention are:

- Expected Loss ratings which has been developed in consultation with the Ministry of Finance and provides an additional input of recovery prospects to assess expected loss.
- Infrastructure investment trusts (InvITs) which involves rating of debt of these trusts including partial guarantees structures.

Outside the business frontier, a social good provided by the company is high quality incisive research in economics and industry to the general public. This can be used for information purposes as well as for taking business decisions by the consumers. Also the functions organized on various subjects relating to ratings and the debt market is complimentary as the objective is to spread awareness.

Further, being in the business of credit rating, the Company has launched all its products taking into consideration the SEBI guidelines. The Company while assigning its ratings does take into consideration any stricture passed by any Government agency such as pollution control board etc. to the extent it may affect the client company's business. The details of the new product and its rationale are submitted to SEBI before its launch. Further, the Company has a Corporate Social Responsibility Policy as per the requirements of the Companies Act, 2013.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

- a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
  - Not applicable

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
  - Not applicable

**3. Does the company have procedures in place for Sustainable sourcing (including transportation)?**

- a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

CARE Ratings, being a credit rating agency belongs to services sector and therefore, is relatively less resource intensive in terms of material requirements. Typically the consumables are office stationery, IT-related material, etc. However, despite the volume consumed, the strategy has been localised sourcing, a practise which is followed by every regional office so as to avoid unnecessary transportation and creation of carbon footprint.

As an organization we do work towards less use of paper in the company keeping in mind the environment. All rating notes are circulated by email and use of paper is minimized. Also all rating meetings are held across the country through video conferencing which helps to save on travel costs and reduces environmental degradation to this extent.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

- (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

To the extent we print business material; we do use the services of SME level printers in relevant locations. In this way we have helped the small enterprises to grow their business. Also to the extent that we procure material for our functions, we do tend to rely on local vendors which helps sustain relevant communities. Prompt and timely payment is ensured while doing any business with them.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.**

Given the nature of our business, we do not have any recyclable waste as the only waste is the regular disposal of garbage.

***Principle 3: Businesses should promote the wellbeing of all employees***

Employees are the main asset of the company as the business of credit rating is based on knowledge which is manifested in the skills of the employees. CARE Ratings hires its staff at both the entry level as well as laterally based on requirement and merit. As the focus is on merit the company is agnostic to the background and hence is an equal opportunity employer for potential candidates. Once recruited the employees are put through internal training and given a very good open learning environment which helps in personal development. Higher levels of responsibility are allocated to the deserving employees while a career path is chalked out for everyone. When required, lateral recruitment takes place so that there is continuity and there is never a shortfall of leadership at various levels.

Besides a competitive remuneration the company offers several employee engagement activities which fosters team building. Celebrating functions, giving gifts on birthdays, gift cards for festivals, organizing games etc. are all part of this process. The company also offers a flexible work from home policy for those who require such a facility.

1. **Please indicate the Total number of employees as on 31.03.2019**  
633
2. **Please indicate the Total number of employees hired on temporary basis / Contractual / casual basis as on 31.03.2019**  
222 Contractual Employees
3. **Please indicate the Number of permanent women employees as on 31.03.2019**  
219
4. **Please indicate the Number of permanent employees with disabilities.**  
There are no employees with disabilities.

5. **Do you have an employee association that is recognized by management**  
The Company does not have any employee association. All the grievances of employees are resolved directly with the concerned departments.
6. **What percentage of your permanent employees is members of this recognized employee Association?**  
Not Applicable
7. **Please indicate the Number of Complaints relating to Child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**  
No complaints related to child labour, forced labour, involuntary labour, sexual harassment was received during the year.
8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**  
**68%**  
Safety training for contingencies like fire has been carried out for the employees . Skill upgradation is an ongoing process and given the niche business we are in, there is on the job training and several lecture sessions given on various subjects by senior analysts.

***Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.***

1. **Has the company mapped its internal and external stakeholders?**  
Yes, the company has mapped both the internal and external stakeholders. These are shareholders, clients, employees, regulators and society at large.  
  
The company is constantly in touch with shareholders and potential investors apprising them of the developments on the business front. We attend several investors' conferences and address queries of investors and the MD & CEO represents the company in most of these gatherings. All investor grievances are attended to immediately. CARE also has provided the email id on which the stakeholders can send their queries or grievances. These mails are discussed by the executives responsible and are replied accordingly.  
  
Clients are provided high quality service and provided with information intense research on the economy and industries as a value added service.  
  
Employees are engaged in different activities to make the working environment more agreeable. Town hall sessions are also held with employees to get a feedback on how to make CARE a good place to work for.  
  
The company is in constant touch with the regulators appraising them on developments and appraising them on developments in the rating business.  
  
Our information sharing exercise in the form of economics and industry research is available to everyone on the web site. This is used by business and student community extensively. Also our outreach programmes in the form of awareness sessions especially for SMEs is an ongoing process to reach out to this community which is at the core of all government programmes. The company participates as knowledge partners in several conferences on debt markets and specific industries like steel, roads, commodities etc. conducted by industry associations like ASSOCHAM, PHDCCI etc.  
  
Our spread of financial literacy through training programmes in the field of credit risk management is a step in this direction which is undertaken by our subsidiary CART.
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized Stakeholders**  
The Company has a Corporate Social Responsibility (CSR) Policy as this principle enunciates the aspect of being responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized. We have provided funds for scholarship and infrastructure improvement to trusts who are involved in benefit of under privileged children.

**3. Are there any special initiatives taken by the company to engage with disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

At the professional level, we also provide ratings for SMEs which are the disadvantaged business group when it comes to sourcing credit from the financial system. Such ratings do help in their development, there are special teams which are tuned to working towards understanding their requirements and addressing them. We believe that helping the SMEs with customized products will help them to join the mainstream as they grow in size, which is also the objective of the government which has focused on this segment.

**Principle 5: Businesses should respect and promote human right**

**1. Does the policy of the company on human rights cover only the company or extend to the Groups / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

Yes, the Company's policy on Corporate Social Responsibility which incorporates human rights thought process is directed to identify areas where the Company can contribute to benefit the society. Further, the Company has a grievance redress mechanism in place where any stakeholder can send an email to 'investor.relations@careratings.com' with their query or grievance which are responded to promptly. The report is further put up to the Stakeholders Relationship Committee of the Company. These principles and policy holds for all group companies too.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The details of the complaints received during the year are mentioned in Principle 1.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers / Contractors /NGOs/ others.**

CARE Ratings is committed to comply with all applicable environmental, health and safety laws and regulations prevailing in the country.

Considering the nature of business, this principle has limited applicability to the Company. As part of our Code of Conduct (Code of Ethics) for Directors and Senior Management, the Company encourages the protection and proper use of its assets. Further, the Company complies with applicable environmental regulations in respect of its premises and operations.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Yes. The Company is consciously striving to be responsible in terms of its actions/ operations and its impact on the environment.

CARE has taken certain initiatives to create constant awareness about conservation of resources such as paper, water, electricity etc. In all our offices posters carrying meaningful messages have been placed. The idea is to continually reinforce these messages so as not to lose its impact and awareness in the minds of the audience just like any other advertising or promotional campaign. Encouraging efficient usage of resources by conserving paper, electricity and water and avoiding/preventing pollution is most important for sustainability of the environment.

In all our offices, in order to reduce paper usage a lot of processes involving manual documentation across different organisational functions have been moved on to the IT platforms. The key members of the analytical and business teams, who historically used to print notes and circulate hugely aided in reducing paper footprints by obviating the need of printing.

**3. Does the company identify and assess potential environmental risks? Y/N**

Not applicable as we are in service sector.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**  
Not applicable.
5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**  
Not applicable.
6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**  
Not applicable
7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to 7. satisfaction) as on end of Financial Year.**  
Nil

***Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.***

The interactions with external agencies by CARE Ratings are with the sole purpose of developing the credit rating market which involves both the corporate debt market and bank loan market. This it is believed will help in the development of the financial sector that will in turn work towards improving the growth prospects of the economy.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**  
Yes. Association of Credit Rating Agencies in Asia (ACRAA)
2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company does not take part in lobbying for pecuniary gains.

Participation in ACRAA involves working with other rating agencies in Asia to exchange views on rating and methodologies. The idea is to learn about the global best practices in rating and assessing changing trends.

CARE Ratings regularly engages with the regulators and participates in regular dialogues which them to promote enhanced standards for rating agencies.

The company is working with the regulators to develop the debt market and brings out studies, papers and holds seminars for the same to educate the participants and spread knowledge. The MD & CEO is also part of special Committees set up by the regulator on the corporate bond market. Suggestions on development of bond market are made in the form of White Papers or Seminar Background Papers.

***Principle 8: Businesses should support inclusive growth and equitable development***

1. **Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**  
SMEs AND Microfinance Institutions (MFI) are an integral part of the inclusive growth paradigm and CARE Ratings is actively involved in addressing the requirements of this constituency. There are special products customized to the requirements of SMEs/MFI's which will assist them to procure finance. Also ratings for these enterprises are useful for bringing about self-improvement which is what is critical in addressing their structures.

Besides, the Company has a Corporate Social Responsibility Policy which guides all the CSR activities and includes all the activities which the Company can undertake with regard to social and economic development.

Financial literacy is propagated through extensive training programmes in credit risk management by the subsidiary CART. Also continuous flow of research to the community helps business take decisions which in turn bring about growth.

**2. Are the programmes / projects undertaken through in- house team / own foundation / external NGO / government structures/ any other organization?**

The SME and MFI rating business is handled by separate divisions within the company. The dedicated set of professionals is located across the country and is in regular correspondence with the SME//MFI community. They organize workshops, awareness programmes and provide all the research inputs including newsletters from the in-house research teams to these units.

For the CSR activity, there is a special team handling the planning and implementation of various schemes.

**3. Have you done any impact assessment of your initiative?**

For the SME business there are regular performance parameters which are monitored on a periodic basis. For the CSR activity the provision of facilities has been targeted and end use is monitored by the team.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

We have a separate SME division which works closely with SMEs. The CSR allocations are already mentioned in the relevant section.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Given the nature of our business, educating the SME is a constant endeavour and the ideology is to have a constant dialogue with them so that they would start getting rated which will help them to manage their finances better.

Amongst the CSR initiatives being conceived are those which are broadly measurable.

***Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.***

Our business enables companies to raise funds in the market, investors to choose their financial options of investment and banks their capital requirements. Customers see value in the ratings and this is the raison d'être of our business. We are therefore constantly in the process of engagement with this spectrum of customers which form the core of our business.

**1. What percentage of customer complaints / consumer cases is pending as on the end of financial year**

NIL

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

The Company complies with all disclosures requirements for its product and services and the web site [www.careratings.com](http://www.careratings.com) is a reservoir of such information and knowledge.

The Criteria and methodology used to assign ratings are available on the website in great detail for each and every product.

Each press release also specifies applicable list of criteria for rating. The rationale provided explains the reason for the rating. All changes in ratings are clearly spelt out in the relevant section.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No, the company has not received any case filed by any stakeholder against the company for unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

4. **Did your company carry out any consumer survey/consumer satisfaction trends?**

Yes. The company seeks feedback from its clients on a regular basis.

Detailed surveys are carried out periodically in this context so that it provides inputs to the management to focus on areas where improvement is required

## ANNEXURE XI TO THE DIRECTORS' REPORT

### FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014. Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries			
1.	Name of the Subsidiary	<b>CARE Risk Solutions Private Limited (formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd)</b>	
	Reporting period	<b>April to March</b>	
		<b>As on March 31, 2019</b>	<b>As on March 31, 2018</b>
	Share Capital	8,01,35,000	8,01,35,000
	Other Equity	-6,11,78,006	-7,38,25,520
	Total Assets (Non-Current Assets + Current Assets)	13,36,26,178	8,59,31,647
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	11,46,69,184	7,96,22,167
	Details of Investments (excluding investments in subsidiary company)	5,14,926	25,03,198
	Revenue from Operations	15,49,10,967	9,89,12,135
	Profit/(Loss) before Tax	1,51,72,845	26,52,442
	Tax Expenses (Deferred Tax)	22,08,737	-10,12,567
	Profit/(Loss) for the Year	1,29,64,108	36,65,009
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	100%	100%

1.	Name of the Subsidiary	<b>CARE Ratings (Africa) Private Limited</b>	
	Reporting period	<b>April to March</b>	
		<b>As on March 31, 2019</b>	<b>As on March 31, 2018</b>
	Share Capital	2,64,18,912	2,64,13,165
	Reserves and Surplus	(1,41,127)	(1,14,77,257)
	Total Assets (Non-Current Assets + Current Assets)	2,73,20,314	1,78,97,296
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	10,42,529	29,61,386
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	2,28,00,859	1,20,94,555
	Profit/(Loss) before Tax	1,13,17,224	14,84,750
	Tax Expenses (Deferred Tax)	-	-
	Profit/(Loss) for the Year	1,13,17,224	14,84,750
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	78%	78%

1.	Name of the Subsidiary	CARE Advisory Research And Training Limited	
	Reporting period	April to March	
		As on March 31, 2019	As on March 31, 2018
	Share Capital	4,09,54,500	4,09,54,500
	Other Equity	1,75,49,594	94,30,017
	Total Assets (Non-Current Assets + Current Assets)	6,50,54,512	5,34,32,658
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	65,50,418	30,48,141
	Details of Investments (excluding investments in subsidiary company)	5,31,08,351	4,71,49,385
	Revenue from Operations	3,23,96,045	1,67,96,225
	Profit/(Loss) before Tax	1,02,00,051	61,20,564
	Tax Expenses including Deferred Tax	20,80,474	10,75,957
	Profit/(Loss) for the Year	81,19,576	50,44,607
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	100%	100%

1.	Name of the Subsidiary	CARE Ratings Nepal Limited	
	Reporting period	April to March (July to March in previous year)	
		As on March 31, 2019	As on March 31, 2018
	Share Capital	3,12,50,000	3,12,50,000
	Other Equity	49,47,682	(21,23,270)
	Total Assets (Non-Current Assets + Current Assets)	5,47,12,238	3,22,47,124
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	1,85,14,556	31,20,394
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	1,53,54,406	11,56,250
	Profit/(Loss) before Tax	88,00,714	-21,23,270
	Tax Expenses including Deferred Tax	17,29,762	-
	Profit/(Loss) for the Year	70,70,952	-21,23,270
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	51%	51%

### Part "B" : Associates and Joint Ventures

(Statement pursuant to first proviso to section 129 (3) of Companies (Accounts) Rules, 2013  
related to Associate Companies and Joint Ventures

#### Name of the Associate : Not applicable

1. Latest Audited Balance Sheet
2. Shares of Associate/Joint Ventures held by the company on the year end Amount of Investment in Associate/ Joint Venture  
Extent of Holding %
3. Description of how there is significant influence
4. Reason why the associate/joint venture is not consolidated
5. Networth attributable to shareholding as per latest audited Balance sheet Profit/Loss for the year considered in consolidation  
Not considered in consolidation

## CORPORATE GOVERNANCE REPORT

### Company's philosophy on corporate governance

Corporate governance is about maximizing shareholders value legally, ethically and on a sustainable basis. At CARE Ratings Limited, (Formerly known as Credit Analysis and Research Limited) the goal of corporate governance is to ensure fairness for every stakeholder i.e. our customers, investors, employees, vendor-partners, the community, and the government. We believe that sound corporate governance is critical in enhancing and retaining investor trust. It is a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity.

Good governance encompasses conduct of the Company's business in an ethical, transparent, fair and equitable manner with due regard to the interests of the various stakeholders, and exercising proper control over the Company's assets and transactions.

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

Recognizing the need to incorporate the best practices being followed in the corporate space, a CARE 'BOARD CHARTER' has been adopted by the Board of Directors. The Board Charter spells out the membership/composition/term of the Board, rights and obligations of the Board, the various committees of the Board, role of chairman and office, meetings of the Board, etc.

Board of Directors (BOD) of 'CARE' has the obligations for the stewardship of the Company. Accordingly, the BOD shall be responsible for the overall direction, supervision and control of CARE.

The Company has executed Uniform Listing Agreements with the Stock Exchanges pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A report on compliance with the Code of Corporate Governance as on March 31, 2019 as prescribed by the Securities and Exchange Board of India and incorporated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below.

### 1. Board of Directors

The members of the Board of Directors of your Company are expected to possess the required expertise, skill and experience to effectively manage and direct your Company so that it can attain its organizational goals. They are expected to be persons with vision, leadership qualities, a strategic bent of mind, proven competence and integrity.

Each member of the Board of Directors of your Company is expected to ensure that his/her personal interest does not run in conflict with your Company's interest. Moreover, each member is expected to use his/her professional judgment to maintain both the substance and appearance of independence and objectivity.

The Board consisted of Six (6) Directors as on March 31, 2019

#### 1.1 Composition, category of directors and other directorship details as on March 31, 2019 are as follows:

As on March 31, 2019, in compliance of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your Company has an optimum combination of Executive and Non- Executive Directors so as to have a balanced structure. The Board has six Directors, three of whom are Independent Directors, two of whom are Non-Executive Directors and one is Executive Director. The Board has two woman directors and one third of the Board consists of Non-Executive Directors. The number of Independent Directors is 50% of the total number of Directors. Mr. S.B. Mainak, Chairman of the Board is Independent (Non-Executive) Director.

None of the Directors is a member of more than ten Board-level committees or Chairman of more than five such committees as required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further none of the non-executive and independent directors are independent director in more than seven listed entities and none of the whole time directors are independent directors in more than three listed entities as required under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

<b>Category</b>	<b>Name of Director</b>	<b>DIN</b>
Non-Executive Directors	Ms. Sadhana Dhamane <sup>7</sup>	01062315
	Mr. V. Chandrasekaran <sup>4</sup>	03126243
Independent Directors	Mr. S. B. Mainak	02531129
	Mr. A. K. Bansal <sup>2</sup>	06752578
	Dr. Ashima Goyal <sup>3</sup>	00233635
	Mr. Milind Sarwate <sup>1</sup>	00109854
	Mr. Adesh Kumar Gupta <sup>5</sup>	00020403
	Ms. Sonal Desai <sup>6</sup>	08095343
Executive Director	Mr. Rajesh Mokashi - MD & CEO	02781355

**Note:**

1. Mr. Milind Sarwate (DIN 00109854) resigned from the Board in the meeting held on August 13, 2018.
2. Mr. A.K. Bansal (DIN 06752578) completed his second term of appointment (tenure) as Independent Director on September 28, 2018.
3. Dr. Ashima Goyal (DIN 00233635) completed her second term of appointment (tenure) as Independent Director on September 28, 2018.
4. Mr. V. Chandrasekaran (DIN 03126243) was appointed as a Non Executive Director on the Board w.e.f. September 24, 2018.
5. Mr. Adesh Kumar Gupta (DIN 00020403) was appointed as an Independent Director on the Board w.e.f. September 24, 2018.
6. Ms. Sonal Gunvant Desai (DIN 08095343) was appointed as an Additional Director (Independent) by the Board at its meeting held on March 30, 2019 on the recommendation of the Nomination and Remuneration Committee.
7. Ms. Sadhana Dhamane (DIN 01062315) resigned from the board on August 06, 2019.
8. Mr. Najib Shah (DIN 08120210) was appointed as an Independent Director on the Board w.e.f. July 17, 2019.
9. Dr. M. Mathisekaran (DIN 03584338) was appointed as an Independent Director on the Board w.e.f. August 19, 2019.
10. Mr. Ananth Narayan Gopalakrishnan (DIN 05250681) was appointed as an Independent Director on the Board w.e.f. August 19, 2019.

<b>Name</b>	<b>Name of the Entity</b>	<b>Interest</b>
<b>Mr. S. B. Mainak - Chairman (Board of Directors)</b>	The Investment Trust Of India Limited	Director
	CARE Advisory Research and Training Limited	Director
	CAPACIT'E INFRAPROJECTS LIMITED	Director
	Himadri Speciality Chemical Limited	Director
	Gloster Limited	Director
	NSEIT Limited	Director
	Antique Stock Broking Limited	Director
	Cherry Blossom Urban Infrastructure Pvt Ltd	Director

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Mr. Venkatadri Chandrasekaran - Director</b>	Tamilnadu Newsprint and Paper Ltd.	Director
	UTI Venture Funds Management Co Pvt Ltd	Director
	Aditya Birla Housing Finance Ltd.	Director
	LICHFL Asset Management Co Ltd	Director
	Legal Entity Identifier India Ltd	Director
	Tata Asset Management Ltd	Director
	Aditya Birla Renewables Subsidiary Ltd	Director
	Adity Birla Nuvo Ltd.	Director
Aditya Birla Renewables SPV1 Ltd	Director	

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Mr. Adesh Kumar Gupta - Director</b>	Essel Finance AMC Ltd	Director
	Aditya Birla Insurance Brokers Ltd	Director
	Essel Finance Business Loans Ltd	Director
	Zee Entertainment Enterprises Ltd	Director
	Samruddhi Cement Ltd	Director
	Vinati Organics Ltd	Director
	Krazybee Services Pvt Ltd	Director
	Aditya Birla Insulators Ltd.	Director
	Probizadvisor And Business Excellence Llp	Partner
	Probizadvisor & Insolvency Professional Llp	Partner
	Dmkh Insolvency Resolution Services Llp	Partner

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Ms. Sonal Desai - Director</b>	Mobilising Minds and Consulting Pvt Ltd	Director
	Sharda Cropchem Ltd	Director

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Mr. Najib Shah - Director</b>	Fintermix Software Private Limited	Director

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Mr. M. Mathisekaran</b>	Nil	Nil

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Mr. Ananth Narayan Gopalakrishnan - Director</b>	SBI Capital Markets Limited	Director
	Agappe Diagnostics Limited	Director
	Mirae Asset Global Investments (India) Private Limited	Director
	Clearcorp Dealing Systems (India) Limited	Director
	NSDL Payments Bank Limited	Director

<i>Name</i>	<i>Name of the Entity</i>	<i>Interest</i>
<b>Mr. Rajesh Mokashi</b> <b>- Managing Director &amp; CEO</b>	CARE Risk Solutions Pvt. Ltd.	Director
	CARE Advisory Research and Training Limited	Director
	CARE Ratings (Africa) Pvt Ltd	Director
	CARE Ratings Nepal Ltd	Director

## 1.2 Familiarization program for independent directors

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The familiarization Programme for Independent Directors is disclosed on the Company's website and the same may be accessed at the link [www.careratings.com/Investors](http://www.careratings.com/Investors).

## 1.3 Disclosure regarding appointment or re-appointment of directors.

At the ensuing Annual General Meeting, in accordance with the provisions of the Companies Act, 2013 Mr. V Chandrasekaran, Non-Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Detailed profile of Mr . V Chandrasekaran in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting.

### Resume of Mr. V Chandrasekaran

Mr. V Chandrasekaran is a Non-Executive Director of our Company. He is a qualified Chartered Accountant and retired Executive Director (Investment) LIC of India. He has more than 3 decades of experience in Life Insurance Finance, Housing Finance and Mutual Fund Investment, with adequate exposure to a gamut of Investments. Also involved in Investment decision making processes, Investment Monitoring & Accounting and Investment Research and Risk Management. He is also a Board Member of various companies.

## 1.4 Appointment of Ms. Sonal Gunvant Desai as an Independent Director

Ms. Sonal Gunvant Desai is an Additional director (Independent) of your Company appointed with effect from March 30, 2019. Ms. Sonal Gunvant Desai is a member of The Institute of Chartered Accountants of India (ICAI)

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from April 1, 2014, an Independent Director can hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Further, such Independent Director shall be eligible for reappointment of one more term of maximum five years on passing of a special resolution by the Company. Ms. Sonal Gunvant Desai has given a declaration to the Board that she meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. In the opinion of the Board, Ms. Sonal Desai fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management.

Detailed profile of Ms. Sonal Gunvant Desai in line with Regulation 36(3) of the Listing Regulation is forming a part of the Notice of the Annual General Meeting.

### Resume of Ms. Sonal Gunvant Desai

Ms. Sonal Desai is a Non Executive Independent Director of our company. Currently she is working as Executive Director at Sushrut Hospital (a 100 bedded Charitable Trust Hospital). She is also an advisor to Prashanti Medical Trust (Sathya Sai Hospital). Prior to this she was working with Hindustan Petroleum Corporation Ltd (HPCL) as Executive Director-Refinery Finance with additional responsibility of Head-Corporate Social Responsibility (CSR). Her vast experience of 33 years comprised of handling not only pure finance and accounting functions but also commercial and embedded functions,

which resulted in rare blend of leadership experience and functional competency. Her assignments provided her unique experience and expertise in business areas such as Marketing, Operations, Projects and Refineries Management. A Qualified Chartered Accountant with an Executive Diploma in Hospital Administration from TISS, Ms. Desai is an international conference speaker and has addressed gatherings of various CxOs in UK, India and Europe.

In the opinion of the Board, Ms. Sonal Desai fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management. The Board recommends his appointment as Independent Director.

#### **Appointment of Mr. Najib Shah as an Independent Director**

Mr. Najib Shah is an Additional director (Independent) of your Company appointed with effect from July 17, 2019.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from April 01, 2014, an Independent Director can hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Further, such Independent Director shall be eligible for reappointment of one more term of maximum five years on passing of a special resolution by the Company. Mr. Najib Shah has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. In the opinion of the Board, Mr. Najib Shah fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management.

#### **Resume of Mr. Najib Shah**

Mr. Najib Shah is a Non-Executive Independent Director of our Company. An officer of the 1979 batch of Indian Customs & Central Excise services he retired as Chairman of the Central Board Excise & Customs (CBEC). As the Chairman of CBEC and as a special invitee to the GST council, he was closely involved with the process leading to the formulation of the GST Laws. In his illustrious career spanning more than 37 years, Mr. Shah held several important assignments, including in the High Commission of India, Singapore, Commissioner of Customs, Nhava Sheva, Joint Secretary in the Ministry of Finance and Director General - Directorate of Revenue Intelligence. He was also associated with the implementation of the WTO

#### **Appointment of Dr. M Mathisekaran as an Independent Director**

Dr. M Mathisekaran is an Additional director (Independent) of your Company appointed with effect from August 19, 2019.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from April 01, 2014, an Independent Director can hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Further, such Independent Director shall be eligible for reappointment of one more term of maximum five years on passing of a special resolution by the Company. Dr. M. Mathisekaran has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. In the opinion of the Board, Dr. M Mathisekaran fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management.

#### **Resume of Dr. M Mathisekaran**

Dr M. Mathisekaran was Director General - Labour Bureau, Government of India. Initially he worked as Assistant Professor of Economics before joining Indian Economic Service in 1981. He has held various positions in Central and State Government Organisations. He has worked as General Manager (Vigilance) in Food Corporation of India and Chief Vigilance Officer in Port Trust of India. He also worked as Deputy Director, Director and Economic Adviser in the Forward Markets Commission at different points of time. He was involved in research and monitoring & evaluation of central Government sponsored programs meant for socio economic development. He has also worked with Government of Tamil Nadu as Director, Evaluation and Applied Research

### Appointment of Mr. Ananth Narayan Gopalakrishnan as an Independent Director

Mr. Ananth Narayan Gopalakrishnan is an Additional director (Independent) of your Company appointed with effect from August 19, 2019.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from April 01, 2014, an Independent Director can hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Further, such Independent Director shall be eligible for reappointment of one more term of maximum five years on passing of a special resolution by the Company. Mr. Ananth Narayan Gopalakrishnan has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. In the opinion of the Board, Mr. Ananth Narayan Gopalakrishnan fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management.

### Resume of Mr. Ananth Narayan Gopalakrishnan

Shri Ananth Narayan is an IITian from Mumbai and a gold medalist from IIM, Lucknow and has experience of more than two decades in the field of Finance. His stint as Co-Head in Standard Chartered Bank has gained him hands on experience in financial markets trading and sales experience across India, South Asia and ASEAN as well as in foreign exchange, fixed income, debt capital markets, asset liability management and research. He has managed a team of 450 members across 12 countries in ASEAN & South Asia, with a top line of US\$ 800m. He has also held various senior positions in his career in organizations like Standard Chartered Bank, FIMMDA, FEDAI, CDSL and many more. He has also been a member of several RBI Working Groups. He is presently Associate Professor, SP Jain Institute of Management & Research

### 1.5 Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee meetings. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers (except unpublished price sensitive information) are circulated at least a week in advance to the Board and Committee meeting.

### 1.6 Meetings of the Board

The Board of Directors met 10(Ten) times during the financial year 2018-19 on May 22, 2018, June 21, 2018, July 24, 2018, August 13, 2018, September 25, 2018, November 2, 2018, December 17, 2018, February 11, 2019, February 16, 2019, and March 30, 2019. The maximum gap between two Board Meetings was not more than one hundred and twenty days.

#### Details of attendance

Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held on September 24, 2018	Number of Directorships in other Companies		Number of Committee positions held in other Public Companies	
				Public	Private	Chairperson	Member
Mr. S. B. Mainak	10	10	Yes	7	-	4	1
Mr. Adesh Kumar Gupta	10	10	Yes	7	2	1	1
Mr. A. K. Bansal	5	5	Yes	2	2	1	1
Ms. Ashima Goyal	5	5	Yes	1	2	-	1
Mr. Milind Sarwate	4	4	Yes	7	3	5	4
Ms. Sadhana Dhamane	4	4	Yes		-		1
Mr. V. Chandrasekaran	10	10	Yes	8	1	2	2
Ms. Sonal Desai*	-	-	NA	1	1	-	-
Mr. Rajesh Mokashi	10	10	Yes	1	1	-	1

\* Ms. Sonal Desai was Appointed as Additional Director (Independent) on March 30, 2019

None of the Directors of the Company holds Membership in more than ten Committees or act as a Chairperson of more than Five Committees as per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 1.7 Information provided to the Board

Apart from the items that are required under the statutes, to be placed before the Board for its approval, the following information is placed before the Board periodically for its review / information in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

- Annual operating plans and budgets
- Capital expenditure budgets and any updates thereon.
- Capital budgets and any updates Quarterly results of the Company & its subsidiaries.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Materially important show cause, demand, prosecution and penalty action.
- Fatal or serious accidents or dangerous occurrences.
- Any unplanned materially relevant default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company. Details of any joint venture or collaboration agreement.
- Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant employee related problems and their proposed solutions.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend and delay in share transfer etc.

### 1.8 Post - meeting follow - up systems

The Governance system in the Company includes an effective post - meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and its Committees.

### 1.9 Board Support

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committees on compliance and governance principles.

### 1.10 Relationships between directors inter-se

None of the Directors of the Company or their relatives are inter related with each other.

### 1.11 Code of conduct

The Board of Directors had laid down Code of Conduct for all Directors of the Board, Employee and the Senior Management of your Company. The same has been posted on the website of the Company.

All the Directors of the Board, Employees and the Senior Management personnel of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2019. A declaration to this effect, signed by the Managing Director & Chief Executive Officer forms part of the certification.

**(A) Board Skills, Capabilities and Experiences**

The Company recognise the importance of having a board comprising directors who have a range of experiences, capabilities and diverse points of view. This helps the Company create an effective and well-rounded board. The capabilities and experiences sought in the directors are outlined here:

- Strategy & Business - Is or has been the Chief Executive Officer or held any other leadership position in an organization leading to significant experience in strategy or business management. Brings the ability to identify and assess strategic opportunities and threats in the context of the business.
- Industry Expertise – Has expertise with respect to the sector the organization operates in. Has an understanding of the 'big picture' in the given industry and recognizes the development of industry segments, trends, emerging issues and opportunities.
- Market Expertise – Has expertise with respect to the geography the organization operates in. Understands the macro-economic environment, the nuances of the business, consumers and trade in the geography, and has the knowledge of the regulations & legislations of the market/(s) the business operates in.
- Technology Perspective – Has expertise with respect to business specific technologies such as in the field of R&D, Manufacturing etc. Has experience and adds perspective on the future ready skills required by the organization such as E-Commerce, Digital, and Sustainability etc.
- People & Talent Understanding – Has experience in human resource management such that they bring in a considered approach to the effective management of people in an organization.
- Governance, Finance & Risk – Has an understanding of the law and application of corporate governance principles in a commercial enterprise of similar scale. Capability to provide inputs for strategic financial planning, assess financial statements and oversee budgets for the efficient use of resources. Ability to identify key risks for the business in a wide range of areas including legal and regulatory.
- Diversity of Perspective – Provides a diversity of views to the board that is valuable to manage our customer, consumer, employee, key stakeholder or shareholders.

**(B)** Mr. Milind Sarawate, Independent director of the company resigned from the Board in lieu of prioritizing the Limits prescribed for the directors to hold the No. of directorships in Companies.

**2 Committees of the board of directors**

In compliance with both the mandatory and non-mandatory requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the applicable laws, the Board has constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- HR Committee
- Risk Management Committee

These Committees meet as and when required and the meetings are called by the Chairman of these committees in consultation with the Company Secretary.

**2.1 Audit committee****[A] Composition of Audit Committee**

The Audit Committee as on March 31, 2019, comprised of three members i.e. Mr. Adesh Kumar Gupta - Independent Director, Mr. S. B. Mainak - Independent Director and Mr. V. Chandrasekaran - Non-Executive Director.

The Chairperson of the Committee is an Independent Director.

The previous Annual General Meeting of the Company was held on September 24, 2018 and it was attended by Mr. A. K. Bansal, Chairperson of the Audit Committee (on the date of the Annual General Meeting). Due to completion of second term of appointment (tenure) of Mr. A.K. Bansal on September 28, 2018, Mr. Adesh Kumar Gupta was appointed as Chairperson of Audit Committee w.e.f. September 29, 2018

#### **[B] Terms of reference**

The terms of reference of the Audit Committee approved by the Board as per the provisions of section 177 of The Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal

- audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  21. Identification of various risks associated with the operations of the Company such as regulatory risk, business risk, market risk, etc.
  22. Monitoring and reviewing of the risk management plan of the Company;
  23. Review of Risk Management Policy as approved by the Board from time to time.

#### [C] Meetings of the Audit Committee

The Audit Committee met 9 (nine) times during the year 2018-2019 on May 22, 2018, June 7, 2018, June 21, 2018, July 24, 2018, August 13, 2018, September 25, 2018, November 2, 2018, December 17, 2018 and February 11, 2019.

Details of attendance

<i>Details of attendance</i>		
<i>Name of Directors</i>	<i>No. of Audit Committee Meetings held</i>	<i>No. of Meetings attended</i>
Mr. Milind Sarwate	05 <sup>1</sup>	05
Mr. A. K. Bansal	06 <sup>2</sup>	06
Mr. S.B. Mainak	09	09
Dr. Ashima Goyal	06 <sup>3</sup>	06
Mr. Adesh Kumar Gupta	03 <sup>4</sup>	03
Mr. V. Chandrasekaran	03 <sup>5</sup>	03

The Company Secretary of your Company is the secretary to the Audit Committee.

- 1 Mr. Milind Sarwate had placed his resignation at the Board Meeting held on August 13, 2018.
- 2 Mr. A. K Bansal has completed his term of appointment on September 28, 2018.
- 3 Dr. Ashima Goyal has completed his term of appointment on September 28, 2018.
- 4 Mr. Adesh Kumar Gupta was appointed as chairman person of Audit Committee w.e.f. September 29, 2018.
- 5 Mr. V. Chandrasekaran was inducted as member in Audit Committee w.e.f September 29, 2018.

## 2.2. Nomination and Remuneration Committee

#### [A] Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on March 31, 2019, comprised of three members i.e. Mr. Adesh Kumar Gupta - Independent Director, Mr. S.B. Mainak - Independent Director and Ms. Sadhana Dhamane, Non-Executive Director.

The Company Secretary of your Company is the secretary to the Nomination and Remuneration Committee.

**[B] Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee approved by the Board as per the provisions of section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
5. The quantum of option to be granted under an ESOS per employee and in aggregate in each year;
6. The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
7. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
8. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee and taking a view on exercise period between the end of the financial year and the date of annual general meeting;
9. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
10. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, etc. In this regard following shall be taken into consideration:
  - a) The number and price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action;
  - b) The vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
11. The grant, vest and exercise of options in case of employees who are on long leave; and
12. The procedure for cashless exercise of option (if any)

**[C] Meetings & attendance of the Nomination and Remuneration Committee**

The Committee met 5 (five) times during the year 2018-2019 on May 22, 2018, September 25, 2018, November 2, 2018, February 11, 2019 and March 30, 2019.

<i>Details of attendance</i>		
<i>Name of Directors</i>	<i>No. of Remuneration Committee Meetings held</i>	<i>No. of Meetings attended</i>
Mr. A. K. Bansal	02 <sup>1</sup>	02
Mr. S.B. Mainak	05	05
Dr. Ashima Goyal	02 <sup>2</sup>	02
Ms. Sadhana Dhamane	05 <sup>3</sup>	05
Mr. Adesh Kumar Gupta	03 <sup>4</sup>	03

1 Mr. A. K Bansal has completed his term of appointment on September 28, 2018.

2 Dr. Ashima Goyal has completed his term of appointment on September 28, 2018.

3 Ms. Sadhana Dhamane resigned from the board on August 06, 2019

4 Mr. Adesh Kumar Gupta was appointed as chairman person of Nomination and Remuneration Committee w.e.f. September 29, 2018.

#### [D] Remuneration Policy

During the year 2018-19, your Company paid remuneration to its Executive Directors within the limits envisaged under the applicable provisions of the Companies Act, 2013. The remuneration paid to the Executive Directors was approved by the Board and the Nomination and Remuneration Committee within the limits approved by the shareholders.

It is to compensate the Executive Directors commensurate to the earnings of the Company and the efforts put in by them for achieving the same and also in consonance with the existing industry practice, subject to the limits governed by law.

#### Remuneration to Directors (Amount in Rupees)

<i>No.</i>	<i>Name of Director</i>	<i>Remuneration</i>	<i>Sitting fees</i>
1.	Mr. S. B. Mainak	-	23,00,000
2.	Mr. A. K. Bansal	-	10,50,000
3.	Dr. Ashima Goyal	-	10,50,000
4.	Mr. Milind Sarwate	-	7,50,000
5.	Ms. Sadhana Dhamane <sup>#</sup>	-	18,00,000
6.	Mr. V.Chandrasekaran	-	12,00,000
7.	Mr. Rajesh Mokashi	-	2,79,25,430

<sup>#</sup> Ms. Sadhana Dhamane resigned from the board on August 06, 2019

#### Criteria of making payments to Non-Executive directors

Sitting fees : Rs. 1,00,000/- for per Board meeting and Rs. 50,000/-for per committee meeting

The details of the remuneration to the Executive Directors is as follows:

(Amount in Rupees)

<i>Particulars</i>	<i>Mr. Rajesh Mokashi, Managing Director &amp; CEO</i>
Salary & Allowance	1,74,91,053

Variable Pay (for FY 2017-18)	60,00,000
Provident Fund Contribution	16,79,139
Perquisite Value – ESOP *	-
Leave Encashment	15,40,803
Leave travel Allowance	12,12,435
<b>Total</b>	<b>2,79,25,430</b>

**[E] Directors with materially significant related party transactions, pecuniary or business relationship or transaction with the Company:**

Except for drawing remuneration, none of the Directors have any other materially significant related party transactions, pecuniary relationship or transaction with the Company.

**[F] Details of the shareholding of non-executive directors:**

None of the Independent Directors & Non-Executive Directors hold shares in the Company.

**[G] Performance Evaluation of Independent Directors:**

The Performance Evaluation of Independent Directors was done by the entire Board of Directors excluding the director being evaluated. The evaluation questionnaire form in respect of each independent director was filled up by the directors. The independent directors were evaluated on the basis of criteria such as skills, knowledge, discharge of duties, level of Participation in the meetings etc.

## 2.3 Stakeholders Relationship Committee

**[A] Composition of Stakeholders Relationship Committee**

The Stakeholders Relationship Committee as on March 31, 2019 comprised of three members i.e. Mr. S. B. Mainak, Ms. Sadhana Dhamane and Mr. Rajesh Mokashi. The Company Secretary of your Company is the secretary to the Stakeholders Relationship Committee.

**[B] Terms of Reference**

1. To review the redressal of Investors' complaints like transfer / transmission of shares, non-receipt of annual report and non-receipt of declared dividend, delays in transfer of shares, dematerialisation / rematerialisation of shares etc.
2. To act on behalf of the Board, in the matters connected with issuance of duplicate share certificates, split and consolidation etc.
3. To oversee performance of the Registrar and Transfer Agents of the Company and their adherence to service standards and recommend measures for overall improvement in the quality of investor services.
4. To review the process of complaint and grievance handling mechanism at periodic intervals.
5. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
6. To review various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipts of dividends warrants, annual reports, statutory notices by the share holders of the company
7. To undertake such other matters as deemed fit and proper for effective discharge of the above responsibilities.

**[C] Meetings & attendance of the Stakeholders Relationship Committee**

The Committee met 4 (four) times during the year 2018-2019 on May 14, 2018, August 9, 2018, October 23, 2018 and February 5, 2019.

<i>Details of attendance</i>		
<i>Name of Directors</i>	<i>No. of Stakeholders Committee Meeting held</i>	<i>No. of Meetings attended</i>
Mr. S.B. Mainak	04	04
Ms. Sadhana Dhamane <sup>#</sup>	04	04
Mr. Rajesh Mokashi	04	04

<sup>#</sup> Ms. Sadhana Dhamane resigned from the board on August 06, 2019

**[D] Details of shareholders complaints for FY ended 31.03.2019 are as follows:**

<i>No</i>	<i>Description</i>	<i>Complaints received</i>	<i>Complaints Attended</i>	<i>Complaints pending</i>
1.	Non-receipt of refund order	Nil	Nil	Nil
2.	Non-receipt of Annual Report	2	2	Nil
3.	Non-receipt of dividend	9	9	Nil
4.	Non-receipt of Securities	Nil	Nil	Nil
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	Nil	Nil	Nil
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	Nil	Nil	Nil
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	Nil	Nil	Nil
	<b>TOTAL</b>	<b>11</b>	<b>11</b>	<b>Nil</b>

**2.4 Corporate Social Responsibility Committee**

**[A] Composition of Corporate Social Responsibility Committee**

The Committee as on March 31, 2019, comprised of four members i.e. Mr. V. Chandrasekaran - Non Executive Director, Ms. Sadhana Dhamane - Non- Executive Director, Mr. S.B. Mainak - Independent Director and Mr. Rajesh Mokashi - Managing Director & CEO.

**[B] Terms of Reference**

The term of reference of the Corporate Social Responsibility Committee approved by the Board as per the provisions of Section 135 of the Companies Act, 2013 are as follows:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in schedule VII of the Companies Act, 2013.
2. Recommend the amount of expenditure to be incurred on these activities.
3. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

**[C] Meetings & attendance of the Corporate Social Responsibility Committee**

The Committee met thrice during the year 2018-2019 on June 21, 2018, September 25, 2018 and March 26, 2019.

<i>Details of attendance</i>		
<i>Name of Directors</i>	<i>No. of CSR Meetings held</i>	<i>No. of Meetings attended</i>
Mr. A. K. Bansal <sup>4</sup>	02	02
Dr. Ashima Goyal <sup>4</sup>	02	02
Mr. Milind Sarwate <sup>1</sup>	01	01
Mr. Rajesh Mokashi	03	03

Ms. Sadhana Dhamane <sup>3</sup>	01	01
Mr. S. B. Mainak <sup>5</sup>	01	01
Mr. V .Chandrasekaran <sup>2</sup>	01	01

1. Mr. Milind Sarwate had placed his resignation at the Board Meeting held on August 13, 2018.
2. Mr. V. Chandrasekaran and Ms. Sadhana Dhamane was inducted in the committee at the Board Meeting held on September 25, 2018.
3. Ms. Sadhana Dhamane resigned from the board on August 06, 2019
4. Mr. A.K. Bansal and Dr. Ashima Goyal has completed their term of appointment (tenure) on September 28, 2018
5. Mr. S. B. Mainak was inducted in the committee by passing a circular resolution on March 19, 2018.

## 2.5 Human Resources (HR) Committee

The Board, at its meeting held on January 30, 2018 decided to constitute an HR Committee with Shri S. B. Mainak - Independent Director as its Chairman and Ms. Sadhana Dhamane - Non Executive Director, and Shri Rajesh Mokashi, MD & CEO, as its members. The Committee met 6 (six) times during the year 2018-2019 on May 14, 2018, July 23, 2018, August 9, 2018, October 23, 2018, December 13, 2018 and February 5, 2019.

The main objective of the HR Committee shall be to oversee the HR policy and framework related matters. Its recommendations shall be put up to the Board. The board dissolved the HR committee on July 31, 2019 and transferred the functions of this committee to Nomination and Remuneration Committee.

## 2.6 Risk Management Committee

As per the SEBI (Listing Obligations and Disclosure Requirements)(Amendment) Regulations, 2018 which came into effect from April 1, 2019 the applicability of constituting the Risk Management Committee is applicable to top 500 listed entities, determined on the basis of market capitalisation, as at the end of immediate previous financial year. The Company being in top 500 listed entities, determined on the basis of market capitalisation, constituted the Risk Management Committee.

## 2.7 Independent Directors Meeting

At present the company has three independent directors – Mr. S. B. Mainak, Mr. Adesh Kumar Gupta and Ms. Sonal Desai on its Board. During the financial year 2018-2019, one meeting of the Independent directors was held on July 24, 2018. The meeting was attended by Mr. A. K. Bansal, Dr. Ashima Goyal, Mr. Milind Sarwate, Mr. S.B. Mainak and Mr. Adesh Kumar Gupta without the attendance of non-independent directors and members of the management. The meeting was conducted to enable the Independent directors to discuss matters pertaining to the Company's affairs and determine their combined views to be put forth to the Board of Directors of the Company.

Ms. Sonal Desai was appointed as Additional Director – Independent on March 30, 2019.

Mr. Milind Sarwate resigned from the Board in the meeting held on August 13, 2018. The second term of appointment of Mr. A. K. Bansal and Dr. Ashima Goyal was completed on September 28, 2018.

## 2.8 Company Secretary and Compliance Officer

Mr. Navin Kumar Jain was appointed as the Company Secretary and Compliance Officer of the Company with effect from February 11, 2019. Further, Mr. Anandghan Bohra has been transferred from his role as Company Secretary and Compliance Officer w.e.f from February 11, 2019 to take up another role within the company.

## 3 General Meetings

Details of last three Annual General meetings (AGM) and Extra Ordinary General meetings.

<b>Venue</b>		<b>Date</b>	<b>Time</b>	<b>No of special resolutions passed</b>
a)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	September 24, 2018 (Annual General Meeting)	3.30 p.m.	2
b)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	August 1, 2017 (Annual General Meeting)	3.30 p.m.	3
c)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	September 27, 2016 (Annual General Meeting)	4.00 p.m.	2

#### 4. Postal Ballot

During FY 2018-2019, no resolution was passed through Postal Ballot as required under Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

#### 5. Related party disclosures

All transactions entered into during the financial year 2018-19 with Related Parties as defined under the Companies Act and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, 2013 with related parties which could be considered material under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable. As required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at [www.careratings.com](http://www.careratings.com).

#### 6. Details of Non-Compliance

There have been no incidence of non-compliance with any of the legal provisions of law nor has any penalty or stricture been imposed by SEBI or any statutory authority during the last three years.

#### 7. Whistle Blower Policy / Vigil Mechanism

Your Company's Whistle Blower Policy is in line with the provisions of the sub-section 9 and 10 of Section 177 of the Companies Act and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy establishes the necessary mechanism for employees to report to the management concerns about unethical behaviour or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. Further, no member of staff has been denied access to the Audit Committee. The policy has been uploaded on the website of the Company [www.careratings.com](http://www.careratings.com)

#### 8. Other policies

Your Company had adopted the policy for determining material subsidiaries and a policy on materiality of and dealing with Related Party Transactions. These policies have been uploaded on the website of the Company [www.careratings.com](http://www.careratings.com)

#### 9. Adoption of mandatory and non-mandatory requirements

Your Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the discretionary requirements as specified in Part E of Schedule II relating to maintaining Chairman's office at the Company's expense and a separate post of Chairman and CEO.

**10. Means of communication**

Your Company's corporate website [www.careratings.com](http://www.careratings.com) provides comprehensive information to the shareholders. The quarterly and annual financial results are published in English i.e Business Standard and Marathi daily newspaper i.e Mumbai Lakshadweep. The quarterly and annual financial results and the press releases issued are also available on your Company's website [www.careratings.com](http://www.careratings.com). Detailed presentations are made to analyst on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website. The disclosures as required under SEBI Credit Rating Regulations are uploaded on the Company's website. The shareholding pattern, updated every quarter is displayed on the Company's website.

**11. Dividend**

In the financial year 2018-19, the Company had declared three Interim Dividends of Rs. 6/-per share in respect of each dividends aggregating to Rs. 18/- per share. Further, the Board of Directors recommended a Final Dividend of Rs. 12 /- per share subject to the approval of the shareholders at the ensuing Annual General Meeting.

Section 124 of the Companies Act, 2013 mandates that companies shall transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The Company does not have any dividend unclaimed for more than seven years to be transferred to IEPF.

**12. Subsidiary companies**

The financial statements of the subsidiaries are reviewed by the Audit Committee of the Company. Further, the minutes of the meetings of board of directors of the subsidiary companies are also placed before the Board of Directors of the Company.

**13. Management discussion and analysis report**

The Management Discussion and Analysis Report have been annexed to the Directors' Report.

**14. Auditor's Certificate On Corporate Governance**

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' certificate with respect to compliance of Corporate Governance have been annexed to the Directors' Report and will be sent to the Stock Exchanges at the time of filing of the Annual Report.

**15. CEO & CFO certification**

As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO and CFO certification on the financial statement and the internal control system for financial reporting has been obtained and the same was reviewed by the Board of Directors.

**16. Reconciliation of share capital audit**

As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by an independent Practising Company Secretary on a quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialised and physical mode, and the status of the Register of Members.

**17. (A) Disclosures with respect to Demat suspense account / Unclaimed suspense account**

The Company does not have any shares lying in its Demat Suspense Account / Unclaimed Suspense Account.

**17. (B) Certificate from Company Secretary in practice**

As required under Schedule V of the Listing Regulations, your Company has obtained a certificate from a company secretary in practice, that none of the Directors on the Board of your Company as on March 31, 2019 is debarred or disqualified from being appointed or continuing as Directors of your Company by the Securities and Exchange Board of India or the Ministry

of Corporate Affairs, or any such authority. A certificate from a company secretary in practice for the financial year 2018-19 is annexed to this report as Annexure I..

#### 17. (C) Auditor Fee table

The fees paid by the Company and its subsidiaries (on a consolidated basis) to the statutory auditors and its network firm during the financial year 2018-19 are as under:

<b>Sr. No</b>	<b>Services provided</b>	<b>Amount Rs</b>
1	Audit Fees	28,40,064
2	Audit Under Other Statutes	1,80,000
3	Certifications	3,45,000
4	Reimbursement of Expenses	90,413
	<b>Total</b>	<b>34,55,477</b>

#### 18. All mandatory requirements as per the Chapter IV of the listing Regulations have been Complied with the company.

**Details of compliance with mandatory requirements of SEBI LODR Regulations:**

<b>I. Disclosure on website in terms of listing regulations</b>		
<b>Item</b>	<b>Compliance Status (Yes/No/NA) refer note below</b>	
Details of business	Yes	
Terms and conditions of appointment of independent directors	Yes	
Compositions of various committees of board of directors	Yes	
Code of conduct of board of directors and senior management personnel	Yes	
Details of establishment of vigil mechanism/ Whistle Blower policy	Yes	
Criteria of making payments to non-executive directors	Disclosed in Annual Report	
Policy for dealing with related party transactions	Yes	
Policy for determining 'material' subsidiaries	Yes	
Details of familiarization programmes imparted to independent directors	Yes	
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes	
Email address for grievance redressal and other relevant details	Yes	
Financial results	Yes	
Shareholding pattern	Yes	
Details of agreements entered into with the media companies and/or their associates	Not Applicable	
New name and the old name of the listed entity	Not Applicable	
<b>II. Annual Affirmations</b>		
<b>Particulars</b>	<b>Regulation Number</b>	<b>Compliance status (Yes/No/NA) refer note below</b>
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes

Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Not Applicable
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Not Applicable
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes

Policy with respect to Obligations of directors and senior management	26(2)	Yes
Policy with respect to Obligation of Directors and senior management	26(5)	Not Applicable
Obligation with respect to KMPs, Directors and Promoters	26(6)	Not Applicable

Pursuant to Regulation 7(2) of the SEBI LODR Regulations, certificates on half yearly basis have been issued by a qualified practicing Company Secretary confirming the compliance of share transfer formalities by the Company.

A reconciliation of share capital audit is conducted by a qualified practicing Company Secretary on a quarterly basis, confirming that the total issued/paid up equity share capital of the Company is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form.

#### 19. General Shareholders Information

<b>a)</b>	<b>Annual General Meeting</b>	September 30, 2019
	<b>Time</b>	02:00 p.m.
	<b>Venue</b>	Jasubhai Auditorium Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022
<b>b)</b>	<b>Financial Year</b>	April 1, 2018 to March 31, 2019
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2019	On or before August 14, 2019
	Financial reporting for the quarter ending September 30, 2019	On or before December 14, 2019
	Financial reporting for the quarter ending December 31, 2019	On or before February 14, 2020
	Financial reporting for the quarter and year ending March 31, 2020	On or before May 30, 2020
<b>c)</b>	<b>Dates of Book Closure</b>	
<b>d)</b>	<b>Dividend Payment Date</b>	Final dividend on equity shares for the year ended March 31, 2019 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before October 29, 2019.
<b>e)</b>	<b>Listing on Stock Exchange</b>	The Company got listed on December 26, 2012. The shares of your Company are listed on: The BSE Limited P.J. Towers, Dalal Street, Mumbai 400 001  The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051  The Annual Listing fees for the financial year 2019-20 have been paid to BSE Limited and The National Stock Exchange of India Limited.

<b>f)</b>	<b>Stock Code</b>	Bombay Stock Exchange Limited: 534804 National Stock Exchange of India Limited: CARERATING ISIN: INE752H01013
<b>g)</b>	<b>Registrar and Share Transfer Agent</b>	Karvy Fintech Pvt. Ltd. Unit: CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) Karvy Selenium Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel. No. 040 – 67162222, Fax No. 040 – 23001153 Email: einward.ris@karvy.com, Website: www.karvy.com Contact Person : Mr. K. S. Reddy & Mr. B. V. Kishore
<b>h)</b>	<b>Share Transfer System</b>	99.99% of the equity shares of the Company are in electronic form. Transfer of shares is done through the depositories with no involvement of the company. As regards transfer of shares held in physical form the transfer documents can be lodged with Karvy Fintech Private Limited (RTA) at the above mentioned addresses. Share transfer is normally affected within a period of 15 days from the date of the receipt of request if all the required docu- mentation is submitted.

**i) Market Price Data HIGH/LOW during each month from April 2018 to March 2019.**

<i>PERIOD – 2018-19</i>	<b>BSE</b>		<b>NSE</b>	
	<i>HIGH</i>	<i>LOW</i>	<i>HIGH</i>	<i>LOW</i>
April 2018	1,354.90	1,182.15	1283.00	1263.00
May 2018	1,343.50	1,239.00	1302.85	1287.00
June 2018	1,398.50	1,181.20	1276	1226.55
July 2018	1,293.35	1,200.00	1276.75	1240.3
August 2018	1,342.00	1,243.80	1311.6	1290
September 2018	1,399.00	1,175.00	1230.7	1181
October 2018	1,280.00	1,005.00	1094.00	1070.00
November 2018	1,143.95	951.00	974.00	950.1
December 2018	1,020.00	950.00	990.50	974.00
January 2019	1,039.60	962.05	1016.8	987.55
February 2019	1,009.50	922.95	987.7	955.5
March 2019	1,015.40	952.00	1002.45	984.00

**J) Distribution Schedule and Shareholding Pattern as on March 31, 2019**

<i>Sr. No</i>	<i>Category</i>	<i>Cases</i>	<i>% of Cases</i>	<i>Amount</i>	<i>% Amount</i>
1	upto 1 - 5000	47132	97.20	20935070.00	7.11
2	5001 - 10000	644	1.33	4709340.00	1.60
3	10001 - 20000	320	0.66	4639450.00	1.57
4	20001 - 30000	109	0.22	2680200.00	0.91
5	30001 - 40000	55	0.11	1934970.00	0.66
6	40001 - 50000	35	0.07	1592720.00	0.54
7	50001 - 100000	63	0.13	4418850.00	1.50

8	100001 & ABOVE	132	0.27	253701540.00	86.11
	<b>Total:</b>	<b>48490</b>	<b>100.00</b>	<b>294612140.00</b>	<b>100.00</b>

### k) Shareholding Pattern

<i>Sr. No</i>	<i>Category</i>	<i>No. of Shares Held</i>	<i>Percentage (%)</i>
I	PROMOTERS	-----	-----
II	NON-PROMOTERS		
a)	BANKS	68,576	0.23
b)	CLEARING MEMBERS	58,970	0.20
c)	DIRECTORS	76,721	0.26
d)	EMPLOYEES	35,952	0.12
e)	FOREIGN PORTFOLIO - CORP	1,37,36,379	46.63
f)	FOREIGN PORTFOLIO INVESTORS	6,499	0.02
g)	H U F	1,51,188	0.51
h)	INDIAN FINANCIAL INSTITUTIONS	30,79,596	10.45
i)	BODIES CORPORATES	52,70,663	17.89
j)	MUTUAL FUNDS	32,13,791	10.91
k)	NBFC	12,832	0.04
l)	NATIONALISED BANK	20,784	0.07
m)	NON RESIDENT INDIANS	2,12,157	0.72
n)	NRI NON-REPATRIATION	88,838	0.30
o)	RESIDENT INDIVIDUALS	34,25,936	11.63
p)	TRUSTS	2,332	0.01
	<b>TOTAL</b>	<b>2,94,61,214</b>	<b>100.00</b>

<b>l)</b>	<b>Dematerialisation of Shares and Liquidity</b>	2,94,60,913 equity shares which constitutes 99.99% of the paid up capital as on March 31, 2018 of your Company are held in electronic mode.
<b>m)</b>	<b>Registered Office &amp; Address for Correspondence</b>	CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456 Fax No: 022 – 67543457
<b>n)</b>	<b>Plant location</b>	In view of the nature of the Company's business viz. providing rating services, the company operates from the following mentioned offices in India.
	<b>Ahmedabad</b> 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015 Tel: +91-79-4026 5656	<b>Andheri</b> A Wing - 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road, Chakala, Andheri (E), Mumbai - 400 093. Tel No.: +91-22-6837 4400

	<p><b>Bengaluru</b> Unit No. 205 -208, 2nd Floor, Prestige Meridian 1, No. 30, M. G. Road, Bengaluru, Karnataka 560001. Tel: +91-80-46625555</p>	<p><b>Chandigarh</b> SCF No. 54-55, First Floor, Phase 11, Sector 65, Chandigarh, Mohali - 160062 Tel: +91-172-490-4000/01</p>
	<p><b>Chennai</b> Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002. Tel: +91-44-2849 7812 / 0811</p>	<p><b>Coimbatore</b> T-3, 3rd Floor, Manchester Square Puliakulam Road, Coimbatore - 641 037. Tel: +91-422-4332399 / 4502399</p>
	<p><b>Hyderabad</b> 401, Ashoka Scintilla, 3-6-502, Himayat Nagar, Hyderabad - 500 029. Tel: +91-40-4010 2030</p>	<p><b>Jaipur</b> 304, Pashupati Akshat Heights, Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park, Jaipur - 302 016. Tel: +91-141-402 0213 / 14</p>
	<p><b>Kolkata</b> 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.) 10A, Shakespeare Sarani, Kolkata - 700 071. Tel: +91-33- 4018 1600</p>	<p><b>New Delhi</b> 13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055. Tel: +91-11-4533 3200</p>
	<p><b>Pune</b> 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015. Tel: +91-20- 4000 9000</p>	
<b>o)</b>	<b>Email</b>	care@careratings.com
<b>p)</b>	<b>Investor Complaints ID</b>	investor.relations@careratings.com
<b>q)</b>	<b>Website</b>	www.careratings.com
<b>r)</b>	<b>Compliance Officer</b>	<p>Navin Kumar Jain Company Secretary CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456, Fax No: 022 - 67543457</p>
<b>s)</b>	<b>Green Initiative</b>	<p>Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/ documents in the electronic form.</p> <p>To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2019 electronically, Members are requested to update (in case of change) / register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent at the earliest. Your Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.</p>

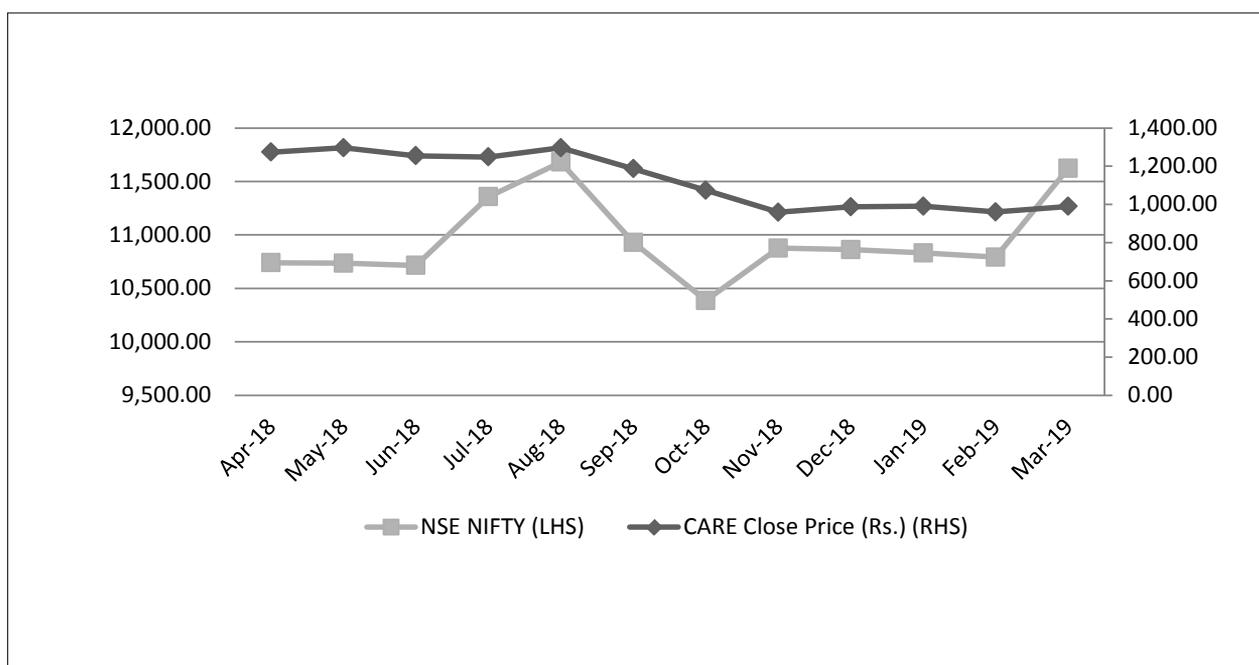
**t) CARE share price vs. NSE NIFTY**

<i>Month</i>	<i>CARE Close Price (Rs.) (NSE)</i>	<i>NSE NIFTY</i>
April 2018	1,273.60	10,739.35
May 2018	1,296.35	10,736.15
June 2018	1,254.15	10,714.30
July 2018	1,248.45	1,1356.50
August 2018	1,296.20	11,680.50
September 2018	1,186.75	10,930.45
October 2018	1,074.00	10,386.60
November 2018	958.70	10,876.75
December 2018	986.70	10,862.55
January 2019	990.55	10,830.95
February 2019	960.50	10,792.50

March 2019	989.60	11,623.90
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**CARE share price vs. BSE Sensex**

<i>Month</i>	<i>CARE Close Price (Rs.) (BSE)</i>	<i>BSE Sensex</i>
April 2018	1272.45	35,160.36
May 2018	1,300.5	35,322.38
June 2018	1,241.10	35,423.48
July 2018	1,250.95	37,606.58
August 2018	1,307.60	38,645.07
September 2018	1,189.70	36,227.14
October 2018	1,078.85	34,442.05

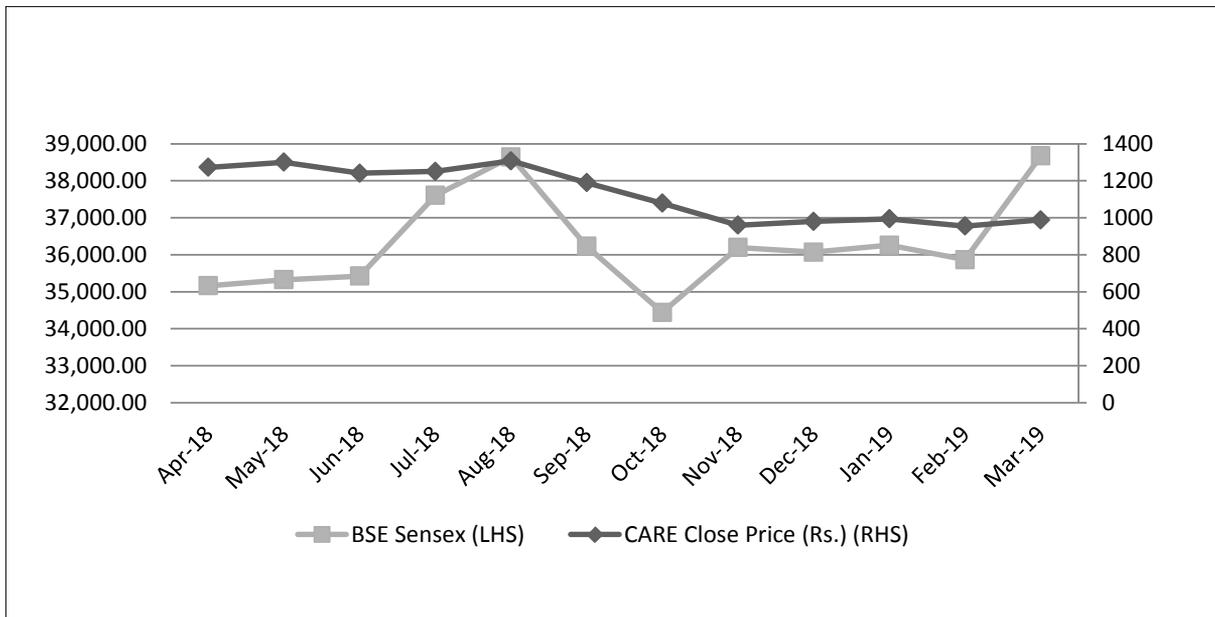


November 2018	959.5	36,194.30
December 2018	979.75	36,068.33
January 2019	994.20	36,256.69
February 2019	954.8	35,867.44

March 2019

988.4

38,672.91



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
Care Ratings Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of CARE RATINGS LIMITED (CIN:L67190MH1993PLC071691) and having registered office at Godrej Coliseum, 4th Floor, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai-400022 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

<i>Sr. No.</i>	<i>Name of the Director</i>	<i>DIN</i>	<i>Date of appointment</i>
1	Mr. Adesh Gupta Kumar	00020403	22/05/2018
2	Mr. Rajesh Ramchandra Mokashi	02781355	22/08/2009
3	Mr. Sadhana Pooran Dhamane	01062315	02/06/2017
4	Ms. Sonal Gunvant Desai	08095343	30/03/2019
5	Mr. Suryakant Balkrishna Mainak	02531129	17/08/2015
6	Mr. Venkatadri Chandrasekaran	03126243	15/11/2017

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For A. K. Jain & Co.**  
**Company Secretaries**

**Ashish Kumar Jain**  
**Proprietor**  
**FCS: 6058, CP: 6124**

**Place: Mumbai**  
**Date: August 19, 2019**

## CEO AND CFO CERTIFICATION

**To**  
**The Board of Directors**  
**CARE Ratings Limited**

We, Mr. Rajesh Mokashi, Managing Director & Chief Executive Officer and Mr. Nitinkumar Agrawal, Chief Financial Officer of Care Ratings Limited (Formerly known as Credit Analysis and Research Limited), to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements, the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee
- Significant changes in the internal control over financial reporting during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**FOR CARE RATINGS LIMITED**  
**(Formerly known as Credit Analysis And Research Limited)**

**RAJESH MOKASHI**  
**MANAGING DIRECTOR & CEO**

**NITINKUMAR AGRAWAL**  
**CHIEF FINANCIAL OFFICER**

**Place: Mumbai**  
**Date: May 21, 2019**

**DECLARATION BY THE CHIEF EXECUTIVE OFFICER OF  
THE COMPANY UNDER REGULATION 17(5)(A) OF SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)  
REGULATIONS, 2015.**

**To**  
**The Members of CARE Ratings Limited**  
**(Formerly known as Credit Analysis and Research Limited)**

I, Rajesh Mokashi, Managing Director & Chief Executive Officer of CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited), hereby confirm pursuant to Regulation 26(3) read with Para D of Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 that:

The Board of CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) had laid down a Code of Conduct (Code of Ethics) for all Board members and Senior Management of the Company. The said code of conduct has also been posted on the Company's website viz. [www.careratings.com](http://www.careratings.com).

As provided under Regulation 26(3) read with Para D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board of Directors and Senior Management Personnel of the Company have affirmed the Compliance with the Code of Conduct (Code of Ethics) for the year ended March 31, 2019.

**For CARE RATINGS LIMITED**  
**(Formerly known as Credit Analysis and Research Limited)**

**RAJESH MOKASHI**  
**MANAGING DIRECTOR & CEO**

**Place: Mumbai**  
**Date: May 21, 2019**

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of  
CARE Ratings Limited  
(Formerly known as 'Credit Analysis & Research Limited')**

We have examined the compliance of conditions of Corporate Governance by CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') (the 'Company'), for the year ended March 31, 2019, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co.)  
Chartered Accountants  
Firm's Registration No: 105146W

**Hasmukh Dedhia**  
Partner (F - 033494)  
Mumbai  
Date: June 7, 2019  
UDIN: 19033494AAAABI8341

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
CARE Ratings Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the standalone financial statements of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our approach
<p><b><i>presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 "Revenue from contracts with customers" (new accounting standard) and other regulatory requirements</i></b></p> <p>The recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 and other regulatory requirements involve significant judgements and estimation on behalf of the management of the Company. Further, the recognition of revenue involves various complexities with respect to nature and category of clients of the Company.</p> <p>We determined this matter to be a key audit matter due to the complexity associated to comply with the applicable Ind AS and other regulatory requirements. [Note 1(j) to the standalone Ind AS financial statements]</p>	<p>We assessed the entity's process to comply with the applicable Ind AS and other regulatory requirements</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Evaluated the report of expert on the application of the standard on the entity as per its accounting policies.</li> <li>• Evaluated the reasonableness of the significant judgements and estimation involved in the process.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

	<ul style="list-style-type: none"> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures:             <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the entity.</li> </ul> </li> <li>• Sample of revenue disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul>
<p><b><i>Regulations – Litigations and claims</i></b></p> <p>The Company is exposed to various laws and regulations. In this regulatory environment, there is an inherent risk of litigations and claims. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government / department proceedings, as well as investigations by authorities.</p> <p>As at March 31, 2019, the Company's has ascertained contingent liabilities of Rs. 62.26 Lakhs and also has unascertained liabilities (refer note 28 to the standalone Ind AS financial statements)</p> <p>Management applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and each legal case progress.</p> <p>We determined this matter to be a key audit matter due to the inherent complexity and magnitude of potential exposures across the Company and the judgment necessary to estimate the amount of provisions required or determine the required disclosure.</p>	<ul style="list-style-type: none"> <li>• Our Audit approach in relation to the matter involved the following:</li> <li>• Review the outstanding litigations against the Company for consistency with the previous years. Enquire and obtain explanations for movement during the year.</li> <li>• Reading the latest correspondence between the Company and the various tax/legal authorities for significant matters.</li> <li>• Examined selectively the Company's legal expenses and read fully the minutes of the board meetings, in order to ascertain all cases have been identified.</li> <li>• With respect to tax matters, involving our tax specialists, and discussing with the Company's personnel dealing with tax matters, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws and precedence.</li> <li>• Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures.</li> <li>• For those matters where management concluded that no provisions should be recognised, considering the adequacy and completeness of the Company's disclosures.</li> <li>• For complex regulatory litigations, reviewing the relevant correspondence by the company, studying the matters in the light of past precedence and views of company's legal advisor as made available by the company</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### Information other than the Financial Statements and Auditors' Report Thereon

4. The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and such other disclosures related Information, excluding the standalone financial statements and auditor's report thereon ('Other Information'). The Other Information is expected to be made available to us after the date of this Auditors' Report. Our opinion on the standalone financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the Other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Responsibility of Management for Standalone Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

6. 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 Auditor's 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 SAs 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. Our audit process in accordance with the SAs is narrated in details in Annexure 1 to this report.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 2, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

8. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

## INDEPENDENT AUDITOR'S REPORT

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 3.
- g. In terms of provisions of Section 197(16) of the Act, as per the information and explanations given, we report that the managerial remuneration paid by the Company to its Directors is in accordance with provisions of Section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 28 to the financial statements;
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 29 to the financial statements;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co)  
Chartered Accountants  
Firm Registration No 105146W

Hasmukh Dedhia  
Partner (F - 033494)

Place: Mumbai  
Date: May 21, 2019

# INDEPENDENT AUDITOR'S REPORT

## Annexure 1

### (referred to in paragraph 6 of Independent Auditors' Report)

As part of our audit in accordance with SAs we exercise professional judgment 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, to 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditor's 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 auditor's 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.
- Communicate with those charged with governance 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.  
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITOR'S REPORT

### Annexure 2

#### (referred to in paragraph 7 of Independent Auditors' Report)

- i.
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company does not hold any inventory or securities as stock in trade, hence clause 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- v. As explained to us, the Company has not accepted any deposits from the public.
- vi. According to the information and explanations given to us, the Company is not required to maintain any cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act.
- vii.
  - (a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is regular in depositing the undisputed statutory dues, including, Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India.  
As informed, the Company is not liable to pay Custom Duty and Cess during the year.
  - (b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Service Tax, Value Added Tax, Sales Tax, Customs Duty, Excise Duty, Goods and Service Tax and Cess which have not been deposited on account of any disputes except the following:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	27,20,469	AY 2010-11	Dy. Commissioner of Income Tax, 6(2), Mumbai
The Income Tax Act, 1961	Income Tax	3,49,24,835	AY 2013-14	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	5,39,76,512	AY 2014-15	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	24,66,238	AY 2016-17	Commissioner of Income Tax (Appeals)

## INDEPENDENT AUDITOR'S REPORT

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans taken from financial institutions, government and banks nor has the Company issued any debentures, hence clause 3(viii) of the Order is not applicable.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- xiii. According to the information and explanations to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the Standalone Ind AS financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co)  
Chartered Accountants  
Firm Registration No 105146W

Hasmukh Dedhia  
Partner (F - 033494)

Place: Mumbai  
Date: May 21, 2019

# INDEPENDENT AUDITOR'S REPORT

## Annexure 3

(referred to in paragraph 8(f) of Independent Auditors' Report)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

#### Opinion

In conjunction with our audit of the standalone Ind AS financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to standalone Ind AS financial statements of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') ('the Company') as of that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to standalone Ind AS financial statements and such internal financial controls were operating effectively as at 31 March, 2019, based on the internal financial controls with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

#### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone Ind AS financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone Ind AS financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone Ind AS financial statements.

#### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone Ind AS financial statements include those policies and procedures that;

## INDEPENDENT AUDITOR'S REPORT

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co)  
Chartered Accountants  
Firm Registration No 105146W

Hasmukh Dedhia  
Partner (F - 033494)

Place: Mumbai  
Date: May 21, 2019

**BALANCE SHEET**

as at March 31, 2019

*(Amount Rs)*

<i>Particulars</i>	<i>Note Number</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	2	73,23,47,124	50,86,72,300
Intangible Assets	2	1,56,48,761	87,70,515
<b>Financial Assets</b>			
Investments	3	2,74,33,53,702	2,79,21,34,815
Loans	4	2,68,29,827	74,86,602
Other Non-Current Financial Assets	5	9,43,775	9,72,219
Other Non-Current Assets	6	73,42,317	11,36,970
<b>Total Non-Current Assets</b>		<b>3,52,64,65,506</b>	<b>3,31,91,73,421</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Investments	7	1,83,82,76,480	2,57,87,93,275
Trade Receivables	8	43,52,79,538	37,18,09,714
Cash and Cash Equivalents	9	18,32,62,629	21,85,35,772
Bank Balances other than Cash and Cash Equivalents	10	2,20,43,869	2,23,95,782
Loans	11	64,51,187	1,26,63,818
Other Current Financial Assets	12	1,69,89,847	1,06,52,626
Contract Assets	13	68,69,668	67,76,171
Other Current Assets	14	2,46,29,318	1,77,41,858
<b>Total Current Assets</b>		<b>2,53,38,02,536</b>	<b>3,23,93,69,016</b>
<b>Total Assets</b>		<b>6,06,02,68,042</b>	<b>6,55,85,42,437</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	15	29,46,12,140	29,46,12,140
Other Equity	16	5,20,19,76,429	5,69,85,54,182
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Provisions	17	6,08,99,928	4,49,12,118
Deferred Tax Liabilities (Net)	18	7,38,42,361	5,31,73,544
<b>Total Non-Current Liabilities</b>		<b>13,47,42,288</b>	<b>9,80,85,662</b>

**BALANCE SHEET**

as at March 31, 2019

*(Amount Rs)*

<i>Particulars</i>	<i>Note Number</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Other Current Financial Liabilities	19	8,73,01,459	9,66,43,332
Contract Liabilities	20	16,94,00,707	19,83,91,742
Other Current Liabilities	21	11,51,58,292	9,88,77,005
Provisions	22	3,96,91,342	4,21,63,661
Current Tax Liability (Net)	23	1,73,85,384	3,12,14,713
<b>Total Current Liabilities</b>		<b>42,89,37,184</b>	<b>46,72,90,453</b>
<b>Total Equity and Liabilities</b>		<b>6,06,02,68,042</b>	<b>6,55,85,42,437</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP****(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**For and on behalf of the Board of Directors of****CARE Ratings Limited**

(Formerly known as Credit Analysis &amp; Research Limited )

**[Hasmukh Dedhia]**

Partner (F-033494)

**[S B Mainak]**Chairman  
DIN No-02531129**[Rajesh Mokashi]**Managing Director & CEO  
DIN No-02781355**[Adesh Kumar Gupta]**Independent Director  
DIN No. - 00020403

Mumbai

Date : May 21, 2019

**[Nitinkumar Agrawal]**Chief Financial Officer  
M.No. 047780**[Navin Jain]**Company Secretary  
ACS A10703

Mumbai

Date : May 21, 2019

## STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2019

(Amount Rs)

<i>Particulars</i>	<i>Note Number</i>	<i>Year ended March 31, 2019</i>	<i>Year ended March 31, 2018</i>
<b>Income</b>			
Revenue From Operations	24	2,97,35,73,930	3,21,61,00,082
Other Income	25	29,83,40,393	25,27,23,496
<b>Total Revenue</b>		<b>3,27,19,14,323</b>	<b>3,46,88,23,578</b>
<b>Expenses</b>			
Employee Benefits Expense	26	93,54,03,053	82,21,28,605
Depreciation and Amortization Expense	2	3,06,38,613	2,96,13,805
Other Expenses	27	32,54,23,372	29,95,45,014
<b>Total Expenses</b>		<b>1,29,14,65,038</b>	<b>1,15,12,87,424</b>
<b>Profit before Tax</b>		<b>1,98,04,49,285</b>	<b>2,31,75,36,154</b>
<b>Tax Expense</b>			
Current Tax	34	59,89,64,495	78,06,63,016
Deferred Tax Expense	34	3,16,16,358	(7,34,03,972)
<b>Total Tax Expense</b>		<b>63,05,80,853</b>	<b>70,72,59,044</b>
<b>Profit after Tax</b>		<b>1,34,98,68,432</b>	<b>1,61,02,77,110</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit & Loss		(3,13,28,813)	5,32,88,534
(ii) Income tax relating to items that will not be reclassified to profit or loss	34	1,09,47,540	(1,22,79,503)
B (i) Items that will be reclassified to profit & Loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income for the year</b>		<b>(2,03,81,273)</b>	<b>4,10,09,031</b>
<b>Total Comprehensive Income for the year</b>		<b>1,32,94,87,159</b>	<b>1,65,12,86,141</b>
Earnings Per Share (Face Value Rs.10/- each)			
- Basic	33	45.82	54.10
- Diluted	33	45.82	54.10

## STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2019

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**

**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**For and on behalf of the Board of Directors of**

**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited )

**[Hasmukh Dedhia]**

Partner (F-033494)

**[S B Mainak]**

Chairman

DIN No-02531129

**[Rajesh Mokashi]**

Managing Director & CEO

DIN No-02781355

**[Adesh Kumar Gupta]**

Independent Director

DIN No. - 00020403

Mumbai

Date : May 21, 2019

**[Nitinkumar Agrawal]**

Chief Financial Officer

M.No. 047780

**[Navin Jain]**

Company Secretary

ACS A10703

Mumbai

Date : May 21, 2019

## CASH FLOW STATEMENT

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>For the Year ended March 31, 2019</i>	<i>For the Year ended March 31, 2018</i>
<b>Cash Flows from Operating Activities</b>		
<b>Profit before tax</b>	<b>1,98,04,49,285</b>	<b>2,31,75,36,154</b>
<b>Adjustments for</b>		
Income from investments	(13,77,15,786)	(23,15,45,880)
Unrealized Gain on Fair Valuation of Investments through Profit and Loss	(14,27,69,275)	-
Unrealised Foreign Exchange (Gain) / Loss	-	(1,51,468)
Provision for Compensated Absence	1,33,04,767	1,13,23,010
Provision for Gratuity	(24,20,005)	1,73,30,977
Provision for Leave Travel Allowance	26,30,729	19,11,932
Provision for Bad Debts	1,24,74,778	-
Bad Debts written off	64,21,360	-
Deferred Lease expenses	10,39,540	-
Loss on Sale of Fixed Assets	(2,81,178)	1,31,653
ESOP Expense	12,73,73,013	8,64,89,983
Profit on sale of investments	(60,62,316)	-
Amortisation of bonds	17,04,208	-
Depreciation	3,06,38,613	2,96,13,805
<b>Operating Profit before working capital changes</b>	<b>1,88,67,87,733</b>	<b>2,23,26,40,166</b>
<b>Movements in working capital</b>		
Increase in Financial Assets	(10,14,53,419)	(16,32,23,706)
Decrease/(Increase) in Other Assets	(45,46,040)	1,92,61,478
Increase in Current Financial Assets	(93,497)	-
Increase in Other Current Assets	(68,87,462)	-
Increase in Financial Liabilities	(93,41,874)	(2,76,004)
Increase in Contract Liabilities	(2,89,91,035)	(12,28,91,494)
Decrease/(Increase) in Other Liabilities	(1,50,47,528)	7,26,67,949
Total Movements in working capital	(16,63,60,854)	(19,44,61,776)
Taxes paid	(61,27,93,824)	(67,41,24,943)
<b>Net cash from operating activities .....(1)</b>	<b>1,10,76,33,055</b>	<b>1,36,40,53,447</b>
<b>Cash flows from Investing Activities</b>		
Income from investments	13,77,15,786	16,97,16,476
Investment in Company	-	(1,59,90,561)
Sale of fixed assets	2,81,178	4,38,441
Purchase of fixed assets & capital advance	(26,38,90,529)	(2,03,81,547)
Purchase of investments	(1,63,74,22,106)	(4,71,43,78,559)

## CASH FLOW STATEMENT

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>For the Year ended March 31, 2019</i>	<i>For the Year ended March 31, 2018</i>
Redemption of investments	2,57,38,47,398	4,30,89,76,433
<b>Net cash from/(used in) investing activities.....(2)</b>	<b>81,05,31,727</b>	<b>(27,16,19,317)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issue of equity shares	-	61,78,021
Dividend and Dividend Tax paid	(1,95,34,37,925)	(99,27,26,558)
<b>Net cash used in financing activities.....(3)</b>	<b>(1,95,34,37,925)</b>	<b>(98,65,48,537)</b>
<b>Net increase / (decrease) in cash and cash equivalents (1+2+3)</b>	<b>(3,52,73,143)</b>	<b>10,58,85,593</b>
<b>Cash And Cash Equivalents at the Beginning</b>	<b>21,85,35,772</b>	<b>11,26,50,179</b>
<b>Cash And Cash Equivalents at the End( Refer note 9)</b>	<b>18,32,62,629</b>	<b>21,85,35,772</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**For and on behalf of the Board of Directors of**  
**CARE Ratings Limited**

(Formerly known as Credit Analysis &amp; Research Limited )

**[Hasmukh Dedhia]**  
Partner (F-033494)

**[S B Mainak]**  
Chairman  
DIN No-02531129

**[Rajesh Mokashi]**  
Managing Director & CEO  
DIN No-02781355

**[Adesh Kumar Gupta]**  
Independent Director  
DIN No. - 00020403

Mumbai  
Date : May 21, 2019

**[Nitinkumar Agrawal]**  
Chief Financial Officer  
M.No. 047780

**[Navin Jain]**  
Company Secretary  
ACS A10703

Mumbai  
Date : May 21, 2019

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

### A. Equity Share Capital

(Amount Rs.)

For the year ended March 31, 2019

<i>Balance as at April 1, 2018</i>	<i>Changes in Equity Share Capital during the year</i>	<i>Balance as at March 31, 2019</i>
29,46,12,140	-	29,46,12,140

For the year ended March 31, 2018

(Amount Rs.)

<i>Balance as at April 1, 2017</i>	<i>Changes in Equity Share Capital during the year</i>	<i>Balance as at March 31, 2018</i>
29,45,12,010	1,00,130	29,46,12,140

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Particulars	Reserves & Surplus						Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income		
Balance as at April 1, 2018	8,64,89,983	22,50,000	65,17,62,962	1,94,77,59,516	2,99,30,55,496	1,72,36,225	5,69,85,54,182	
Profit for the year (1)	-	-	-	-	1,34,98,68,432	-	1,34,98,68,432	
<b>Other Comprehensive Income/(loss) for the year</b>								
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	(1,18,34,128)	-	(1,18,34,128)	
Gains on fair value through OCI investments (3)	-	-	-	-	-	(85,47,145)	(85,47,145)	
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>	-	-	-	-	<b>1,33,80,34,304</b>	<b>(85,47,145)</b>	<b>1,32,94,87,159</b>	
<b>Contribution by and Distribution to Owners</b>								
Dividends	-	-	-	-	(1,62,03,66,770)	-	(1,62,03,66,770)	
Dividend distribution tax	-	-	-	-	(33,30,71,155)	-	(33,30,71,155)	
Employee Stock Option Granted/charge for this period	12,73,73,013	-	-	-	-	-	12,73,73,013	

### B. Other Equity

For the year ended March 31, 2019

(Amount Rs.)

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

		Reserves & Supplus					Other Com- prehensive Income		Total Equity
		Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Equity Instruments through other comprehensive income	
<b>For the year ended March 31, 2019</b>		(Amount Rs.)							
<b>Particulars</b>		21,38,62,996	22,50,000	65,17,62,962	1,94,77,59,516	2,37,76,51,876	86,89,080	5,20,19,76,429	
	<b>Balance as at March 31, 2019</b>								
<b>For the year ended March 31, 2018</b>		(Amount Rs.)							
<b>Particulars</b>		22,88,185	22,50,000	64,33,96,886	1,79,77,59,516	2,52,56,27,662	(2,38,95,524)	4,94,74,26,725	
	Balance as at April 1, 2017								
	Profit for the year (1)	-	-	-	-	1,61,02,77,110	-	1,61,02,77,110	
<b>Other Comprehen- sive Income/(loss) for the year</b>									
	Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	(1,22,718)	-	(1,22,718)	
	Net gains on fair value through OCI investments (3)	-	-	-	-	-	4,11,31,749	4,11,31,749	
<b>Total Compre- hensive Income/ (loss) for the year (1+2+3)</b>		-	-	-	-	1,61,01,54,392	4,11,31,749	1,65,12,86,141	

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Particulars	Reserves & Surplus					Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings		
<b>Contribution by and Distribution to Owners</b>							
Premium on allotment of ESOP	-	-	60,77,891	-	-	-	60,77,891
Transferred from Deferred Employees Compensation	-	-	22,88,185	-	-	-	22,88,185
Dividends	-	-	-	-	(82,48,13,862)	-	(82,48,13,862)
Dividend distribution tax	-	-	-	-	(16,79,12,696)	-	(16,79,12,696)
Transfer (to) / from Retained Earnings	-	-	-	15,00,00,000	(15,00,00,000)	-	-
Employee Stock Option Exercised	(22,88,185)	-	-	-	-	--	(22,88,185)
Employee Stock Option Granted	8,64,89,983	-	-	-	-	-	8,64,89,983
<b>Balance as at March 31, 2018</b>	<b>8,64,89,983</b>	<b>22,50,000</b>	<b>65,17,62,962</b>	<b>1,94,77,59,516</b>	<b>2,99,30,55,496</b>	<b>1,72,36,225</b>	<b>5,69,85,54,182</b>

For the year ended March 31, 2019

(Amount Rs.)

The description of the nature and purpose of each reserve within equity is as follows:

### a. Capital Redemption Reserve

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares.

### b. Securities Premium Reserve

Securities Premium Reserve is credited when the shares are issued at premium. It will be utilized in accordance with the provision of the Companies Act, 2013 to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended March 31, 2019

### c. Employees Stock Options Outstanding Reserve

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 35 for further details of this plan

### d. General Reserve

The Company has transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Act.

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**[Hasmukh Dedhia]**

Partner (F-033494)

Mumbai

Date : May 21, 2019

**For and on behalf of the Board of Directors of**  
**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited )

**[S B Mainak]**

Chairman  
DIN No-02531129

**[Nitinkumar Agrawal]**

Chief Financial Officer  
M.No. 047780

Mumbai

Date : May 21, 2019

**[Rajesh Mokashi]**

Managing Director & CEO  
DIN No-02781355

**[Navin Jain]**

Company Secretary  
ACS A10703

**[Adesh Kumar Gupta]**

Independent Director  
DIN No. - 00020403

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended March 31, 2019

### Note 1:

#### Company Overview and Significant Accounting Policies

##### Company Overview:

CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited) (“the Company”), commenced its operations in April 1993 has established itself as the leading credit rating agency of India. The Company provides various credit ratings that helps corporate to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. The Company has its registered office and head office both located in Mumbai. In addition, CARE Ratings has regional offices at Ahmedabad, Bengaluru, Chandigarh, Chennai, Cochin, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi and Pune

##### Summary of Significant Accounting Policies:

#### a) Statement of Compliance

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provision of the Companies Act, 2013 (“the Act”) and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The Standalone financial statements were approved for issue by the Board of Directors on May 21, 2019.

#### b) Basis of preparation of Financial Statements

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- i Certain financial assets and liabilities measured at fair value and classified as fair value through other comprehensive income or fair value through profit or loss
- ii Employee’s Defined Benefit Plan as per actuarial valuation
- iii Equity settled share based payments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

#### Classification of Assets and Liabilities into Current/Non-Current

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

For the purpose of Balance Sheet, an asset is classified as current if:

- i It is expected to be realised, or is intended to be sold or consumed, in the normal operating cycle; or
- ii It is held primarily for the purpose of trading; or
- iii It is expected to realise the asset within twelve months after the reporting period; or
- iv The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

- i It is expected to be settled in the normal operating cycle; or
- ii It is held primarily for the purpose of trading; or
- iii It is due to be settled within twelve months after the reporting period; or
- iv The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

#### c) **Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance, are charged to the Statement of Profit & Loss in the period in which the costs are incurred.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

#### d) **Capital advances and Capital Work in Progress**

Advances paid towards acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and cost of the assets not put to use before such date are disclosed under Capital Work in Progress.

#### e) **Depreciation**

Depreciation on PPE is the systematic allocation of the depreciable amount over its useful life and is provided on a straight line basis over such useful lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation on additions is being provided on Pro rata basis from the date of such additions.

Depreciation on sale or disposal is provided on Pro rata basis till the date of such sale or disposal.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### f) Intangible Assets and Amortization

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses thereon, if any. An intangible asset is recognized, where it is probable that the future economic benefit attributable to the assets will flow to the enterprise and where its costs can be reliably measured. The Company determine the amortization period as the period over which future economic benefit will flow to the Company after taking into account all relevant facts and circumstances. An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized. Intangible assets in the nature of computer software is amortized over the period of 3 years.

#### g) Impairment of Non-Financial Assets – Property, Plant and Equipment & Intangible Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the assets no longer exist or have decreased.

#### h) Financial Instruments

Financial Assets & Financial Liabilities are recognized when the Company becomes party to contractual provisions of the relevant instrument.

##### Initial Recognition

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Transaction costs directly attributable to acquisition or issue of financial assets or financial liabilities at fair value through profit or loss at recognised immediately in the Statement of Profit and Loss.

##### Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at Amortised Cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of the entity's business model for managing the financial assets and The contractual cash flow characteristics of the financial asset.

#### i. Amortized Cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### ii. Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

#### iii. Fair Value through Profit & Loss (FVTPL)

A financial asset which is not classified in any of the (i) or (ii) above categories are measured at FVTPL

#### Investment in Subsidiaries :

The Company's equity investment in its Subsidiaries are carried at cost.

#### Investment in Equity Instruments designated to be classified as FVTOCI

The Company carries certain equity instruments which are not held for trading. The Company has elected the irrevocable option to measure such instruments at FVTOCI since initial recognition. Movements in fair value of these investments are recognized in Other Comprehensive Income and the gain or loss will not be reclassified to Statement of Profit and Loss on disposal of these investments. Dividends from these investments are recognized in statement of profit and loss when the Company's right to receive dividends is established.

#### Classification and Subsequent Measurement: Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'Other Financial Liabilities'.

#### Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL: Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

#### Other Financial Liabilities

Other financial liabilities are subsequently measured at Amortised Cost using the effective interest method. For the liabilities maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

#### **Derecognition of Financial Assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **i) Cash and Cash Equivalent**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments

#### **j) Revenue Recognition**

##### **Rating Income (Including Surveillance Income)**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rating income is measured and recognised based on percentage of completion method. Major portion of Initial and surveillance rating fees is recognised on the date of rating based on efforts and balance portion of it is over the twelve months from the date of rating. As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection.

Income on subscription to information services primarily pertains to sale of research reports and the income thereon is recognized on accrual basis.

##### **Interest Income**

Interest income from debt instruments viz. investment in PSU Bonds is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### **Dividend Income**

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

#### **Sale of Investments**

Difference between the sale price and carrying value of investment as determined at the end of the previous year is recognised as profit or loss on sale / redemption on investment on trade date of transaction.

#### **k) Lease**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

**Operating Lease:** Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

**Finance Lease:** Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

#### **l) Translation of Foreign Currency Items**

Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss, Non- monetary assets and liabilities that are measured in terms of historical cost of foreign currencies are not translated.

#### **m) Employee Benefit Expense**

##### **Defined Benefit Plan:**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

Re-measurement (comprising actuarial gains and losses, return on plan assets, etc.) of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

The defined benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### **Defined Contribution Plan**

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, for which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Government Provident Fund monthly.

#### **Other Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

#### **n) Income Taxes:**

The tax expense for the year comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

#### **Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

#### **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

Tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the Statement of Profit and Loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period date and are reduced to the extent that it is no longer probable.

#### **o) Earnings Per Share**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **p) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

#### **q) Share Based Payments**

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### r) **Segment Reporting - Identification of Segments:**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's management to make decisions for which discrete financial information is available.

Based on the management approach as defined in Ind AS 108, the management evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

#### **Note 1(A):**

##### **Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

#### a) **Useful Lives of Property, Plant & Equipment:**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

#### b) **Fair value measurement of Financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs for valuation techniques are taken from observable market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### c) Revenue

The Company recognizes portion of rating fee income commensurate with the efforts involved based on percentage completion method.

The Company uses various judgments and estimates to assess the efforts required for completion of various activities in the rating process. Based on assessment, the Company defines the percentage completion to be applied to measure income to be recognized from initial rating and surveillance during the year.

As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection.

#### Change in Accounting Estimates:

During the year ended March 31, 2018, the Company has reviewed efforts required for completion of various activities in the rating process. Based on review, the Company has changed its effort estimates for rating activities as above due to change in Regulations, Business-Mix and Technological Enhancements as compared to previous year.

Accordingly, the revenue recognized for the year ended on March 31, 2018 based on revised efforts estimation was higher by Rs.186,186,612 as compared to revenue that would have been recognized based on earlier efforts estimation.

#### d) Defined benefit plans

The cost of the defined benefit gratuity plan and other employment benefits and the present value of the gratuity obligation and other employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### e) Expected Credit Losses on Financial Assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### f) Share-Based Payments

The Company measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

## Note 2: Property, Plant and Equipment

(Amount Rs.)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2018	Additions during the year	Deductions during the year	As at March 31, 2019	As at April 1, 2018	For the year	On deletions / disposals during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2019
<b>Tangible Assets</b>										
Furniture & Fixtures	2,01,05,534	48,49,229	-	2,49,54,763	70,31,386	36,16,939	-	1,06,48,325	1,43,06,438	
Office Equipments	2,31,92,069	64,56,044	99,715	2,95,48,398	1,81,42,896	21,00,679	99,715	2,01,43,860	94,04,538	
Computers	2,29,70,818	1,99,67,361	56,26,332	3,73,11,847	1,19,04,013	74,05,912	56,26,332	1,36,83,593	2,36,28,254	
Vehicles	42,27,501	46,39,683	-	88,67,184	68,057	9,89,247	-	10,57,304	78,09,880	
Electrical Installations	63,30,873	15,21,424	-	78,52,297	19,74,278	9,91,348	-	29,65,626	48,86,671	
Buildings	48,88,62,936	21,26,02,531	-	70,14,65,467	1,78,96,801	1,12,57,323	-	2,91,54,124	67,23,11,343	
<b>Total Tangible</b>	<b>56,56,89,731</b>	<b>25,00,36,272</b>	<b>57,26,047</b>	<b>80,99,99,956</b>	<b>5,70,17,431</b>	<b>2,63,61,448</b>	<b>57,26,047</b>	<b>7,76,52,832</b>	<b>73,23,47,124</b>	
Intangible Assets										
Computer Software	1,19,85,994	1,11,55,411	-	2,31,41,405	32,15,479	42,77,165	-	74,92,644	1,56,48,761	
<b>Total Intangible</b>	<b>1,19,85,994</b>	<b>1,11,55,411</b>	<b>-</b>	<b>2,31,41,405</b>	<b>32,15,479</b>	<b>42,77,165</b>	<b>-</b>	<b>74,92,644</b>	<b>1,56,48,761</b>	
<b>Total</b>	<b>57,76,75,725</b>	<b>26,11,91,683</b>	<b>57,26,047</b>	<b>83,31,41,361</b>	<b>6,02,32,910</b>	<b>3,06,38,613</b>	<b>57,26,047</b>	<b>8,51,45,476</b>	<b>74,79,95,885</b>	
Description of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2017	Additions during the year	Deductions during the year	As at March 31, 2018	As at April 1, 2017	For the year	On deletions / disposals during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2018
<b>Tangible Assets</b>										
Furniture & Fixtures	1,77,15,041	23,90,493	-	2,01,05,534	34,79,106	35,52,280	-	70,31,386	1,30,74,148	
Office Equipments	2,03,53,887	28,38,182	-	2,31,92,069	1,02,19,079	79,23,817	-	1,81,42,896	50,49,173	
Computers	1,95,55,843	34,14,975	-	2,29,70,818	61,09,916	57,94,097	-	1,19,04,013	1,10,66,805	
Vehicles	10,77,482	42,28,243	10,78,224	42,27,501	2,70,110	3,06,077	5,08,130	68,057	41,59,444	
Electrical Installations	62,28,610	1,02,263	-	63,30,873	9,95,679	9,78,599	-	19,74,278	43,56,595	
Buildings	48,88,62,936	-	-	48,88,62,936	89,85,915	89,10,886	-	1,78,96,801	47,09,66,135	
<b>Total Tangible</b>	<b>55,37,93,799</b>	<b>1,29,74,156</b>	<b>10,78,224</b>	<b>56,56,89,731</b>	<b>3,00,59,805</b>	<b>2,74,65,756</b>	<b>5,08,130</b>	<b>5,70,17,431</b>	<b>50,86,72,300</b>	
Intangible Assets										
Computer Software	38,32,799	81,53,195	-	1,19,85,994	10,67,430	21,48,049	-	32,15,479	87,70,515	
<b>Total Intangible</b>	<b>38,32,799</b>	<b>81,53,195</b>	<b>-</b>	<b>1,19,85,994</b>	<b>10,67,430</b>	<b>21,48,049</b>	<b>-</b>	<b>32,15,479</b>	<b>87,70,515</b>	
Capital WIP	7,45,804	-	7,45,804	-	-	-	-	-	-	
<b>Total</b>	<b>55,83,72,402</b>	<b>2,11,27,351</b>	<b>18,24,028</b>	<b>57,76,75,725</b>	<b>3,11,27,235</b>	<b>2,96,13,805</b>	<b>5,08,130</b>	<b>6,02,32,910</b>	<b>51,74,42,815</b>	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 3: Investments - Non Current

(Amount Rs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amt	Nos	Amt
<b>Unquoted:</b>				
<b>Investments measured at cost</b>				
<b>Equity Instruments:</b>				
<b>Subsidiaries</b>				
<b>Face value of Rs. 10 each fully paid:</b>				
CARE Risk Solutions Private Limited (formerly known as CARE Kalypto Risk Technologies and Advisory Services Private Limited)	80,13,500	10,57,83,654	80,13,500	10,57,83,654
CARE Advisory Research & Training Limited	44,99,950	4,49,99,950	44,99,950	4,49,99,950
<b>Face value of NPR 100 each fully paid:</b>				
CARE Ratings Nepal Limited	2,55,000	1,59,90,561	2,55,000	1,59,90,561
<b>Face value of USD 1 each fully paid:</b>				
CARE Ratings (Africa) Private Limited	3,12,001	2,05,15,287	3,12,001	2,05,15,287
<b>Investment measured at Fair value through Other Comprehensive Income</b>				
<b>Face value of USD 22,600 each fully paid:</b>				
ARC Ratings Holdings Limited	20	2,42,09,955	20	3,52,54,543
<b>Face value of RM 1 each fully paid:</b>				
Malaysian Rating Corporation Berhad	20,00,000	11,23,63,582	20,00,000	11,44,57,128
<b>Investment measured at Fair value through Profit &amp; Loss</b>				
0.1% Optionally Convertible Cumulative Redeemable preference shares				
CARE Risk Solutions Private Limited (formerly known as CARE Kalypto Risk Technologies and Advisory Services Private Limited)	50,00,000	6,13,43,975	50,00,000	5,80,15,550
Investment in Various Debt Mutual Funds Schemes		-		17,67,08,046
<b>Total Unquoted Investments</b>		<b>38,52,06,964</b>		<b>57,17,24,719</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 3: Investments - Non Current

(Amount Rs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amt	Nos	Amt
<b>Quoted:</b>				
<b>Investment measured at Amortised Cost</b>				
Tax free Bonds	-	36,93,80,588		37,10,84,796
Investment measured at Fair value				
<b>through Profit &amp; Loss</b>				
<b>Investment in Various Debt Mutual Funds Schemes</b>		1,98,87,66,150		1,84,93,25,300
<b>Total Quoted Investments</b>		<b>2,35,81,46,738</b>		<b>2,22,04,10,096</b>
<b>Total Investments</b>		<b>2,74,33,53,702</b>		<b>2,79,21,34,815</b>
Aggregate amount of Quoted Investments		2,35,81,46,738		2,22,04,10,096
<b>Market Value of Quoted Investments</b>		2,39,05,83,650		2,25,83,04,300
Aggregate amount of Unquoted Investments		38,52,06,964		57,17,24,720
<b>Aggregate amount of impairment in value of Investment</b>		-		-

### Note 4 : Loans - Non Current

(Amount Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and Considered Good</b>		
Loan to CARE Risk Solutions Private Limited (wholly owned subsidiary)	1,00,00,000	-
Loans to Employees	60,96,877	37,37,936
Security Deposits	1,07,32,950	37,48,666
<b>Total</b>	<b>2,68,29,827</b>	<b>74,86,602</b>

### Note 5 : Other Non Current Financial Assets

(Amount Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Accrued Interest on Loans to Employees	9,43,775	9,72,219
<b>Total</b>	<b>9,43,775</b>	<b>9,72,219</b>

### Note 6 : Other Non-Current Assets

(Amount Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured, considered Good</b>		
Capital Advances	27,04,996	6,149
Others	46,37,321	11,30,821
<b>Total</b>	<b>73,42,317</b>	<b>11,36,970</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 7 : Investments - Current

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unquoted:</b>		
<b>Investment measured at Fair value through Profit &amp; Loss:</b>		
Investment in Various Open - Ended Debt Mutual Funds	1,83,82,76,480	2,39,66,51,765
<b>Total Unquoted Investments</b>	<b>1,83,82,76,480</b>	<b>2,39,66,51,765</b>
<b>Quoted:</b>		
<b>Investment measured at Fair value through Profit &amp; Loss:</b>		
Investment in Various Fixed Maturity Plans of Debt Mutual Funds	-	18,21,41,510
<b>Total Quoted Investments</b>	<b>-</b>	<b>18,21,41,510</b>
<b>Total Current Investments</b>	<b>1,83,82,76,480</b>	<b>2,57,87,93,275</b>
Aggregate amount of Quoted Investments	-	18,21,41,510
Market Value of Quoted Investments	-	18,21,41,510
Aggregate amount of Unquoted Investments	1,83,82,76,480	2,39,66,51,765
Aggregate amount of impairment in value of Investment	-	-

### Note 8 : Trade Receivables

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unsecured</b>		
Considered good	43,52,79,538	37,18,09,714
Significant increase in Credit Risk	2,26,47,918	1,64,59,943
	<b>45,79,27,456</b>	<b>38,82,69,657</b>
Less: Allowance for credit losses	(2,26,47,918)	(1,64,59,943)
<b>Total</b>	<b>43,52,79,538</b>	<b>37,18,09,714</b>

### Note 9 : Cash and Cash Equivalents

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Cash and cash equivalents</b>		
Cash on hand	97,380	35,503
<b>Balances with Banks</b>		
On Current Account	10,21,49,269	72,70,733
<b>Other Bank Balances</b>		
Deposit Accounts (less than 3 months)	8,10,15,980	21,12,29,536
<b>Total</b>	<b>18,32,62,629</b>	<b>21,85,35,772</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 10 : Bank Balances other than Cash and Cash Equivalents

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Unclaimed Dividend Account	22,60,437	38,72,804
Money Due for Refund of Share Application	12,61,684	7,36,684
Fixed Deposits	1,85,21,748	1,73,31,294
Lien marked Deposit	-	4,55,000
<b>Total</b>	<b>2,20,43,869</b>	<b>2,23,95,782</b>

### Note 11 : Loans - Current

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unsecured and Considered Good</b>		
Loan to Employees	42,16,396	34,96,012
Security Deposits	22,34,791	91,67,806
<b>Total</b>	<b>64,51,187</b>	<b>1,26,63,818</b>

### Note 12 : Other Current Financial Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Interest Accrued on Investments	1,04,78,276	1,03,43,634
Interest Accrued on Loans to Employees	4,24,124	3,08,992
Other receivables	60,87,447	-
<b>Total</b>	<b>1,69,89,847</b>	<b>1,06,52,626</b>

### Note 13 : Contract Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Unbilled Revenue	1,31,56,668	67,76,171
Less: Loss Allowance	(62,87,000)	-
<b>Total</b>	<b>68,69,668</b>	<b>67,76,171</b>

### Note 14 : Other Current Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Prepaid Expenses	1,43,40,498	85,73,945
Other Advances	23,46,253	24,21,590
Others	79,42,567	67,46,323
<b>Total</b>	<b>2,46,29,318</b>	<b>1,77,41,858</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 15 : Equity Share Capital

(Amount Rs.)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
<b>Issued, subscribed and fully paid up Equity Shares of Rs.10/- each</b>				
	2,94,61,214	29,46,12,140	2,94,61,214	29,46,12,140
<b>Total</b>	<b>2,94,61,214</b>	<b>29,46,12,140</b>	<b>2,94,61,214</b>	<b>29,46,12,140</b>

### 15(a): List of shareholders holding more than 5% of Paid Up Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	% Holding	Nos.	% Holding
Life Insurance Corporation Of India and LIC P&GS Fund	29,02,136	9.85%	29,02,136	9.85%
CRISIL Limited	26,22,431	8.90%	26,22,431	8.90%
Franklin Templeton Investment Funds and Franklin India Smaller Companies Fund	22,34,890	7.59%	17,49,165	5.94%
Stichting Depository Apg Emerging Markets Equity P	20,14,700	6.84%	-	-

### 15(b): The reconciliation of the number of shares outstanding is set out below:

Particulars	As at March 31, 2019	As at March 31, 2018
	Nos.	Nos.
Equity Shares at the beginning of the year	2,94,61,214	2,94,51,201
Add: Shares issued under Employee Stock Options Scheme (ESOS)	-	10,013
<b>Equity Shares at the end of the year</b>	<b>2,94,61,214</b>	<b>2,94,61,214</b>

### 15(c): The Company does not have a Holding Company

### 15(d): Shares reserved for issue under options and contracts, including the terms and amounts:

For details of Shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company: Refer Note 35

### 15(e): Terms/Right attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

**15 (f):** The Company has not issued any bonus shares, shares for consideration other than cash or has not bought back any shares during the period of five years immediately preceding the reporting date.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Note 16 : Other Equity

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Capital Redemption Reserve	22,50,000	22,50,000
Securities Premium Reserve	65,17,62,962	65,17,62,962
Employees Stock Options Outstanding Reserve	21,38,62,996	8,64,89,983
General Reserve	1,94,77,59,516	1,94,77,59,516
Retained Earnings	2,37,76,51,876	2,99,30,55,496
Other Comprehensive Income	86,89,081	1,72,36,225
<b>Total Other Equity</b>	<b>5,20,19,76,429</b>	<b>5,69,85,54,182</b>

**The Description of the Nature and Purpose of each reserve within equity is as follows:**

#### a. Capital Redemption Reserve

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares

#### b. Securities Premium Reserve

Securities Premium Reserve is credited when the shares are issued at premium. It will be utilized in accordance with the provision of the Act, to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

#### c. Employees Stock Options Outstanding Reserve

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 35 for further details of this plan.

#### d. General Reserve

The Company has transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Act.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 17 : Provisions - Non Current

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Provision for Gratuity	40,00,256	-
Provision for Compensated Absence	5,68,99,672	4,49,12,118
<b>Total</b>	<b>6,08,99,928</b>	<b>4,49,12,118</b>

### Note 18 : Deferred Tax Liabilities - Net

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Depreciation on Fixed Assets	8,81,07,126	7,46,77,378
Fair Valuation of Investments	3,21,56,040	2,93,21,197
<b>Deferred Tax Liability</b>	<b>12,02,63,166</b>	<b>10,39,98,575</b>
Provisions	4,52,61,630	5,05,20,092
Others	11,59,175	3,04,939
<b>Deferred Tax Asset</b>	<b>4,64,20,805</b>	<b>5,08,25,031</b>
<b>Total</b>	<b>7,38,42,361</b>	<b>5,31,73,544</b>

### Note 19 : Other Current Financial Liabilities

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Sundry Creditors for Expenses*	97,57,839	1,21,25,662
Unclaimed Dividend	22,60,437	38,72,804
Money Due for Refund for Share Application	12,61,684	7,36,684
Provision for Salary, Performance Related Pay & Commission	7,40,21,499	7,99,08,182
<b>Total</b>	<b>8,73,01,459</b>	<b>9,66,43,332</b>

\* - Refer note 42 for due to Micro, small and Medium enterprises

### Note 20 (a): Contract Liabilities

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Unearned Revenue	9,38,08,856	7,35,77,244
Advance from customers	7,55,91,851	12,48,14,498
<b>Total</b>	<b>16,94,00,707</b>	<b>19,83,91,742</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### (b) Revenue recognized that was included in contract liability balance at the beginning of the period (Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Rating Income	17,75,67,595	29,44,95,552
<b>Total</b>	<b>17,75,67,595</b>	<b>29,44,95,552</b>

### Note 21 : Other Current Liabilities (Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Statutory Dues	10,68,46,093	9,06,96,594
Provision for Expenses	83,12,199	81,80,411
<b>Total</b>	<b>11,51,58,292</b>	<b>9,88,77,005</b>

### Note 22 : Provisions – Current (Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Provision for Employee Benefits</b>		
Provision for Compensated Absence	99,62,090	86,44,877
Provision for Gratuity	1,95,40,875	2,59,61,136
Provision for Leave Travel Allowance	1,01,88,377	75,57,648
<b>Total</b>	<b>3,96,91,342</b>	<b>4,21,63,661</b>

### Note 23 : Current Tax Liability - Net (Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Provision for Income Tax (net of advance tax and TDS of Rs.14,99,35,682)	1,73,85,384	3,12,14,713
<b>Total</b>	<b>1,73,85,384</b>	<b>3,12,14,713</b>

### Note 24 (a) : Revenue From Operations (Amount Rs.)

<i>Particulars</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>March 31, 2019</i>	<i>March 31, 2018</i>
<b>Sale of Services</b>		
Rating Income (including Surveillance)	2,94,77,88,241	3,18,25,35,769
Sale of Publications / Information Services	2,57,85,689	3,35,64,313
<b>Total</b>	<b>2,97,35,73,930</b>	<b>3,21,61,00,082</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 24 (b) : Revenue recognized from past performance obligation

(Amount Rs.)

<i>Particulars</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>March 31, 2019</i>	<i>March 31, 2018</i>
Rating Income	3,04,92,020	2,38,84,529
<b>Total</b>	<b>3,04,92,020</b>	<b>2,38,84,529</b>

### Note 25 : Other Income

(Amount Rs.)

<i>Particulars</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>March 31, 2019</i>	<i>March 31, 2018</i>
Interest Income	3,34,50,242	3,28,34,980
Dividend Income	10,42,65,544	13,68,81,496
Net gain on sale of investments (net)	60,62,316	1,62,01,331
Gain on Fair Valuation of Investments through Profit and Loss	14,27,69,275	6,07,50,797
Miscellaneous Income	1,17,93,016	60,54,892
<b>Total</b>	<b>29,83,40,393</b>	<b>25,27,23,496</b>

### Note 26 : Employee Benefits Expense

(Amount Rs.)

<i>Particulars</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>March 31, 2019</i>	<i>March 31, 2018</i>
Salaries and Other Allowances	73,25,57,703	65,92,96,024
Contribution to Provident, Gratuity & Other Funds (Refer Note 30)	4,86,10,052	5,49,84,269
Expense on Employee Stock Option Scheme (Refer Note 35)	12,73,73,013	8,64,89,983
Staff Welfare Expenses	2,68,62,285	2,13,58,329
<b>Total</b>	<b>93,54,03,053</b>	<b>82,21,28,605</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 27 : Other Expenses

(Amount Rs.)

Particulars	Year ended		For the year ended	
	March 31, 2019		March 31, 2018	
Electricity Charges		1,18,66,082		1,17,58,123
Postage & Telephone Charges		1,05,34,594		98,35,290
Rent		2,97,54,486		2,77,20,130
Travelling & Conveyance Expenses		2,28,08,617		2,37,95,592
Directors' Sitting Fees		94,50,000		50,08,500
Insurance Premium		16,66,985		4,78,105
Legal Expenses		28,65,759		47,32,853
Professional Fees		2,55,75,975		2,47,15,082
Business Development Associate Fees		7,25,84,616		5,88,66,384
Rates & Taxes		23,51,084		5,26,47,127
Repairs & Maintenance				
- Buildings		94,84,495		80,00,582
- Others		1,62,59,813		1,40,37,963
Advertisement and Sponsorship Expenses		51,26,507		88,17,007
Security, Housekeeping & Office Supplies		1,82,16,714		1,48,66,875
Membership & Subscription		91,67,783		83,25,427
Provision for Bad and Doubtful Debts		1,24,74,778		-
Bad Debts written off		64,21,360		-
Auditors Remuneration :				
- Audit Fees (including Limited Review Fees)	19,50,000		18,57,750	
- Tax Audit Fees	1,00,000		1,00,000	
- Other Services	3,45,000		3,15,750	
- Reimbursement to Auditors	90,413	24,85,413	71,062	23,44,562
Corporate Social Responsibility (Refer Note 43)		3,83,65,031		41,48,717
Miscellaneous Expenses		1,79,63,280		1,94,46,695
<b>Total</b>		<b>32,54,23,372</b>		<b>29,95,45,014</b>

### Note 28: Contingent Liabilities (Ind AS 37)

(A) Claims against the Company not acknowledged as debts (to the extent not provided for):

(Amount Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent Liability on account of Income Tax	62,25,667	1,78,82,765

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

**(B)** Pending outcome of adjudication proceedings initiated by Regulator / Government agencies pertaining to certain Credit ratings assigned by the Company to its clients, which is being responded by the Company, no provision for outcome thereof has been made in the books.

**(C)** The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

Pending decision on the subject review petition and directions from the EPFO, the impact, if any, is not ascertainable and consequently no effect has been given in the accounts.

### Note 29: Capital and Other Commitments

**The amounts pending on account of contracts remaining to be executed on capital account, not provided for is Rs.17,45,000/- (March 31, 2018 - Nil).**

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

### Note 30: Employee Benefits (Ind AS 19)

#### (A) Defined Benefit Plans:

##### Gratuity:

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity. The Company accounts for the liability based on actuarial valuation. The Company has created a trust for future payment of gratuities which is funded through gratuity-cum-life insurance scheme of LIC of India.

#### Inherent Risk on above:

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

(Amount Rs.)

Particulars	Gratuity (Funded)	
	As at March 31, 2019	As at March 31, 2018
<b>(i) Change in Present value of Obligations:</b>		
<b>Opening Defined Benefit Obligation</b>	6,15,80,941	4,32,17,212
Current Service Cost	1,14,67,062	98,95,987
Interest Cost	48,46,420	33,32,047
Past Service Cost		1,29,18,461

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Particulars	Gratuity (Funded)	
	As at March 31, 2019	As at March 31, 2018
Actuarial (Gain)/Loss on Obligations Due to change in Financial Assumptions	71,30,480	(12,29,849)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	69,58,525	-
Actuarial (Gain)/Loss on Obligations Due to Experience	44,23,704	9,25,545
Benefits Paid	(73,27,518)	(74,78,462)
<b>Closing Defined Benefit Obligations</b>	<b>8,90,79,614</b>	<b>6,15,80,941</b>

<b>(ii) Change in Fair Value of Plan Assets:</b>		
Opening Fair Value of the Plan Assets	3,56,19,805	3,45,87,053
Interest income	28,03,279	26,66,662
Expected Return on Plan Assets	3,49,158	(4,27,022)
Contribution by the Employer	3,40,93,759	62,71,574
Benefits Paid	(73,27,518)	(74,78,462)
<b>Closing Fair Value of the Plan Assets</b>	<b>6,55,38,483</b>	<b>3,56,19,805</b>

<b>(iii) Net Asset / (Liability) recognized in the Balance Sheet</b>		
Present value of the funded defined benefit obligation at the end of the period	(8,90,79,614)	(6,15,80,941)
Fair Value of Plan Assets	6,55,38,483	3,56,19,805
<b>Net Asset / (Liability)</b>	<b>(2,35,41,131)</b>	<b>(2,59,61,136)</b>

<b>(iv) Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current Service Cost	1,14,67,062	98,95,987
Interest on Defined Benefit Obligations	20,43,141	6,65,385
Past Service Cost	-	1,29,18,461
<b>Amount recognized in Statement of Profit and Loss</b>	<b>1,35,10,203</b>	<b>2,34,79,833</b>

<b>(v) Re-measurements recognized in Other Comprehensive Income (OCI):</b>		
Actuarial (Gains)/Losses on Obligation For the Period	1,85,12,709	(3,04,304)
Expected Return on Plan Assets	(3,49,158)	4,27,022
<b>Amount recognized in Other Comprehensive Income (OCI)</b>	<b>1,81,63,551</b>	<b>1,22,718</b>

<b>(vi) Maturity Profile of Defined Benefit Obligation:</b>		
Within the next 12 months	54,24,946	19,69,534
Between 1 and 5 years	2,44,71,732	1,20,97,045
Between 5 and 10 years	3,20,62,352	2,05,84,906
10 Years and above	18,79,87,936	17,50,28,848

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Particulars	Gratuity (Funded)	
	As at March 31, 2019	As at March 31, 2018
<b>(vii) Sensitivity analysis for significant assumptions:*</b>		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	8,90,79,614	6,15,80,941
1% increase in discount rate	(82,86,925)	(69,24,744)
1% decrease in discount rate	98,00,215	83,23,072
1% increase in salary escalation rate	66,89,416	63,76,896
1% decrease in salary escalation rate	(64,96,537)	(57,50,090)
1% increase in employee turnover rate	24,12,799	29,97,077
1% decrease in employee turnover rate	(27,60,593)	(34,09,211)

<b>(viii) The major categories of plan assets as a percentage of total plan:</b>		
Insurer Managed Funds	100%	100%

<b>(ix) Actuarial Assumptions:</b>		
Discount Rate (p.a.)	7.79%	7.87%
Expected Return on Plan Assets (p.a.)	7.79%	7.87%
Turnover Rate	4.00%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate (p.a.)	6.00%	5.00%
Retirement age	60 years	60 years

<b>(x) Weighted Average duration of Defined benefit obligation</b>	<b>14</b>	<b>14</b>
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\* The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xi) Basis used to determine Expected Rate of Return on Plan Assets:

Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

(xii) Salary Escalation Rate:

Salary escalation rates are determined taking into account seniority, promotion, inflation and other relevant factors.

(xiii) Asset Liability Matching (ALM) strategy:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

(xiv) The Company's expected contribution during next year is Rs.1,95,40,875

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### (B) Compensated Absences:

"The compensated absences cover the Company's liability for earned leave. Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates.

Amount recognized as an expense in respect of Compensated Absences is Rs. 5,39,66,293 (March 31, 2018 - Rs.4,58,31,370)"

#### (C) Defined Contribution Plans:

Amount recognized as an expense and included in Note 26 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is Rs.2,50,08,626 (March 31, 2018- Rs.2,21,51,442)

#### (D) Superannuation Benefits:

Superannuation Benefits is contributed by the Company to Life Insurance Corporation of India (LIC) @ 10% of basic salary with respect to certain employees.

Contribution to Superannuation Fund is charged to Statement of Profit & Loss in Note 26 under the head "Contribution to Provident and other Funds" is Rs.48,33,572 (March 31, 2018 - 42,87,890).

#### Note 31: Segment Reporting (Ind AS 108):

The Company is exclusively engaged in the business of ratings. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable operating or geographical segments applicable to the Company.

#### Note 32: Related Party Disclosures pursuant to Ind AS 24

##### (A) List of Related Parties where control exists:

Name of Related Parties	Nature of Relationship	% Shareholding and Voting Power	
		As at March 31, 2019	As at March 31, 2018
<b>Related party where control exists</b>			
CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd)	Wholly Owned Subsidiary	100.00%	100.00%
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	100.00%	100.00%
CARE Ratings (Africa) Private Limited	Subsidiary	78.00%	78.00%
CARE Ratings (Nepal) Limited	Subsidiary	51.00%	51.00%

##### (B) Other Related Parties with whom there were transactions during the year:

Name of Related Parties	Nature of Relationship
<b>Key Management Personnel:</b>	
Mr. S. B Mainak	Chairman & Independent Director
Mr. Rajesh Mokashi	Managing Director & CEO
Mr. T. N. Arun Kumar	Executive Director
Mr. Mehul Pandya	Executive Director
Mr. Milind Sarwate (upto 13-08-2018)	Independent Director
Mr. A. K. Bansal (upto 28-09-2018)	Independent Director
Dr. Ashima Goyal (upto 28-09-2018)	Independent Director

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

**(B) Other Related Parties with whom there were transactions during the year:**

<i>Name of Related Parties</i>	<i>Nature of Relationship</i>
Mr. Adesh Kumar Gupta (w.e.f. 22-05-2018)	Independent Director
Mrs. Sonal Desai (w.e.f. 30-03-2019)	Independent Director
Ms. Sadhana Dhamane (w.e.f. 02-06-2017)	Non-Executive Director
Mr. V. Chandrasekaran (w.e.f. 15-11-2017)	Non-Executive Director
Mr. Mahendra Naik (upto 01-06-2018)	Company Secretary
Mr. Anandghan Bohra (From 02-06-2018 to 11-02-2019)	Company Secretary
Mr. Navin Jain (w.e.f. 12-02-2019)	Company Secretary
Mr. Chandresh Shah (Upto 31-12-2018)	Chief Financial Officer
Mr. Nitinkumar Agrawal (w.e.f. 11-02-2019)	Chief Financial Officer

**(C) Following transactions were carried out with the related parties in the ordinary course of business: (Amount Rs.)**

<i>Name of the Related Party</i>	<i>Relationship</i>	<i>Nature of Transactions</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd)	Wholly Owned	Advance given	27,05,000	-
	Subsidiary	Loan given	1,00,00,000	-
		Interest on Loan	7,47,936	-
		Reimbursement of Expenses	1,57,270	4,98,071
		Professional fees	22,16,356	49,54,392
		Software development	56,19,500	-
		Dividend received	52,329	-
CARE Ratings (Africa) Private Limited	Subsidiary	Royalty income	6,84,027	3,66,909
CARE Advisory Research and Training Limited	Wholly Owned	Training Fees paid	2,88,000	5,20,500
	Subsidiary	Business Support Services	23,87,736	10,63,496
		Reimbursement of Expenses	28,107	-
CARE Ratings Nepal Limited	Subsidiary	Technical assistance fees receivable	-	10,00,000
		Royalty income	7,67,721	57,813

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### (D) Outstanding balances:

(Amount Rs.)

Name of the Related Party	Relationship	Nature of Transactions	As at March 31, 2019	As at March 31, 2018
CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd)	Wholly Owned Subsidiary	Receivable	2,17,925	-
		Investments	16,71,27,629	15,57,83,654
		Loan Advances	1,00,00,000	-
		Consultancy Fees Payable	7,23,600	15,48,180
CARE Ratings (Africa) Private Limited	Subsidiary	Investments	2,05,15,287	2,05,15,287
		Royalty Receivable	6,84,027	5,35,434
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Investments	4,49,99,950	4,49,99,950
		Payables (Net of Receivables)	49,576	-
CARE Ratings Nepal Limited	Subsidiary	Investments	1,59,90,561	1,59,90,561
		Receivable	18,25,533	10,57,813

No amount in respect of the related parties have been written off/back are provided for during the year. Related party relationship has been identified by the management and relied upon by the auditors.

### (E) Compensation of Key Management Personnel of the Company:

(Amount Rs.)

Nature of Transaction/Relationship	Year ended	Year ended
	March 31, 2019	March 31, 2018
Short Term Employee Benefits	5,12,96,432	4,58,54,728
Other Long Terms Benefits	31,61,662	23,25,727
Share Based Payments *	1,99,93,352	1,98,30,034
Directors' Sitting Fees	94,50,000	50,08,500
<b>Total Compensation</b>	<b>8,39,01,446</b>	<b>7,30,18,989</b>

Remuneration does not include provision made for gratuity and compensated absence since the same is provided for the Company as a whole based on actuarial valuation.

\*Share based payments refer to amounts charged to the statement of Profit & Loss account, being charge on ESOP granted to Key Management Personnel as per ESOS 2017 scheme based on Fair Value method.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 33: Earnings per Share (EPS) (Ind AS 33):

<i>Particulars</i>	<i>Year Ended March 31, 2019</i>	<i>Year Ended March 31, 2018</i>
<b>A) Basic EPS</b>		
(i) Net Profit attributable to Equity Shareholders (Amount Rs.)	1,34,98,68,432	1,61,02,77,110
(ii) Weighted average number of Equity shares outstanding(Nos.)	2,94,61,214	2,97,63,131
<b>Basic Earnings Per Share (i)/(ii)</b>	<b>45.82</b>	<b>54.10</b>
<b>B) Diluted EPS</b>		
(i) Weighted average number of Equity shares outstanding(Nos.)	2,94,61,214	2,97,63,131
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	-	4,359
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS	2,94,61,214	2,97,63,131
<b>Diluted EPS {(A)(i)/(B)(iii)}</b>	<b>45.82</b>	<b>54.10</b>

### Note 34: Income Taxes (Ind AS 12):

#### (A) Income tax recognised in Statement of Profit and Loss:

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Current Tax	59,89,64,495	78,06,63,016
Deferred Tax	3,16,16,358	(7,34,03,972)
<b>Total</b>	<b>63,05,80,853</b>	<b>70,72,59,044</b>

#### (B) Income tax recognised in Other Comprehensive Income:

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Deferred Tax Income/ (Expense) on Actuarial gain/loss and changes in fair value of Investments recognized in Other Comprehensive Income	1,09,47,540	(1,22,79,503)
<b>Total</b>	<b>1,09,47,540</b>	<b>(1,22,79,503)</b>

#### (C) Reconciliation of Effective Tax Rate:

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Applicable Tax Rate	34.94%	34.61%
Tax Effect of Tax Exempt Income	-2.29%	-1.66%
Tax Effect of Non Deductible Expenses	5.06%	-0.85%
Tax Effect of Allowances for Tax Purpose	-5.87%	-1.58%
<b>Effective Tax Rate</b>	<b>31.84%</b>	<b>30.52%</b>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### Note 35: Share Based Payments (Ind AS 102):

The Company has granted stock options to its eligible employees as per the ESOS Schemes, details are as under:

#### (A) Employees Stock Option Scheme:

(Amount Rs.)

Particulars	ESOS 2017	ESOS 2013
Nos. of Options	5,37,908	5,00,000
Method of Accounting	Fair Value method	Fair Value method
Vesting Plan	2 years from the date of grant i.e. September 1, 2019	2 years from the date of grant i.e. January 1, 2016
Exercise Period	2 years after the vesting period i.e. September 1, 2021	2 years after the vesting period i.e. January 1, 2018
Grant Date	September 1, 2017	January 1, 2014
Exercise Price (Per Share)	Rs.1,139/- per share	Rs.617/- per share
Fair Value on the date of Grant of Option (Per Share)	Rs.1,506.65/- per share	Rs.728.40/- per share
Method of Settlement	Equity	Equity

#### (B) Movement of Options granted:

(Amount Rs.)

Particulars	As at March 31, 2019		As at March 31, 2018	
	ESOS (2017)	ESOS (2013)	ESOS (2017)	ESOS (2013)
Options Outstanding at beginning of the year	5,24,108	-	-	10,013
Granted during the year	-	-	5,37,908	-
Exercised during the year	-	-	-	10,013
Lapsed during the year	46,650	-	13,800	-
Options Outstanding at the end of the year	4,77,458	-	5,24,108	-
Options unvested at the end of year	4,77,458	-	5,24,108	-
Options exercisable at the end of the year	-	-	-	-
Weighted Average exercise price	1,139	-	1,139	617

i) ESOS 2017: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is 0.42 years (Previous Year: 1.42 years)

ii) ESOS 2013: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is Nil years (Previous Year: Nil)

The ESOS compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly for ESOS 2017, an amount of Rs.12,73,73,013 (Previous Year Rs.8,64,89,983) has been charged to the Statement of Profit and Loss. In respect of ESOS 2013, an amount of Nil (Previous Year Nil) has been charged to the Statement of Profit and Loss

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### (C) Fair Valuation:

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black - Scholes Formula. The key assumptions and the Fair Value are as under:

<i>Particulars</i>	<i>ESOS 2017</i>	<i>ESOS 2013</i>
Risk Free Interest Rate (%)	6.39%	8.74%
Option Life (Years)	3 years	3 years
Expected Volatility	31.80%	31.34%
Expected Dividend Yield (%)	1.86%	3.29%
Weighted Average Fair Value per Option	Rs.565.79	Rs.228.59

### (D) Details of the liabilities arising from the Share based payments were as follows:

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Total Carrying Amount	21,38,62,996	8,64,89,983

### Note 36: Financial Instruments: Disclosure (Ind AS 107):

#### (A) Classification of Financial Assets and Liabilities (Ind AS 107):

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Financial assets at Amortized cost:</b>		
Investment (Non-Current)	36,93,80,588	37,10,84,796
Loans (Non-Current)	2,68,29,827	74,86,602
Loans (Current)	64,51,187	1,26,63,818
Trade Receivables	43,52,79,538	37,18,09,714
Cash and Cash Equivalents	18,32,62,628	21,85,35,771
Other Bank Balances	2,20,43,869	2,23,95,782
Other Non-Current Financial Assets	9,43,775	9,72,219
Other Current Financial Assets	1,69,89,846	1,06,52,626
Contract Assets	68,69,668	67,76,171
<b>Financial assets at Fair Value through P&amp;L:</b>		
Investment (Non-Current)	2,05,01,10,125	2,08,40,48,897
Investment (Current)	1,83,82,76,480	2,57,87,93,275
<b>Financial assets at Fair Value through OCI:</b>		
Investment (Non-Current)	13,65,73,537	14,97,11,671
<b>Total</b>	<b>5,09,30,11,068</b>	<b>5,83,49,31,342</b>
<b>Financial liabilities at Amortized cost:</b>		
Other Current Financial Liability	8,73,01,458	9,66,43,332
<b>Total</b>	<b>8,73,01,458</b>	<b>9,66,43,332</b>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### (B) Investments in equity instruments designated at Fair Value through Other Comprehensive Income

As on March 31, 2018 and March 31, 2019, The Company has investments in ARC Ratings holding Limited of 20 Ordinary Shares of USD 22,600 each and 20,00,000 ordinary shares of RM 1 each in Malaysian Rating Corporation Berhad. The Company has opted to designate these investments at Fair Value through Other Comprehensive Income since these investments are not held for trading.

*The fair value of each of these investment is as below:*

*(Amount in Rs.)*

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Financial assets at Fair Value through OCI:</b>		
- Malaysian Rating Corporation Berhad	11,23,63,582	11,44,57,128
- ARC Ratings Holdings Limited	2,42,09,955	3,52,54,543
<b>Total</b>	<b>13,65,73,537</b>	<b>14,97,11,671</b>

The Company has received Rs.42,70,177 (Previous Year Rs. 37,17,089) as Dividend and has recognized in the Statement of Profit & Loss under Note 25 - Other Income. There has been no transfer in investment during any period.

#### **Note 37: Fair Value measurement (Ind AS 113):**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

##### **Level 1:**

This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The Company does not have any such asset or liabilities.

##### **Level 2:**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company specific estimates. The investment in mutual funds are valued using the closing Net Asset Value based on the mutual fund statements received by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

##### **Level 3:**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair valuation of investment in Equity Shares of Malaysian Rating Corporation Berhad and ARC Ratings Holdings Limited and investment in Preference share of CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd.) is classified under Level 3. The details are given in the table below:

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>As at March 31, 2019</b>			
<b>Investments measured at</b>			
Fair Value through OCI	-	-	13,65,73,537
Fair Value through Profit and Loss	-	3,82,70,42,630	6,13,43,975
Amortised cost	401,817,500	-	-
<b>As at March 31, 2018</b>			
<b>Investments measured at</b>			
Fair Value through OCI	-	-	14,97,11,671
Fair Value through Profit and Loss	-	4,60,48,26,622	5,80,15,550
Amortised cost	408,979,000	-	-

For financial instruments other than covered above, their carrying values approximate their fair values.

The Company has utilized the expertise of the in-house team to value the investments in Malaysian Rating Corporation Berhad. For investment in Preference Shares of CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd), the Company has availed services of in-house valuation team and registered external valuer. The auditors have relied upon the reports provided by the said valuers. For ARC Rating Holdings (BVI) Limited, the Company has relied on the information of a recent shares sale transaction of similar shareholding.

### The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.
- For Malaysian Rating Corporation Berhad, valuation is based on average of book value method and price to earnings method.
- For ARC Ratings Holding (BVI) Limited, valuation is based on the quoted price provided by a third party shareholder who had similar shareholding that of us and who has recently sold its stake in ARC Ratings Holding (BVI) Limited.
- For Investment in Preference share investment in CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd), valuation is done based on Black & Scholes option pricing Model and discounted cash flow method. Market Coupon Rate and Volatility are the significant unobservable inputs. Discount rate used are: March 31, 2019: 8.40% and March 31, 2018: 8.00%.  
0.5% decrease in discount rate will result in increase in fair value by Rs.6,09,092. Similarly, 0.5% increase in discount rate will result in decrease in fair value by Rs.6,01,330.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 38: Financial Risk Management Objectives and Policies (Ind AS 107):

The Company is a Debt Free Company. The principal financial liabilities of the Company comprise of Other liabilities and Provisions which arise on account of normal course of business. The Company's principal financial assets include Investments, Trade Receivables, Cash and Cash Equivalents and Other Bank Balances.

The Company is exposed to Market Risk, Credit Risk, Liquidity Risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Management of the Company updates its Board of Directors on periodic basis about various risks to the business and status of various activities planned to mitigate the risk.

The Company has exposure to the following risks arising from financial instruments:

#### (A) Market Risk

Market risk is the risk that the fair value or future cash flows of such financial instrument will be impacted because of various financial and non-financial market factors. The financial instruments affected by market risk include the investment in Mutual Funds and investment in Equity Shares of companies incorporated and operating outside India.

The investment in mutual funds are fair valued using the closing Net Asset Value based on the mutual fund statements received by the Company at the end of each reporting period.

There is no Interest rate risk since the Company does not hold any financial instrument whose fair value or future cash flows will fluctuate because of changes in market interest rates.

The following table shows foreign currency exposures in USD, MRF, RM, NPR and GBP on financial instruments at the end of the reporting period. The exposure to foreign currency for all other currencies are not material. The Company does not hedge its foreign currency exposure.

Particulars	Currency	As at March 31, 2019		As at March 31, 2018	
		Amount in FC	Amount in INR	Amount in FC	Amount in INR
Other Receivable	MUR	3,55,789	6,68,403	2,83,273	5,35,434
Trade Receivables	USD	2,885	2,00,024	22,448	14,84,767
Trade Receivables	MRF			45,000	1,85,475
<b>Investments</b>					
Malaysian Rating Corporation Berhad	RM	50,68,000	11,23,63,582	50,68,000	11,44,57,128

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

Particulars	Currency	As at March 31, 2019		As at March 31, 2018	
		Amount in FC	Amount in INR	Amount in FC	Amount in INR
ARC Ratings Holdings Pte Limited	USD	-	-	-	-
ARC Ratings Holdings Limited	USD	4,52,000	2,42,09,955	4,52,000	3,52,54,543
CARE Ratings (Africa)	USD	3,12,001	2,05,15,287	3,12,001	2,05,15,287
<b>Bank Balances</b>					
SBI Maldives - MRF account	MRF	46,641	1,92,238	46,641	1,92,238
SBI Maldives - USD account	USD	633	40,974	633	40,985

### Foreign Currency Sensitivity on unhedged exposure:

1% increase in foreign exchange rate will have the following impact on profit before tax:

(Amount Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
MUR	7,066	-
USD	5,33,816	4,74,953
MRF	2,094	3,777
RM	8,61,286	10,73,881

Note: If the rate is decreased by 100 bps profit will increase by an equal amount

### (B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating (primarily Trade Receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

The Company measures and manages its Credit Risk by diversification of its surplus funds into various mutual fund schemes based on its investment policy.

Total Trade receivable & Contract assets as on March 31, 2019 is Rs. 44,21,49,206 (March 31, 2018 - Rs.37,85,85,885).

The Company does not have higher concentration of credit risks to a single customer.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

As per the provision matrix receivables are classified into different bucket based on the overdue period, buckets range from 12 months - 18 months, 18 months - 24 months and more than 24 months. The norms of provisioning on the same range are from 50% - 100% (which was 25% - 100% in previous year). The management, on a case to case basis may decide to provide or write off at a higher rate with reasons whenever felt necessary.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Opening Provision</b>	<b>1,64,59,943</b>	<b>4,06,12,209</b>
Add: Provided during the Year	1,24,74,975	-
Less: Utilized during the Year	-	(2,41,52,266)
Closing Provision	2,89,34,918	1,64,59,943

### Investments, Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the PSU Banks.

Investments of surplus funds are made only based on Investment Policy of the Company. Investments primarily include investment in units of mutual funds, Bonds issued by Government/ Semi Government Agencies/ PSU etc. These Mutual Funds and Counterparties have low credit risk.

### (C) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The cash flows and liquidity of Company is monitored under the control of the management. The objective is to ensure that Company's surplus fund are not kept idle and invested in the financial instruments only after adequate review of such instrument and approval of the management.

The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasted and actual periodic cash requirement and matching the maturity profiles of financial assets and liabilities.

The Company generally has investments and liquids funds more than its forecasted and current liabilities and has not faced shortage of funds at any point of time. The Liquidity risk on the Company is very less.

The table below summarizes the maturity profile of the Company's financial liabilities & investments held for managing the risk based on contractual undiscounted payments.

(Amount Rs.)

<i>As at March 31, 2019</i>	<i>Less than 1 Year</i>	<i>1 to 5 Years</i>	<i>More than 5 Years</i>	<i>Total</i>
Other Financial Liabilities	8,73,01,458	-	-	8,73,01,458
<b>Total</b>	<b>8,73,01,458</b>	-	-	<b>8,73,01,458</b>
Investments in Mutual Funds	1,83,82,76,480	1,98,87,66,150	-	3,82,70,42,630
Investments in Government Securities	-	18,23,51,207	18,70,29,380	36,93,80,587
Deposits with Banks	9,95,37,728	-	-	9,95,37,728
<b>Total</b>	<b>1,93,78,14,208</b>	<b>2,17,11,17,357</b>	<b>18,70,29,380</b>	<b>4,29,59,60,945</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

<i>As at March 31, 2018</i>	<i>Less than 1 Year</i>	<i>1 to 5 Years</i>	<i>More than 5 Years</i>	<i>Total</i>
Other Financial Liabilities	9,66,43,332	-	-	9,66,43,332
<b>Total</b>	<b>9,66,43,332</b>	<b>-</b>	<b>-</b>	<b>9,66,43,332</b>
Investments in Mutual Funds	2,57,87,93,275	2,02,60,33,347	-	4,60,48,26,622
Investments in Government Securities	-	18,31,66,900	18,79,17,896	37,10,84,796
Deposits with Banks	22,85,60,830	-	-	22,85,60,830
<b>Total</b>	<b>2,80,73,54,105</b>	<b>2,20,92,00,247</b>	<b>18,79,17,896</b>	<b>5,20,44,72,248</b>

**Note 39: Distribution made and proposed (Ind AS 1):**

(Amount Rs.)

<i>Particulars</i>	<i>Year Ended March 31, 2019</i>	<i>Year Ended March 31, 2018</i>
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2018:Rs. 37/- per share, (March 31, 2017: Rs.10/- per share)	1,09,00,64,918	29,45,12,010
DDT on final dividend	22,40,66,049	5,99,55,716
<b>Total Dividend paid</b>	<b>1,31,41,30,967</b>	<b>35,44,67,726</b>
Proposed dividends on Equity shares:		
Final dividend for the year ended on March 31, 2019: Rs.12/- Per share, (March 31, 2018: Rs.37/-per share)	35,35,34,568	1,09,00,64,918
DDT on proposed dividend	7,26,70,070	22,19,11,056
<b>Total dividend proposed</b>	<b>42,62,04,638</b>	<b>1,31,19,75,974</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including Dividend Distribution Tax thereon) as at March 31 of respective year.

**Note 40: Capital Management (Ind AS 1):**

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements.

The cash surplus are currently invested in income generating Mutual funds units and Government Securities which in line with its Investment Policy . Safety of Capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on surplus funds.

The Company does not have any borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### Note 41: Operating Leases (Ind AS 17):

a. With respect to offices given on lease, there are no office given on lease.

b. With respect to office taken on lease, operating lease expense recognized in the Statement of Profit and Loss amounting to Rs. 2,97,54,486 (March 31, 2018 – Rs. 2,77,20,130).

The lease payments are recognized in the Statement of Profit and Loss under rent in Note 27 - Other Expenses.

The future minimum lease payments under operating lease is given below:

Particulars	(Amount Rs.)	
	<i>For the year ended March 31, 2019</i>	<i>For the year ended March 31, 2018</i>
Not later than one year	2,94,22,080	1,81,05,822
Later than one year and not later than five years	9,88,09,511	1,01,50,597
More than five years	-	-

#### c. General Description of Leasing Agreements:

- Office Building taken on lease: Bengaluru, Chandigarh, Chennai, Cochin, Delhi and Kolkata.
- Future lease rental expenses are determined on basis of agreed terms
- At expiry of lease terms, the Company has the right to vacate the property or extend the term of agreement
- Lease agreements ranges between 11months and 5 years

#### Note 42: Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises

Particulars	(Amount Rs.)	
	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	33,25,644	-
Amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

There is no principal amount and interest overdue to Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### Note 43: Corporate Social Responsibility

Gross Amount required to be spent by the Company during the year is Rs. 3,81,27,940/- (Previous Year Rs.2,86,52,836/-)

Amount spent during the year on the following:

<i>Particulars</i>	<i>(Amount Rs.)</i>		
	<i>In cash (Rs.)</i>	<i>Yet to be paid in cash (Rs.)</i>	<i>Total (Rs.)</i>
K.J. Somaiya Trust: Laboratory Equipment:	21,34,600		21,34,600
Girivanvasi Educational Trust (KJ Somaiya Trust)	36,25,000		36,25,000
Annamrita Foundation (ISKCON Food Relief Foundation)	30,00,000		30,00,000
The Fine Arts Society, Chembur	30,00,000		30,00,000
PM Relief Fund	1,51,00,000		1,51,00,000
Tata Institute of Social Sciences - Vidya Saarthi Project	50,00,000		50,00,000
Pratham Education Foundation	15,00,000		15,00,000
Meljol	25,00,000		25,00,000
Donation of Water Purifier, Water Cooler, Storage Tank, Projector and Smart Board to Municipal schools in Mumbai and Ahmedabad	25,05,431	-	25,05,431
<b>Total</b>	<b>3,83,65,031</b>	<b>-</b>	<b>3,83,65,031</b>

During Previous Year, the Company has spent Rs.25,00,000/- by way of CARE Ratings Vidyasarathi Scholarship Programme and Rs.16,48,717 towards Donation of Water Purifier.

#### Note 44: Disclosure as per Section 186(4) of the Companies Act, 2013

##### a. Details of Inter-Corporate Loans / Guarantees granted during the year as below:

During the year FY 18-19, the Company had granted loan amounting to Rs. 1,00,00,000 to its wholly owned subsidiary CARE Risk Solutions Pvt. Ltd. (formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd).

##### b. Details of Investment made during the year as below:

<i>Name of the Company</i>	<i>Holding / Subsidiary / Associate</i>	<i>(Amount Rs.)</i>	
		<i>Year Ended March 31, 2019</i>	<i>Year Ended March 31, 2018</i>
CARE Ratings (Nepal) Limited	Subsidiary	-	1,59,90,561 -

#### Note 45: Ind AS 116: Leases

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessee. This will result in the Company recognising right of use assets & lease liability in the books. The Company is in the process of analyzing the impact of Ind AS 116 on its financials.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended March 31, 2019

### Note 46

Corresponding figures of previous financial year has been regrouped/rearranged to conform to current year's grouping.

As per our attached Report of even date

### Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

### For Khimji Kunverji & Co. LLP (Formerly Khimji Kunverji & Co.)

Chartered Accountants FRN: 105146W

### [Hasmukh Dedhia]

Partner (F-033494)

Mumbai

Date : May 21, 2019

### For and on behalf of the Board of Directors of CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited )

### [S B Mainak]

Chairman  
DIN No-02531129

### [Nitinkumar Agrawal]

Chief Financial Officer  
M.No. 047780

Mumbai

Date : May 21, 2019

### [Rajesh Mokashi]

Managing Director & CEO  
DIN No-02781355

### [Navin Jain]

Company Secretary  
ACS A10703

### [Adesh Kumar Gupta]

Independent Director  
DIN No. - 00020403

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
CARE Ratings Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') ('the Holding Company'), its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our approach
<p>Recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 "Revenue from contracts with customers" (new accounting standard) and other regulatory requirements</p> <p>The recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 and other regulatory requirements involve significant judgements and estimation on behalf of the management of the Company. Further, the recognition of revenue involves various complexities with respect to nature and category of clients of the Company.</p> <p>We determined this matter to be a key audit matter due to the complexity associated to comply with the applicable Ind AS and other regulatory requirements. [Note 1(h) to the consolidated Ind AS financial statements]</p>	<p>We assessed the entity's process to comply with the applicable Ind AS and other regulatory requirements</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Evaluated the report of expert on the application of the standard on the entity as per its accounting policies.</li> <li>• Evaluated the reasonableness of the significant judgements and estimation involved in the process.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

	<ul style="list-style-type: none"> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures:             <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the entity.</li> </ul> </li> <li>• Sample of revenue disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul>
<p><b>Regulations – Litigations and claims</b></p> <p>The Company is exposed to various laws and regulations. In this regulatory environment, there is an inherent risk of litigations and claims. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government / department proceedings, as well as investigations by authorities.</p> <p>As at March 31, 2019, the Company's has ascertained contingent liabilities of Rs. 62.26 Lakhs and also has unascertained liabilities (refer note 30 to the consolidated Ind AS financial statements)</p> <ul style="list-style-type: none"> <li>▪ Management applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and each legal case progress.</li> </ul> <p>We determined this matter to be a key audit matter due to the inherent complexity and magnitude of potential exposures across the Company and the judgment necessary to estimate the amount of provisions required or determine the required disclosure.</p>	<p>Our Audit approach in relation to the matter involved the following:</p> <ul style="list-style-type: none"> <li>• Review the outstanding litigations against the Company for consistency with the previous years. Enquire and obtain explanations for movement during the year.</li> <li>• Reading the latest correspondence between the Company and the various tax/legal authorities for significant matters.</li> <li>• Examined selectively the Company's legal expenses and read fully the minutes of the board meetings, in order to ascertain all cases have been identified.</li> <li>• With respect to tax matters, involving our tax specialists, and discussing with the Company's personnel dealing with tax matters, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws and precedence.</li> <li>• Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures.</li> <li>• For those matters where management concluded that no provisions should be recognised, considering the adequacy and completeness of the Company's disclosures.</li> <li>• For complex regulatory litigations, reviewing the relevant correspondence by the company, studying the matters in the light of past precedence and views of company's legal advisor as made available by the company.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and such other disclosures related Information, excluding the consolidated financial statements and auditor's report thereon ('Other Information'). The Other Information is expected to be made available to us after the date of this Auditors' Report. Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the Other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Responsibility of Management for Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the respective board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SAs 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. Our audit process in accordance with the SAs is narrated in details in Annexure 1 to this report.

### Other Matters

We did not audit the financial statements of CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Private Limited and CARE Advisory Research & Training Limited, subsidiaries whose financial statements reflect total assets of Rs. 1,989.24 Lakh as at March 31, 2019, total revenues of Rs. 1,925.48 Lakh and net cash inflow of Rs. 22.32 Lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

We did not audit the financial statements of CARE Ratings (Africa) Private Limited and CARE Ratings (Nepal) Limited, subsidiary

## INDEPENDENT AUDITOR'S REPORT

companies incorporated in Mauritius & Nepal respectively whose financial statements reflect total assets of Rs. 820.33 Lakh as at March 31, 2019, total revenues of Rs. 431.34 Lakh and net cash inflows of Rs. 94.96 Lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by the other auditors as per the requirements of the applicable reporting standards of those countries and have been converted as per the requirements of Ind AS by the management of the Holding Company. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019, taken on record by the Board of Directors and the reports of the statutory auditors of its subsidiary company, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164 (2) of the Act.
  - f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting, refer to our separate report in 'Annexure 2' to this report which is based on the auditor's report of the Holding Company and its subsidiaries incorporated in India.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 30 to the Consolidated Ind AS financial statements;
    - ii. Provision has been made in the Consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 31 to the Consolidated Ind AS financial statements;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India

## INDEPENDENT AUDITOR'S REPORT

h. In our opinion and according to the information and explanation given to us and based on the reports of the statutory auditors of the subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Company and its subsidiaries is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co)  
Chartered Accountants  
Firm Registration No 105146W

Hasmukh Dedhia  
Partner (F - 033494)

Place: Mumbai  
Date: May 21, 2019

# INDEPENDENT AUDITOR'S REPORT

## Annexure 1

(referred to in paragraph titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditor's 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 auditor's 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.
- Review of the audit financial statements of the subsidiaries not audited by us and communicating with the respective statutory auditors of such subsidiaries as per the framework of provisions of SA 600, "Using the work of another Auditor"
- Communicate with those charged with governance 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.  
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Annexure 2

## INDEPENDENT AUDITOR'S REPORT

[referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report] Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

### Opinion

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') ('the Company') as of that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to consolidated Ind AS financial statements and such internal financial controls were operating effectively as at 31 March, 2019, based on the internal financial controls with reference to consolidated Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated Ind AS financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated Ind AS financial statements.

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial controls with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated Ind AS financial statements include those policies and procedures that;

## INDEPENDENT AUDITOR'S REPORT

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co)  
Chartered Accountants  
Firm Registration No 105146W

Hasmukh Dedhia  
Partner (F - 033494)

Place: Mumbai  
Date: May 21, 2019

# BALANCE SHEET

as at March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>Note Number</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipments	2	73,67,47,207	51,09,38,000
Intangible Assets	2	1,47,13,801	1,16,24,058
Goodwill on consolidation		7,95,03,151	7,95,03,151
<b>Financial Assets</b>			
Investments	3	2,49,47,20,275	2,55,48,45,364
Loans	4	1,92,87,508	85,36,602
Other Non-Current Financial Assets	5	9,43,775	9,72,219
Deferred Tax Assets (Net)	6	70,52,965	93,21,074
Other Non-Current Assets	7	46,37,321	12,06,262
<b>Total Non-Current Assets</b>		<b>3,35,76,06,003</b>	<b>3,17,69,46,730</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Investments (Current)	8	1,89,18,99,756	2,62,84,45,857
Trade Receivables	9	47,25,91,108	39,24,01,463
Cash and Cash Equivalents	10	19,82,17,214	2,86,87,075
Bank Balances other than Cash and Cash Equivalents	11	10,37,17,943	26,29,94,605
Loans	12	66,00,010	1,31,47,957
Other Current Financial Assets	13	1,84,02,997	1,16,16,631
Contract Assets	14	5,60,74,466	4,46,82,965
Current Tax Assets (Net)	15	1,25,84,518	50,31,574
Other Current Assets	16	3,36,20,472	2,21,92,833
<b>Total Current Assets</b>		<b>2,79,37,08,484</b>	<b>3,40,92,00,960</b>
<b>Total Assets</b>		<b>6,15,13,14,487</b>	<b>6,58,61,47,690</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	17	29,46,12,140	29,46,12,140
Other Equity	18	5,20,51,29,810	5,67,37,22,893
Non-Controlling Interest		2,37,54,755	2,11,57,318
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Provisions	19	6,42,37,324	4,73,38,649
Deferred Tax Liabilities (Net)	20	7,40,86,922	5,31,73,544
<b>Total Non-Current Liabilities</b>		<b>5,66,18,20,951</b>	<b>6,09,00,04,544</b>

**BALANCE SHEET**

as at March 31, 2019

*(Amount Rs.)*

<i>Particulars</i>	<i>Note Number</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Current Liabilities</b>			
Financial Liabilities			
Other Current Financial Liabilities	21	9,19,74,344	11,48,79,675
Other Current Liabilities	22	13,33,91,916	10,80,29,711
Contract Liabilities	23	20,38,55,271	19,78,03,701
Provisions	24	4,13,54,544	4,27,01,246
Current Tax Liability (Net)	25	1,89,17,461	3,27,28,813
<b>Total Current Liabilities</b>		<b>48,94,93,536</b>	<b>49,61,43,146</b>
<b>Total Equity and Liabilities</b>		<b>6,15,13,14,487</b>	<b>6,58,61,47,690</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**(Formerly Khimji Kunverji & Co.)**  
Chartered Accountants FRN: 105146W

**For and on behalf of the Board of Directors of**  
**CARE Ratings Limited**  
(Fomerly known as Credit Analysis & Research Limited )

**[Hasmukh Dedhia]**  
Partner (F-033494)

**[S B Mainak]**  
Chairman  
DIN No-02531129

**[Rajesh Mokashi]**  
Managing Director & CEO  
DIN No-02781355

**[Adesh Kumar Gupta]**  
Independent Director  
DIN No. - 00020403

Mumbai  
Date : May 21, 2019

**[Nitinkumar Agrawal]**  
Chief Financial Officer  
M.No. 047780

**[Navin Jain]**  
Company Secretary  
ACS A10703

Mumbai  
Date : May 21, 2019

## PROFIT AND LOSS

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>Note Number</i>	<i>For the Year ended March 31, 2019</i>	<i>For the Year ended March 31, 2018</i>
<b>Income</b>			
Revenue From Operations	26	3,18,96,90,659	3,32,68,40,596
Other Income	27	30,39,20,972	25,46,65,671
<b>Total Income</b>		<b>3,49,36,11,631</b>	<b>3,58,15,06,267</b>
<b>Expenses</b>			
Employee Benefits Expense	28	1,02,80,67,250	88,90,95,791
Depreciation and Amortization Expense	2	3,33,03,633	3,14,90,647
Other Expenses	29	41,49,62,863	33,01,26,785
<b>Total Expenses</b>		<b>1,47,63,33,746</b>	<b>1,25,07,13,223</b>
<b>Profit before Exceptional Item and Tax</b>		<b>2,01,72,77,885</b>	<b>2,33,07,93,044</b>
Exceptional Items			-
<b>Profit before Tax Expense</b>		<b>2,01,72,77,885</b>	<b>2,33,07,93,044</b>
<b>Tax Expense</b>			
Current Tax	34	60,24,02,526	78,16,00,475
Deferred Tax Expense	34	3,41,97,300	(7,42,00,913)
<b>Total Tax Expense</b>		<b>63,65,99,826</b>	<b>70,73,99,561</b>
<b>Profit after Tax</b>		<b>1,38,06,78,059</b>	<b>1,62,33,93,482</b>
<b>Profit for the period attributable to:</b>			
Non-Controlling interest		59,54,555	(7,13,757)
Owners of the Parent		1,37,47,23,504	1,62,41,07,239
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit & Loss		(3,15,74,223)	5,35,65,770
(ii) Income Tax Relating to Items that will not be reclassified to profit & Loss		1,10,15,813	(1,22,79,503)
B (i) Items that will be reclassified to profit & Loss		18,905	-
(ii) Income Tax Relating to Items that will be reclassified to profit & Loss			-
<b>Other Comprehensive Income for the year</b>		<b>(2,05,39,505)</b>	<b>4,12,86,267</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
Non-Controlling interest			-
Owners of the Parent		(2,05,39,505)	4,12,86,267
<b>Total Comprehensive Income for the year</b>		<b>1,36,01,38,554</b>	<b>1,66,46,79,749</b>

## PROFIT AND LOSS

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>Note Number</i>	<i>For the Year ended March 31, 2019</i>	<i>For the Year ended March 31, 2018</i>
<b>Total Comprehensive Income for the year attributable to:</b>			
Non-Controlling interest		59,54,555	(7,13,757)
Owners of the Parent		1,35,41,83,999	1,66,53,93,506
<b>Earnings Per Share (Face Value Rs.10/- each)</b>	35		
- Basic		46.66	54.54
- Diluted		46.66	54.54

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**

**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**[Hasmukh Dedhia]**

Partner (F-033494)

Mumbai

Date : May 21, 2019

**For and on behalf of the Board of Directors of**

**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited )

**[S B Mainak]**

Chairman  
DIN No-02531129

**[Nitinkumar Agrawal]**

Chief Financial Officer  
M.No. 047780

Mumbai

Date : May 21, 2019

**[Rajesh Mokashi]**

Managing Director & CEO  
DIN No-02781355

**[Navin Jain]**

Company Secretary  
ACS A10703

**[Adesh Kumar Gupta]**

Independent Director  
DIN No. - 00020403

## CASH FLOW STATEMENT

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>For the Year ended March 31, 2019</i>	<i>For the Year ended March 31, 2018</i>
<b>Cash flows from Operating Activities</b>		
<b>Profit before tax</b>	<b>2,01,72,77,885</b>	<b>2,33,07,93,044</b>
<b>Adjustments for</b>		
Income from investments	(14,43,10,483)	(16,98,21,562)
Gain on sale of Investment	(60,62,316)	-
Notional Income on Fair Value of Security Deposits	(11,01,413)	(10,78,608)
Unrealized Gain on Fair Valuation of Investments through Profit & Loss	(14,27,69,275)	(6,07,50,797)
Gain/(Loss) on defined benefit plan	(3,15,74,223)	4,58,723
Deferred Lease Expense	10,39,540	9,89,170
(Profit)/Loss on Sale of Fixed Assets	(2,81,178)	1,31,653
ESOP Expense	12,73,73,013	8,64,89,983
Amortization of Premium	17,04,207	17,04,207
Depreciation	3,33,03,634	3,14,90,647
<b>Operating Profit before working capital changes</b>	<b>1,85,45,99,392</b>	<b>2,22,04,06,461</b>
<b>Movements in working capital</b>		
Decrease/(Increase) in Trade Receivables	(8,01,89,645)	(13,98,55,229 )
Decrease/(Increase) in Non-Financial Assets	(1,58,98,237)	2,10,00,617
Decrease/(Increase) in Financial Assets	(7,32,03,844)	(6,91,46,464)
Decrease/(Increase) in Non-Financial Liabilities	3,14,13,774	(6,80,76,640)
Decrease/(Increase) in Financial Liabilities	(2,20,86,929)	1,74,69,771
Increase/(Decrease) in Provisions	1,68,98,674	3,05,94,107
Increase/(Decrease) in Provisions for Current Liabilities	(21,65,106)	-
<b>Total Movements in working capital</b>	<b>(14,52,31,313)</b>	<b>(20,80,13,838)</b>
Taxes paid	(62,37,47,918)	(67,48,52,060)
<b>Net cash from operating activities (I)</b>	<b>1,08,56,20,163</b>	<b>1,33,75,40,563</b>
<b>Cash flows from Investing Activities</b>		
Income from investments	14,43,10,483	16,98,21,562
Sale of fixed assets	2,81,178	4,38,442
Purchase of fixed assets	(26,22,02,585)	(2,39,31,283)
Purchase of investments	(1,78,70,41,054)	(4,72,05,12,650)
Sale of investments	2,73,08,39,631	4,32,83,76,434
<b>Net cash from/ (used in) investing activities (II)</b>	<b>82,61,87,653</b>	<b>(24,58,07,495)</b>

## CASH FLOW STATEMENT

for the year ended March 31, 2019

(Amount Rs.)

<i>Particulars</i>	<i>For the Year ended March 31, 2019</i>	<i>For the Year ended March 31, 2018</i>
<b>Cash flows from Financing Activities</b>		
Proceeds from issue of equity shares	-	1,00,130
Premium on allotment of ESOPS	-	60,77,891
Dividend and Dividend Tax paid	(1,95,34,48,578)	(99,27,26,558)
Transfer to/from Retained Earnings	(58,632)	-
<b>Net cash used in financing activities (III)</b>	<b>(1,95,35,07,210)</b>	<b>(98,65,48,537)</b>
Effects of Un-realized Exchange gain on Cash & Cash Equivalents	-	-
<b>Net increase / (decrease) in cash and cash equivalents (I + II + III)</b>	<b>(4,16,99,397)</b>	<b>10,51,84,530</b>
<b>Cash And Cash Equivalents At The Beginning</b>	<b>23,99,16,611</b>	<b>13,47,32,080</b>
<b>Cash And Cash Equivalents At The End ( Refer note 10)</b>	<b>19,82,17,214</b>	<b>23,99,16,610</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**For and on behalf of the Board of Directors of**  
**CARE Ratings Limited**

(Formerly known as Credit Analysis &amp; Research Limited )

**[Hasmukh Dedhia]**

Partner (F-033494)

**[S B Mainak]**Chairman  
DIN No-02531129**[Rajesh Mokashi]**Managing Director & CEO  
DIN No-02781355**[Adesh Kumar Gupta]**Independent Director  
DIN No. - 00020403

Mumbai

Date : May 21, 2019

**[Nitinkumar Agrawal]**Chief Financial Officer  
M.No. 047780**[Navin Jain]**Company Secretary  
ACS A10703

Mumbai

Date : May 21, 2019

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

### A. Equity Share Capital

(Amount Rs.)

For the year ended March 31, 2019

<i>Balance as at April 1, 2018</i>	<i>Changes in Equity Share Capital during the year</i>	<i>Balance as at March 31, 2019</i>
29,46,12,140	-	29,46,12,140

For the year ended March 31, 2018

(Amount Rs.)

<i>Balance as at April 1, 2017</i>	<i>Changes in Equity Share Capital during the year</i>	<i>Balance as at March 31, 2018</i>
29,45,12,010	1,00,130	29,46,12,140

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Particulars	Reserves & Surplus							Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity Instruments through other comprehensive income		
Balance as at April 1, 2018	8,64,89,983	22,50,000	65,17,62,962	1,94,75,35,419	21,23,422	2,97,89,71,326	1,72,36,225	5,67,37,22,893	
Profit for the year (1)	-	-	-	-	-	1,37,47,23,504	-	1,37,47,23,504	
<b>Other Comprehensive Income/(loss) for the year</b>									
Re-measurement gain/(loss) on defined benefit plan (2)	-	-	-	-	-	(3,15,74,223)	-	(3,15,74,223)	
Other Comprehensive Income/(loss) for the year (3)	-	-	-	-	-	2,23,65,816	(85,47,145)	1,10,34,718	
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>					<b>(27,83,953)</b>	<b>1,36,55,15,097</b>	<b>(85,47,145)</b>	<b>1,35,41,83,999</b>	
<b>Contribution by and Distribution to Owners</b>									
Dividends	-	-	-	-	-	(1,62,03,77,423)	-	(1,62,03,77,423)	
Dividend distribution tax	-	-	-	-	-	(33,30,71,155)	-	(33,30,71,155)	
Transfer (to) / from Retained Earnings	-	-	-	-	-	32,98,483	-	32,98,483	
Employee Stock Option Granted	12,73,73,013	-	-	-	-	-	-	12,73,73,013	
<b>Balance as at March 31, 2019</b>	<b>21,38,62,996</b>	<b>22,50,000</b>	<b>65,17,62,962</b>	<b>1,94,75,35,419</b>	<b>(6,60,531)</b>	<b>2,38,16,89,884</b>	<b>86,89,080</b>	<b>5,20,51,29,810</b>	

B. Other Equity

For the year ended March 31, 2019

(Amount Rs.)

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Particulars	Reserves & Surplus							Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity Instruments through other comprehensive income		
Balance as at April 1, 2017	22,88,185	22,50,000	64,33,96,886	1,79,75,35,419	(5,60,508)	2,48,47,89,683	(2,38,95,524)	<b>4,90,58,04,141</b>	
Profit for the year (1)	-	-	-	-	-	1,62,41,07,239	-	1,62,41,07,239	
<b>Other Comprehensive Income/(loss) for the year</b>									
Re-measurement gain/(loss) on defined benefit plan (2)	-	-	-	-	-	(1,22,718)	-	(1,22,718)	
Other Comprehensive Income/(loss) for the year (3)	-	-	-	-	26,83,930	2,77,236	4,11,31,749	4,40,92,915	
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>	-	-	-	-	<b>26,83,930</b>	<b>1,62,42,61,757</b>	<b>4,11,31,749</b>	<b>1,66,80,77,436</b>	
<b>Contribution by and Distribution to Owners</b>									
Premium on allotment of ESOP	-	-	60,77,891	-	-	-	-	60,77,891	
Transferred from Deferred Employees Compensation	-	-	22,88,185	-	-	-	-	22,88,185	
Dividends	-	-	-	-	-	(82,48,13,862)	-	(82,48,13,862)	

For the year ended March 31, 2018

(Amount Rs.)

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

Particulars	Reserves & Surplus						Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings		
Dividend distribution tax	-	-	-	-	-	(16,79,12,696)	-	(16,79,12,696)
Transfer (to) / from Retained Earnings	-	-	-	15,00,00,000	-	(15,00,00,000)	-	-
Employee Stock Option Exercised	(22,88,185)	-	-	-	-	-	-	(22,88,185)
Employee Stock Option Granted	8,64,89,983	-	-	-	-	-	-	8,64,89,983
<b>Balance as at March 31, 2018</b>	<b>8,64,89,983</b>	<b>22,50,000</b>	<b>65,17,62,962</b>	<b>1,94,75,35,419</b>	<b>21,23,422</b>	<b>2,96,63,24,882</b>	<b>1,72,36,225</b>	<b>5,67,37,22,893</b>

For the year ended March 31, 2018

(Amount Rs.)

## STATEMENT OF CHANGES IN EQUITY

### for the year ended March 31, 2019

The description of the nature and purpose of each reserve within equity is as follows:

#### a. Capital Redemption Reserve

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares.

#### b. Securities Premium Reserve

Securities Premium Reserve is credited when the shares are issued at premium. It is utilized in accordance with the provision of the Companies Act, to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

#### c. Employees Stock Options Outstanding Reserve

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 35 for further details of this plan.

#### d. General Reserve

The Company has transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Companies Act, 2013

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**[Hasmukh Dedhia]**  
Partner (F-033494)

Mumbai  
Date : May 21, 2019

**For and on behalf of the Board of Directors of**  
**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited )

**[S B Mainak]**  
Chairman  
DIN No-02531129

**[Nitinkumar Agrawal]**  
Chief Financial Officer  
M.No. 047780

Mumbai  
Date : May 21, 2019

**[Rajesh Mokashi]**  
Managing Director & CEO  
DIN No-02781355

**[Navin Jain]**  
Company Secretary  
ACS A10703

**[Adesh Kumar Gupta]**  
Independent Director  
DIN No. - 00020403

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 1 :

#### Company Overview and Significant Accounting Policies

##### Company Overview:

CARE Ratings Limited ('the Holding Company' or 'the Company' or 'CARE'), commenced its operations in April 1993 has established itself as the leading credit rating agency of India. The Company provides the various credit ratings that the corporates to raise capital for their various requirements and assists the investors to form an informed investments decision based on the credit risk and their own risk-return expectations. The Company has its registered office and head office both located in Mumbai. In addition, CARE Ratings has regional offices at Ahmedabad, Bengaluru, Chandigarh, Chennai, Cochin, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi and Pune.

##### The details of subsidiaries are as under:

Name of the Company :	<b>CARE Risk Solutions Private Limited ("CRSPL") (Formerly known as Care Kalypto Risk Technologies and Advisory Services Pvt. Ltd. ("CARE KRTPL"))</b>
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Country of Incorporation:	<b>India</b>
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Ownership in % either directly or through Subsidiaries:	<b>100%</b>
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The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company:	<b>CARE Ratings (Africa) Private Limited ("CRAF")</b>
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Country of Incorporation:	<b>Mauritius</b>
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Ownership in % either directly or through Subsidiaries:	<b>78%</b>
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The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company:	<b>CARE Advisory Research &amp; Training LTD ("CART")</b>
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Country of Incorporation:	<b>Mumbai</b>
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Ownership in % either directly or through Subsidiaries:	<b>100%</b>
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The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company:	<b>CARE Ratings Nepal Ltd ("CRNL")</b>
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Country of Incorporation:	<b>Nepal</b>
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Ownership in % either directly or through Subsidiaries:	<b>51%</b>
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The Financial year for the above subsidiary company is July 16 to July 15, however the accounts for the purpose of consolidation are prepared from April 2018 to March 2019.

The financial statements are for the group consisting of the company & its subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2019

### Summary of Significant Accounting Policies:

#### a) Statement of Compliance

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provision of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

#### b) Basis of preparation of Accounts:

##### Basis of Preparation:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- i Certain financial assets and liabilities measured at fair value and classified as fair value through other comprehensive income or fair value through profit or loss.
- ii Employee's Defined Benefit Plan as per actuarial valuation;
- iii Equity settled share based payments measured at Fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### Functional and Presentation Currency:

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

##### Classification of Assets and Liabilities into Current/Non-Current

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:

- i It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle; or
- ii It is held primarily for the purpose of trading; or
- iii It is expected to realize the asset within twelve months after the reporting period; or
- iv The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

- i It is expected to be settled in the normal operating cycle; or
- ii It is held primarily for the purpose of trading; or
- iii It is due to be settled within twelve months after the reporting period; or
- iv The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

#### c) **Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance, are charged to the Statement of Profit & Loss in the period in which the costs are incurred.

An item of PEE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

#### d) **Capital Work in Progress**

Advances paid towards acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and cost of the assets not ready for intended use as on the Balance Sheet date put to use before such date are disclosed under Capital Work in Progress.

#### e) **Depreciation**

Depreciation on PPE is the systematic allocation of the depreciable amount over its useful life and is provided on a straight line basis over such useful lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation on additions is being provided on Pro rata basis from the date of such additions.

Depreciation on sale or disposal is provided on Pro rata basis till the date of such sale or disposal.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

Depreciation on fixed assets in CRSPL & CRNL are provided on written down value method using the rates arrived at based on useful lives as provided in Schedule II of the Companies Act, 2013 & 25% respectively. Adjustments to the fixed assets of the subsidiary to bring in line with the accounting policy of the holding company at the time of consolidation are not done, since the impact of the same is not material.

#### f) Intangible Assets and Amortization

Intangible assets are accounted at fair value based on evaluation reports of experts less accumulated amortization and accumulated impairment losses thereon, if any. An intangible asset is recognized, where it is probable that the future economic benefit attributable to the assets will flow to the enterprise and where its costs can be reliably measured. The Company determine the amortization period as the period over which future economic benefit will flow to the Company after taking into account all relevant facts and circumstances.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

Intangible assets in the nature of computer software are amortized over the period of 3 years.

Intangible assets in the nature of computer software is stated at their cost of acquisition less accumulated depreciation and impairment loss, if any. Intangible assets (software) developed in house are accounted at the cost incurred in developing the intangible asset.

#### g) Impairment of Non-Financial Assets – Property, Plant and Equipment & Intangible Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the assets no longer exist or have decreased.

#### h) Revenue Recognition

##### Rating Income (Including Surveillance Income)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Income is recognized based on percentage complete method. Major portion of Initial and surveillance rating fees will be recognized on the date rating based on efforts and balance portion of it is over the 12 months from the date of rating.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### **License, Implementation and Customization fees**

License, Implementation and Customization fees are recognized on proportionate work completion basis as per the terms of the contract. Proportion of work completion is determined as a proportion of costs incurred to date to the total estimated cost to complete the contract. Provision for expected loss is recognized immediately when it is probable that the total estimated costs will exceed total contract value.

Fee from other service accounted for on accrual basis.

Revenue from maintenance contracts is recognized over the term of maintenance.

#### **Training Fees**

Income from Training services is recognized on accrual basis.

#### **Interest Income**

Interest income from debt instruments viz. investment in PSU Bonds is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

#### **Dividend Income**

Dividends are recognized in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the Dividend can be measured reliably.

#### **Sale of Investments**

Difference between the sale price and carrying value of investment as determined at the end of the previous year is recognized as profit or loss on sale / redemption on investment on trade date of transaction.

#### **i) Financial Instruments**

Financial Assets & Financial Liabilities are recognized when the Company becomes party to contractual provisions of the relevant instrument.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2019

### **Initial Recognition:**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Transaction costs directly attributable to acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

### **Classification and Subsequent Measurement: Financial Assets**

The Company classifies financial assets as subsequently measured at Amortized Cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following

- The entity's business model for managing the financial assets.
- The contractual cash flow characteristics of the financial asset.

#### **(a) Amortized Cost:**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

#### **(b) Fair Value through Other Comprehensive Income (FVTOCI):**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **(c) Fair Value through Profit & Loss (FVTPL):**

A financial asset which is not classified in any of the (a) or (b) above categories is measured at FVTPL.

### **Investment in Equity Instruments designated to be classified as FVTOCI:**

The Company carries certain equity instruments which are not held for trading. The Company has elected the irrevocable option to measure such instruments at FVTOCI since initial recognition. Movements in fair value of these investments are recognized in Other Comprehensive Income and the gain or loss will not be reclassified to Statement of Profit and Loss on disposal of these investments. Dividends from these investments are recognized in statement of profit and loss when the Company's right to receive dividends is established.

### **Classification and Subsequent Measurement: Financial Liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### **Financial Liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL: Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

#### **Other Financial Liabilities:**

Other financial liabilities (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. For the liabilities maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **Impairment of financial assets:**

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

#### **De-recognition of financial assets:**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **j) Cash and cash equivalent**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### k) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of Ownership to the lessee. All other leases are classified as Operating Leases.

**Operating Lease:** Lease rentals are charged or recognized in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

**Finance Lease:** Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

#### l) Translation of Foreign Currency Items

Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of profit and loss, Non- monetary assets and liabilities that are measured in terms of historical cost of foreign currencies are not translated.

#### m) Employee Benefit expense

##### Defined benefit plan:

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. In case of the Holding Company, the gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. In case of Subsidiaries, the gratuity Liability is unfunded.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Re-measurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

The defined benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

In respect of foreign subsidiaries there are no employee benefit plans in the nature of defined benefit plans

#### **Defined contribution plan:**

Payments to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, for which both the Employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Government Provident Fund monthly

#### **Other employee benefits:**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

#### **n) Income Taxes:**

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

#### **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

#### **Minimum Alternative Tax**

Minimum alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2019

### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to Income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the Temporary difference can be utilized. The carrying amount of Deferred tax liabilities and asset are reviewed at the end of each reporting period date and are reduced to the extent that it is no longer probable.

### o) Earnings Per Share

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the Equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### p) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a Reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to Reflect the current best estimate.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

#### q) Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 34.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

#### r) Segment Reporting - Identification of Segments:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's management to make decisions for which discrete financial information is available.

Based on the management approach, the management evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

#### Note 1(A): Use of Estimates and Judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material Adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### a) Useful Lives of Property, Plant & Equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

#### b) Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques like Net Asset Method. The inputs to these models are taken from the financial statements of the companies in which Company has invested. These are considered as non-observable market inputs whereby a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

#### c) Revenue Recognition

The Company recognizes portion of rating fee income commensurate with the efforts involved based on percentage completion method.

#### The Company's assessment of percentage completion is as follows:

As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection

#### Change in Accounting Estimates:

During the year ended March 31, 2019, the Company has reviewed efforts required for completion of various activities in the rating process. Based on review, the Company has not changed its effort estimates for rating activities as above due to change in Regulations, Business-Mix and Technological Enhancements.

During the year ended March 31,2018, the Company has reviewed efforts required for completion of various activities in the rating process. Based on review, the Company has changed its effort estimates for rating activities as above due to change in Regulations, Business-Mix and Technological Enhancements as compared to previous year.

Accordingly, the revenue recognized for the year ended on March 31, 2018 based on revised efforts estimation is higher by Rs.186,186,612/- as compared to revenue that would have been recognized based on earlier efforts estimation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### **License, Implementation and Customization fees are recognized on proportionate work completion basis**

Proportion of work completion is determined as a proportion of costs incurred to date to the total estimated cost to complete the contract. Provision for expected loss is recognized immediately when it is probable that the total estimated costs will exceed total contract value.

- Fee from other service accounted for on accrual basis.
- Revenue from maintenance contracts is recognized over the term of maintenance.
- Income from Training Services rendered is recognized on accrual basis.

#### **d) Expected Credit Losses on Financial Assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### **e) Share-based payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34

#### **f) Defined benefit plans**

The cost of the defined benefit gratuity plan and other employment benefits and the present value of the gratuity obligation and other employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are Reviewed at each reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 2 : Property Plant & Equipments

(Amount Rs.)

Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 1, 2018	Additions during the year	Deductions during the year	As at March 31, 2019	As at April 1, 2018	For the year	On deletions / disposals during the year	As at March 31, 2019
<b>Tangible Assets</b>								
<b>Furniture &amp; Fixtures</b>	2,14,60,822	48,56,354	-	2,63,17,176	76,26,064	38,14,033	-	1,14,40,097
Office Equipments	2,39,85,219	65,13,785	99,715	3,03,99,289	1,86,11,868	22,01,535	99,715	2,07,13,688
Computers	2,44,17,974	2,33,51,418	56,26,332	4,21,43,060	1,27,74,051	82,34,683	56,26,332	1,53,82,402
Vehicles	42,27,501	46,39,683	-	88,67,184	68,057	9,89,247	-	10,57,304
Electrical Installations	71,38,487	15,21,424	-	86,59,911	23,38,271	11,06,186	-	34,44,457
Buildings	48,88,62,936	21,26,02,531	-	70,14,65,467	1,78,96,801	1,12,57,323	-	2,91,54,124
Leasehold Improvements	5,40,524	-	-	5,40,524	3,80,351	72,981	-	4,53,332
<b>Total Tangible</b>	<b>57,06,33,463</b>	<b>25,34,85,195</b>	<b>57,26,047</b>	<b>81,83,92,611</b>	<b>5,96,95,463</b>	<b>2,76,75,988</b>	<b>57,26,047</b>	<b>8,16,45,404</b>
<b>Intangible Assets</b>								
Computer Software	1,65,54,016	87,17,388	-	2,52,71,404	49,29,958	56,27,645	-	1,05,57,603
<b>Total Intangible</b>	<b>1,65,54,016</b>	<b>87,17,388</b>	<b>-</b>	<b>2,52,71,404</b>	<b>49,29,958</b>	<b>56,27,645</b>	<b>-</b>	<b>1,05,57,603</b>
<b>Total</b>	<b>58,71,87,479</b>	<b>26,22,02,583</b>	<b>57,26,047</b>	<b>84,36,64,015</b>	<b>6,46,25,421</b>	<b>3,33,03,633</b>	<b>57,26,047</b>	<b>9,22,03,007</b>
								<b>75,14,61,008</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Description of Assets	Gross Block				Depreciation			Net Block
	As at April 1, 2017	Additions during the year	Deductions during the year	As at March 31, 2018	As at April 1, 2017	For the year	On deletions / disposals during the year	As at March 31, 2018
<b>Tangible Assets</b>								
Furniture & Fixtures	1,90,16,513	24,44,309	-	2,14,60,822	38,14,857	38,11,207	-	1,38,34,758
Office Equipments	2,10,71,311	29,13,908	-	2,39,85,219	1,05,26,927	80,84,941	-	53,73,351
Computers	2,05,00,522	39,17,452	-	2,44,17,974	66,03,773	61,70,278	-	1,16,43,923
Vehicles	10,77,482	42,28,243	10,78,224	42,27,501	2,70,110	3,06,077	5,08,130	41,59,444
Electrical Installations	70,36,224	1,02,263	-	71,38,487	12,04,734	11,33,537	-	48,00,216
Buildings	48,88,62,936	-	-	48,88,62,936	89,85,915	89,10,886	-	47,09,66,135
Leasehold Improvements	5,40,524	-	-	5,40,524	2,46,284	1,34,067	-	1,60,173
<b>Total Tangible</b>	<b>55,81,05,512</b>	<b>1,36,06,175</b>	<b>10,78,224</b>	<b>57,06,33,463</b>	<b>3,16,52,600</b>	<b>2,85,50,993</b>	<b>5,08,130</b>	<b>51,09,38,000</b>
<b>Intangible Assets</b>								
Computer Software	54,83,104	1,10,70,912	-	1,65,54,016	19,90,304	29,39,654	-	1,16,24,058
<b>Total Intangible</b>	<b>54,83,104</b>	<b>1,10,70,912</b>	-	<b>1,65,54,016</b>	<b>19,90,304</b>	<b>29,39,654</b>	-	<b>1,16,24,058</b>
Capital Work in Progress	7,45,804		7,45,804	-	-	-	-	-
<b>Total</b>	<b>56,43,34,420</b>	<b>2,46,77,087</b>	<b>18,24,028</b>	<b>58,71,87,479</b>	<b>3,36,42,904</b>	<b>3,14,90,647</b>	<b>5,08,130</b>	<b>52,25,62,058</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 3: Investments - Non Current

(Amount Rs.)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	Amt	Nos	Amt
<b>Unquoted:</b>				
Face value of USD 22,600 each fully paid:				
ARC Ratings Holdings Limited	20	2,42,09,955	20	3,52,54,543
<b>Face value of USD 10 each fully paid:</b>				
Malaysian Rating Corporation Berhard	20,00,000	11,23,63,582	20,00,000	11,44,57,128
<b>Investment measured at Fair value through Profit &amp; Loss</b>				
Investment in various Debt Mutual Fund Schemes		-		17,67,08,047
<b>Total Unquoted Investments</b>		<b>13,65,73,537</b>		<b>32,64,19,718</b>
<b>Quoted:</b>				
<b>Investment measured at Amortized Cost</b>				
Tax free Bonds		36,93,80,588		37,10,84,796
<b>Investment measured at Fair value through Profit &amp; Loss</b>		-		-
Investment in Various Fixed Maturity Plans of Debt Mutual Funds		1,98,87,66,150		1,85,73,40,850
<b>Total Quoted Investments</b>		<b>2,35,81,46,738</b>		<b>2,22,84,25,646</b>
<b>Total Investments</b>		<b>2,49,47,20,275</b>		<b>2,55,48,45,364</b>
Aggregate amount of Quoted Investments		2,35,81,46,738		2,22,84,25,646
Market Value of Quoted Investments		2,39,05,83,650		2,63,74,04,646
Aggregate amount of Unquoted Investments		13,65,73,537		32,64,19,718
Aggregate amount of impairment in value of Investment		-		-

### Note 4 : Loans

(Amount Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and Considered Good</b>		
Loan to Employees	60,96,877	37,37,936
Security Deposits	1,31,90,631	47,98,666
<b>Total</b>	<b>1,92,87,508</b>	<b>85,36,602</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 5 : Other Non Current Financial Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Accrued Interest on Loans to Employees	9,43,775	9,72,219
<b>Total</b>	<b>9,43,775</b>	<b>9,72,219</b>

### Note 6 : Deferred Tax Asset (Net)

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Deferred Tax Asset</b>	<b>70,52,965</b>	<b>93,78,649</b>
MAT Credit Entitlement	52,18,700	52,18,700
Fixed Assets	2,59,270	14,68,362
Provisions allowed under tax on payment basis	15,74,995	24,25,444
Others	-	2,66,143
<b>Deferred Tax Liability</b>	<b>-</b>	<b>57,575</b>
Others	-	57,575
<b>Total</b>	<b>70,52,965</b>	<b>93,21,074</b>

### Note 7 : Other Non-Current Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unsecured, considered good</b>		
Capital Advances	-	6,149
Prepaid Rent	27,06,276	2,51,029
Prepaid Expenses	19,31,045	9,49,084
<b>Total</b>	<b>46,37,321</b>	<b>12,06,262</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 8: Investments - Current

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unquoted</b>		
<b>Investment measured at Fair value through Profit &amp; Loss:</b>		
Investment in Various Open - Ended Debt Mutual Funds	1,89,18,99,756	2,44,63,04,347
<b>Total Unquoted Investments</b>	<b>1,89,18,99,756</b>	<b>2,44,63,04,347</b>
<b>Quoted:</b>		
<b>Investment measured at Fair value through Profit &amp; Loss:</b>		
Investment in Various Fixed Maturity Plans of Debt Mutual Funds	-	18,21,41,510
<b>Total Quoted Investments</b>	<b>-</b>	<b>18,21,41,510</b>
<b>Total Current Investments</b>	<b>1,89,18,99,756</b>	<b>2,62,84,45,857</b>
Aggregate amount of Quoted Investments	-	18,21,41,510
Market Value of Quoted Investments	-	18,21,41,510
Aggregate amount of Unquoted Investments	1,89,18,99,756	2,44,63,04,347
Aggregate amount of impairment in value of Investment	-	-

### Note 9 : Trade Receivables

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unsecured</b>		
Considered Good	47,25,91,108	39,24,01,463
Significant increase in Credit Risk	2,62,24,138	2,06,04,146
<b>Total Debtors</b>	<b>49,88,15,246</b>	<b>41,30,05,609</b>
Less: Allowance for Credit Loss	2,62,24,138	2,06,04,146
<b>Total</b>	<b>47,25,91,108</b>	<b>39,24,01,463</b>

### Note 10 : Cash and Cash Equivalents

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Cash and cash equivalents</b>		
Cash on hand	99,573	48,387
<b>Balances with Banks</b>		
On Current Account	11,38,72,807	2,86,38,688
<b>Other Bank Balances</b>		
Deposit Accounts (Less than 3 months)	8,42,44,834	21,12,29,536
<b>Total</b>	<b>19,82,17,214</b>	<b>23,99,16,611</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 11 : Bank Balances other than Cash and Cash Equivalents

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Unclaimed Dividend Account	22,60,437	38,72,804
Money Due for Refund of Share Application	12,61,684	7,36,684
Bank Deposit Accounts	9,03,35,822	4,57,73,581
Lien marked Deposit	98,60,000	13,82,000
<b>Total</b>	<b>10,37,17,943</b>	<b>26,29,94,605</b>

### Note 12 : Loans

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Unsecured and Considered Good</b>		
Loans to Employees	42,16,396	36,21,012
Security Deposits	23,83,614	95,26,945
<b>Total</b>	<b>66,00,010</b>	<b>1,31,47,957</b>

### Note 13 : Other Current Financial Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Interest Accrued on Investments	1,15,85,779	1,10,42,463
Interest Accrued on Loans to Employees	4,24,124	3,08,992
Other receivables	63,93,094	2,65,176
<b>Total</b>	<b>1,84,02,997</b>	<b>1,16,16,631</b>

### Note 14 : Contract Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Unbilled Revenue	6,23,61,466	4,46,82,965
Less: Loss Allowance	(62,87,000)	-
<b>Total</b>	<b>5,60,74,466</b>	<b>4,46,82,965</b>

### Note 15 : Current Tax Assets (Net)

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Advance payment of taxes (Net of provision for tax Rs.95,51,832 (PY Rs.74,07,517))	1,25,84,518	50,31,574
<b>Total</b>	<b>1,25,84,518</b>	<b>50,31,574</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 16 : Other Current Assets

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Prepaid Expenses	20,87,453	98,53,055
Service Tax, VAT, Other taxes and Statutory Deposits	1,88,02,931	50,49,115
Advances to Suppliers	46,42,793	21,10,887
Others	80,87,295	51,79,776
<b>Total</b>	<b>3,36,20,472</b>	<b>2,21,92,833</b>

### Note 17: Equity Share Capital

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>		<i>As at March 31, 2018</i>	
	<i>Number</i>	<i>Amt</i>	<i>Number</i>	<i>Amt</i>
Authorised Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Issued, subscribed and fully paid up Equity Shares of Rs.10/- each	2,94,61,214	29,46,12,140	2,94,61,214	29,46,12,140
<b>Total</b>	<b>2,94,61,214</b>	<b>29,46,12,140</b>	<b>2,94,61,214</b>	<b>29,46,12,140</b>

### 17(a): List of shareholders holding more than 5% of Paid Up Equity Share Capital

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>		<i>As at March 31, 2018</i>	
	<i>Nos</i>	<i>% Holding</i>	<i>Nos</i>	<i>% Holding</i>
Life Insurance Corporation Of India and LIC P&GS Fund	29,02,136	9.85%	29,02,136	9.85%
CRISIL Limited	26,22,431	8.90%	26,22,431	8.90%
Franklin Templeton Investment Funds and Franklin India Smaller Companies Fund	22,34,890	7.59%	17,49,165	5.94%
Stichting Depository APG Emerging Markets Equity	20,14,700	6.84%	-	-

### 17(b): The reconciliation of the number of shares outstanding is set out below:

<i>Particulars</i>	<i>As at March 31, 2019 Nos.</i>	<i>As at March 31, 2018 Nos.</i>
Equity Shares at the beginning of the year	2,94,61,214	2,94,51,201
Add: Shares issued under Employees Stock Options Scheme (ESOS)	-	10,013
<b>Equity Shares at the end of the year</b>	<b>2,94,61,214</b>	<b>2,94,61,214</b>

### 17(c): The Company does not have a Holding Company

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### 17(d): Shares reserved for issue under options and contracts, including the terms and amounts:

For details of Shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company: Refer Note 36

#### 17(e): Terms/Right attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

17(f): The Company has not issued any bonus shares, shares for consideration other than cash or has not bought back any shares during the period of five years immediately preceding the reporting date.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Note 18 : Other Equity

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Capital Redemption Reserve	22,50,000	22,50,000
Securities Premium Reserve	65,17,62,962	65,17,62,962
Employees Stock Options Outstanding Reserve	21,38,62,996	8,64,89,983
General Reserve	1,94,75,35,419	1,94,75,35,419
Retained Earnings	2,38,16,89,884	2,96,63,24,882
Foreign Currency Translation Reserve	(6,60,531)	21,23,422
Other Comprehensive Income	86,89,080	1,72,36,225
<b>Total Other Equity</b>	<b>5,20,51,29,810</b>	<b>5,67,37,22,893</b>

The Description of the Nature and Purpose of each reserve within equity is as follows:

#### a. Capital Redemption Reserve

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares

#### b. Securities Premium Reserve

Securities Premium Reserve is credited when the shares are issued at premium. It is utilized in accordance with the provision of the Companies Act, to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### c. Employees Stock Options Outstanding Reserve

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 36 for further details of this plan.

### d. General Reserve

The Company has transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Companies Act, 2013

#### Note 19 : Provisions

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Provision for Employee Benefits:</b>		
Provision for Compensated Absence	5,68,99,672	4,49,12,118
Provision for Gratuity	73,37,652	24,26,531
<b>Total</b>	<b>6,42,37,324</b>	<b>4,73,38,649</b>

#### Note 20: Deferred Tax Liabilities (Net)

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Depreciation on Fixed Assets	8,83,53,553	7,46,77,378
Fair Valuation of Investments	3,21,56,040	2,93,21,197
<b>Deferred Tax Liability</b>	<b>12,05,09,593</b>	<b>10,39,98,575</b>
Provision for Compensated Absence	2,69,24,400	1,85,35,005
Provision for Gratuity	82,86,214	89,84,630
Provision for Doubtful Debts	1,01,11,017	2,30,00,457
Others	11,01,040	3,04,939
<b>Deferred Tax Asset</b>	<b>4,64,22,671</b>	<b>5,08,25,031</b>
<b>Total</b>	<b>7,40,86,922</b>	<b>5,31,73,544</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 21 : Other Current Financial Liabilities

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Sundry Creditors for Expenses*	94,71,497	2,67,45,160
Other Liabilities	37,000	35,862
Unclaimed Dividend	22,60,437	38,72,804
Money Due for Refund for Share Application	12,61,684	7,36,684
Provision for Salary, Performance Related Pay & Commission	7,97,62,128	8,34,89,165
<b>Total</b>	<b>9,27,92,746</b>	<b>11,48,79,675</b>

\*Refer Note 43 due to Micro, small and Medium Enterprises

### Note 22 : Other Current Liabilities

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Other Liabilities	20,32,229	-
Statutory Dues	10,97,33,456	9,17,76,447
Provision for Expenses	2,16,26,231	1,62,53,264
<b>Total</b>	<b>13,33,91,916</b>	<b>10,80,29,711</b>

### Note 23 : (a) Contract Liabilities

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Unearned Revenue	11,30,74,945	8,45,07,358
Advance from Customers	9,07,80,326	11,32,96,343
<b>Total</b>	<b>20,38,55,271</b>	<b>19,78,03,701</b>

### (b) Revenue recognized that was included in the contract liability balance at the beginning of the year

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Rating Income	17,75,67,595	29,44,95,552
<b>Total</b>	<b>17,75,67,595</b>	<b>29,44,95,552</b>

### Note 24 : Provisions - Current

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Provision for Compensated Absence	1,06,37,211	90,72,308
Provision for Gratuity	1,97,10,553	2,60,71,290
Provision for Leave Travel Allowance	1,01,88,377	75,57,648
<b>Total</b>	<b>4,05,36,140</b>	<b>4,27,01,246</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 25 : Current Tax Liability (Net)

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Provision for Income Tax [Net of Advance Tax Rs.14,99,35,682 (PY Rs.5,00,16,42,924)]	1,89,17,461	3,27,28,813
<b>Total</b>	<b>1,89,17,461</b>	<b>3,27,28,813</b>

### Note 26 : Revenue From Operations

(Amount Rs.)

<i>Particulars</i>	<i>For the year ended March 31, 2019</i>	<i>For the year ended March 31, 2018</i>
<b>Sale of Services</b>		
Rating Income (including Surveillance)	2,98,59,43,506	3,19,57,86,575
Fee for Consultancy Services	3,04,64,738	1,37,08,301
Fees for License & implementation fees	14,59,34,024	8,27,15,545
Sale of Publications / Information Services	2,57,85,689	3,35,64,313
Training Fees	15,26,037	10,16,451
Other Operating Revenue	36,665	49,411
<b>Total</b>	<b>3,18,96,90,659</b>	<b>3,32,68,40,596</b>

### Revenue recognized from past performance obligations:

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Rating Income	3,04,92,020	2,38,84,529
<b>Total</b>	<b>3,04,92,020</b>	<b>2,38,84,529</b>

### Note 27 : Other Income

(Amount Rs.)

<i>Particulars</i>	<i>For the year ended March 31, 2019</i>	<i>For the year ended March 31, 2018</i>
Interest Income	3,83,01,894	3,46,04,427
Dividend Income	10,60,08,589	13,90,25,396
Net gain on sale of investments	60,62,316	1,62,01,331
Gain on Fair Valuation of Investments through Profit and Loss	14,27,69,275	6,07,50,797
Miscellaneous Income	1,07,78,898	40,83,721
<b>Total</b>	<b>30,39,20,972</b>	<b>25,46,65,672</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 28 : Employee Benefits Expense

(Amount Rs.)

<i>Particulars</i>	<i>For the year ended March 31, 2019</i>	<i>For the year ended March 31, 2018</i>
Salaries and Other Allowances	81,90,77,518	72,26,49,603
Contribution to Provident, Gratuity & Other Funds (Refer Note 32)	5,30,91,132	5,82,56,547
Expense on Employee Stock Option Scheme (Refer Note 36)	12,73,73,013	8,64,89,983
Staff Welfare Expenses	2,85,25,587	2,16,99,658
<b>Total</b>	<b>1,02,80,67,250</b>	<b>88,90,95,791</b>

### Note 29 : Other Expenses

(Amount Rs.)

<i>Particulars</i>	<i>For the year ended March 31, 2019</i>	<i>For the year ended March 31, 2018</i>
Electricity Charges	1,24,55,212	1,23,39,195
Postage & Telephone Charges	1,15,38,665	1,07,29,263
Rent	3,37,45,388	3,10,76,471
Travelling & Conveyance Expenses	4,34,17,181	3,76,25,570
Directors' Sitting Fees	95,91,875	50,48,550
Insurance Premium	18,32,670	7,39,164
Legal Expenses	29,04,120	48,47,803
Professional Fees	3,14,16,466	2,50,10,040
Business Development Associate Fees	7,32,05,690	5,88,66,384
Rates & Taxes	33,97,434	5,69,78,122
<b>Repairs &amp; Maintenance</b>		
Buildings	94,84,495	80,00,582
Others	1,71,26,223	1,45,33,005
Exchange Gain / (Loss) (Net)	-	10,09,805
Advertisement and Sponsorship Expenses	71,24,597	96,04,431
Security, Housekeeping & Office Supplies	1,92,98,223	1,55,13,908
Membership & Subscription	91,67,783	83,25,427
Corporate Training Expenses	8,11,676	6,72,722
Provision for Bad and Doubtful Debts	1,32,67,993	4,58,723
Bad Debts written off	64,21,360	-
Commission	3,62,00,554	-
Auditors Remuneration	34,55,477	30,42,959
Corporate Social Responsibility	3,83,65,031	41,48,717
Miscellaneous Expenses	3,07,34,750	2,15,55,944
<b>Total</b>	<b>41,49,62,863</b>	<b>33,01,26,785</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 30: Contingent Liabilities (Ind AS 37)

(A) Claims against the Group not acknowledged as debts (to the extent not provided for): (Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Contingent Liability on account of Income Tax	62,25,667	1,78,82,765

(B) Pending outcome of adjudication proceedings initiated by Regulator / Government agencies pertaining to certain Credit ratings assigned by the Company to its clients, which is being responded by the Company, no provision for outcome thereof has been made in the books.

(C) Guarantees given by Bank on behalf of the Group in respect of lien marked Deposits for Rs.98,60,000/- (Previous Year Rs. 8,31,020/-)

(D) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

Pending decision on the subject review petition and directions from the EPFO, the impact, if any, is not ascertainable and consequently no effect has been given in the accounts.

### Note 31: Capital and Other Commitments

Amounts pending on account of contracts remaining to be executed on capital account, not provided for (net of advances) is Nil (March 31, 2018 - Nil)

The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

### Note 32: Employee Benefits (Ind AS 19)

(A) Defined Benefit Plans:

#### Gratuity:

"The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Group for payment of gratuity. The Company accounts for the liability based on actuarial valuation.

The Group has created a trust for future payment of gratuities which is funded through gratuity-cum-life insurance scheme of LIC of India. In respect of CRSPL gratuity liability is recognized based on actuarial valuation however the gratuity is unfunded. There are no employee benefits in the nature of defined benefit plan in respect of CRNL and CRAF."

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Inherent Risk on above:

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

(Amount Rs.)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Change in Present value of Obligations:		
Opening Defined Benefit Obligation	6,40,17,640	4,51,87,868
Current Service Cost	1,21,86,760	1,05,84,842
Interest Cost	50,21,276	34,84,093
Past Service Cost	-	1,29,18,461
Actuarial (Gain)/Loss	2,45,360	-
Actuarial (Gain)/Loss on Obligations Due to change in Financial Assumptions	71,30,480	(14,01,506)

(Amount Rs.)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	69,58,525	-
Actuarial (Gain)/Loss on Obligations Due to Experience	44,23,704	8,19,267
Benefits Paid	(77,05,907)	(75,75,385)
<b>Closing Defined Benefit Obligations</b>	<b>9,22,77,838</b>	<b>6,40,17,640</b>
<b>Change in Fair Value of Plan Assets:</b>		
Opening Fair Value of the Plan Assets	3,56,19,805	3,45,87,053
Interest income	28,03,279	26,66,662
Expected Return on Plan Assets	3,49,158	(4,27,022)
Actuarial Gain/(Loss)	-	-
Contribution by the Employer	3,44,72,148	63,68,497
Benefits Paid	(77,05,907)	(73,81,539)
<b>Closing Fair Value of the Plan Assets</b>	<b>6,55,38,483</b>	<b>3,58,13,651</b>
<b>Net Asset / (Liability) recognized in the Balance Sheet</b>		
Present value of the funded defined benefit obligation at the end of the period	(9,22,77,837)	(6,40,17,640)
Fair Value of Plan Assets	6,55,38,483	3,58,13,651

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
<b>Net Asset / (Liability)</b>	<b>(2,67,39,354)</b>	<b>(2,82,03,989)</b>
<b>Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current Service Cost	1,21,86,760	1,05,84,842
Interest on Defined Benefit Obligations	20,43,141	6,65,385
Past Service Cost	-	1,29,18,461
Expected Return on Plan Assets	-	-
<b>Amount recognized in Statement of Profit and Loss</b>	<b>1,42,29,901</b>	<b>2,41,68,688</b>
<b>Re-measurements recognized in Other Comprehensive Income(OCI):</b>		
Actuarial (Gains)/Losses on Obligation For the Period)	1,85,12,709	-
Changes in Financial Assumptions	3,81,006	(14,01,506)
Changes in Demographic Assumptions	-	9,25,545
Experience Adjustments	(77,993)	(1,06,278)
Expected Return on Plan Assets	(3,49,158)	4,27,022
<b>Amount recognized in Other Comprehensive Income(OCI)</b>	<b>1,84,66,564</b>	<b>(1,55,217)</b>
<b>Maturity Profile of Defined Benefit Obligation:</b>		
Within the next 12 months	55,16,546	20,79,688
Between 1 and 5 years	2,47,52,147	1,24,99,839
Between 5 and 10 years	3,25,20,294	2,10,90,756
10 Years and above	19,03,56,202	17,64,75,747
"Sensitivity analysis for significant assumptions:"*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year		
1% increase in discount rate	(54,89,725)	(47,37,327)
1% decrease in discount rate	1,34,83,718	1,10,56,489
1% increase in salary escalation rate	1,02,34,324	90,63,161
1% decrease in salary escalation rate	(36,30,484)	(35,56,651)
1% increase in employee turnover rate	56,11,244	54,54,237
1% decrease in employee turnover rate	4,34,553	(9,98,334)
<b>The major categories of plan assets as a percentage of total plan</b>		
Insurer Managed Funds**	100%	100%
<b>Actuarial Assumptions:</b>		
Discount Rate (p.a.)	7.78%-7.79%	7.87%-7.91%
Expected Return on Plan Assets (p.a.)	7.79%	7.87%
Turnover Rate	4%-5%	2%-5%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Mortality tables	"Indian Assured Lives-Mortality (2006-08)"	"Indian Assured Lives Mortality (2006-08)"
Salary Escalation Rate (p.a.)	6%-7%	5%-6%
Retirement age	59 years	60 years
Weighted Average duration of Defined benefit obligation	14-18.09	14-14.49

\* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

\*\* Status of CARE Ratings & CRSPL is funded & unfunded respectively.

### Basis used to determine Expected Rate of Return on Plan Assets:

Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations

### Salary Escalation Rate:

Salary escalation rates are determined taking into account seniority, promotion, and other relevant factors.

### Asset Liability matching strategy

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**The Company's expected contribution during next year is Rs. 1,95,40,875/-**

### (B) Compensated Absences:

The compensated absences cover the Group's liability for earned leave. Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates. Amount recognized as an expense in respect of Compensated Absences is Rs.5,39,66,293 (March31,2018-Rs.45,831,370).

### (C) Defined Contribution Plans:

Amount recognized as an expense and included in Note 24 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is Rs.2,94,89,706 (Previous Year - Rs.2,54,23,720).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### (D) Superannuation Benefits:

Superannuation Benefits is contributed by the Company to Life Insurance Corporation of India (LIC) @ 10% of basic salary with respect to certain employees.

Contribution to Superannuation Fund contribution charged to Statement of Profit & Loss in Note 24 under the head "Contribution to Provident and other Funds" is Rs.48,33,572 (Previous Year Rs. 42,87,890).

### Note 33: Related Party Disclosures (Ind AS 24):

#### (A) Related Parties with whom there were transactions during the year:

<i>Name of Related Parties</i>	<i>Nature of Relationship</i>
<b>Key Management Personnel:</b>	
Mr. S. B Mainak	Chairman
Mr. Rajesh Mokashi	Managing Director & CEO
Mr. Mehul Pandya	Executive Director
Mr. T. N. Arun Kumar	Executive Director
Mr. Milind Sarwate (up to 13-08-2018)	Independent Director
Mr. A. K. Bansal (up to 28-09-2018)	Independent Director
Dr. Ashima Goyal (up to 28-09-2018)	Independent Director
Mr. Adesh Kumar Gupta (w.e.f. 22-05-2018)	Independent Director
Mrs. Sonal Desai (w.e.f. 30-03-2019)	Independent Director
Ms. Sadhana Dhamane (w.e.f. 02-06-2017)	Non-executive Director
Mr. V. Chandrasekaran (w.e.f. 15-11-2017)	Non-executive Director
Mr. Mahendra Naik (up to 01-06-2018)	Company Secretary
Mr. Anandghan Bohra (From 05-04-2018 to 11-02-2019)	Company Secretary
Mr. Navin Jain (w.e.f. 12-02-2019)	Company Secretary
Mr. Chandresh Shah (Up to 31-12-2018)	Chief Financial Officer
Mr. Nitinkumar Agrawal (w.e.f. 11-2-2019)	Chief Financial Officer

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### (B) Compensation of Key Management Personnel of the Company:

(Amount Rs.)

<i>Nature of Transaction/Relationship</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Short Term Employee Benefits	5,12,96,432	6,13,94,586
Other Long Terms Benefits	31,61,662	24,64,830
Share Based Payments *	1,99,93,352	1,46,71,881
Directors Sitting Fees	95,20,000	50,08,500
<b>Total Compensation</b>	<b>8,39,71,446</b>	<b>8,35,39,797</b>

Remuneration does not include provision made for compensated absence, leave travel allowance, gratuity since the same is provided for the company as a whole based on independent actuarial valuation except to the extent of amount paid.

\*Share based payments refer to amounts charged to the statement of Profit & Loss account, being charge on ESOP granted to Key Management Personnel as per ESOS 2017 scheme based on Fair Value method.

### Note 34: Income Taxes (Ind AS 12)

#### (A) Income tax recognized in Statement of Profit and Loss:

(Amount Rs.)

<i>Particulars</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Current Tax	60,24,02,526	78,16,00,475
Deferred Tax	3,41,97,300	(7,42,00,913)
<b>Total</b>	<b>63,65,99,826</b>	<b>70,73,99,562</b>

#### (B) Reconciliation of Effective Tax Rate:

<i>Particulars</i>	<i>Year ended March 31, 2019</i>	<i>Year ended March 31, 2018</i>
Applicable Tax Rate	34.94%	34.61%
Tax Effect of Tax Exempt Income	-2.28%	-0.52%
Tax Effect of Non Deductible Expenses	5.06%	2.34%
Tax Effect of Allowances for Tax Purpose	-5.88%	-5.91%
Others	-0.28%	-0.17%
<b>Effective Tax Rate</b>	<b>31.56%</b>	<b>30.35%</b>

(C) The Company has announced a final dividend of Rs.12 per share and accordingly, the dividend distribution tax on account of the same amounting to Rs.7,26,70,070/- shall be recognized once the dividend is paid.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 35: Earnings per Share (EPS) (Ind AS 33):

<i>Particulars</i>	<i>Year ended March 31, 2019</i>	<i>Year ended March 31, 2018</i>
<b>A) Basic EPS</b>		
(i) Net Profit attributable to Equity Shareholders (Amount Rs.)	1,37,47,23,504	1,62,41,07,239
(ii) Weighted average number of Equity shares outstanding (Nos.)	2,94,61,214	2,97,63,131
<b>Basic Earnings Per Share (i)/(ii)</b>	<b>46.66</b>	<b>54.54</b>
<b>B) Diluted EPS</b>		
(i) Weighted average number of Equity shares outstanding (Nos.)	2,94,61,214	2,97,63,131
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	-	4,359
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS	2,94,61,214	2,97,67,490
<b>Diluted EPS {(A)(i)/(B)(iii)}</b>	<b>46.66</b>	<b>54.54</b>

### Note 36: Share Based Payments (Ind AS 102)

The Group had granted 5,37,908 stock options to its eligible employees in as per the ESOS Schemes, details are as under:

#### (A) Employees Stock Option Scheme :

<i>Particulars</i>	<i>ESOS 2017</i>	<i>ESOS 2013</i>
Nos. of Options	5,37,908	5,00,000
Method of Accounting	Fair Value method	Fair Value method
Vesting Plan	2 years from the date of grant i.e. September 1, 2019	2 years from the date of grant i.e. January 1, 2016
Exercise Period	2 years after the vesting period i.e. September 1, 2021	2 years after the vesting period i.e. January 1, 2018
Grant Date	September 1, 2017	January 1, 2014
Exercise Price (Per Share)	Rs.1139/- per share	Rs.617/- per share
Fair Value on the date of Grant of Option (Per Share)	Rs.1506.65/- per share	Rs.728.40/- per share
Method of Settlement	Equity	Equity

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### (B) Movement of Options granted:

<i>Particulars</i>	<i>As at March 31, 2019</i>		<i>As at March 31, 2017</i>	<i>As at March 31, 2018</i>
	<i>ESOS (2017)</i>	<i>ESOS (2013)</i>	<i>ESOS (2013)</i>	<i>ESOS (2013)</i>
<b>Options Outstanding at beginning of the year</b>	<b>5,24,108</b>	-	-	<b>10,013</b>
Granted during the year	-	-	5,37,908	-
Exercised during the year	-	-	-	10,013
Lapsed during the year	46,650	-	13,800	-
<b>Options Outstanding at the end of the year</b>	<b>4,77,458</b>	-	<b>5,24,108</b>	-
Options unvested at the end of year	4,77,458	-	5,24,108	-
Options exercisable at the end of the year	-	-	-	-
Weighted Average exercise price	1,139	-	1,139	617

i) ESOS 2017: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is 0.42 years (Previous Year: 1.42 years).

ii) ESOS 2013: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is Nil years (Previous Year: NIL years)

The ESOS compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly for ESOS 2017, an amount of Rs.12,73,73,013/- (Previous Year Rs.8,64,89,983/-) has been charged to the current year Statement of Profit and Loss. In respect of ESOS 2013, an amount of Nil (Previous Year Nil) has been charged to the current year Statement of Profit and Loss.

### (C) Fair Valuation:

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black - Scholes Formula. The key assumptions and the Fair Value are as under:

<i>Particular</i>	<i>ESOS 2017</i>	<i>ESOS 2013</i>
Risk Free Interest Rate (%)	6.39%	8.74%
Option Life (Years)	3 years	3 years
Expected Volatility	31.80%	31.34%
Expected Dividend Yield (%)	1.86%	3.29%
Weighted Average Fair Value per Option	Rs.565.79	Rs.228.59

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(D) Details of the liabilities arising from the Share based payments were as follows:

(Amount Rs.)

<i>Particular</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Total Carrying Amount	21,38,62,996	8,64,89,983

Note 37: Financial Instruments: Disclosure (Ind AS 107):

(A) Classification of Financial Assets and Liabilities (Ind AS 107):

(Amount Rs.)

<i>Particular</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
<b>Financial assets at Amortized cost:</b>		
Investment (Non-Current)	36,93,80,588	37,10,84,796
Loans (Non-Current)	1,92,87,508	85,36,602
Loans (Current)	66,00,010	1,31,47,957
Trade Receivables	47,25,91,108	39,24,01,463
Cash and Cash Equivalents	19,82,17,214	2,86,87,074
Other Bank Balances	10,37,17,943	26,29,94,605
Other Non-Current Financial Assets	9,43,775	9,72,219
Other Current Financial Assets	1,84,02,997	1,16,16,631
Contract Assets	5,60,74,466	4,46,82,965
<b>Financial assets at Fair Value through P&amp;L:</b>		
Investment (Non-Current)	1,98,87,66,150	2,03,40,48,897
Investment (Current)	1,89,18,99,756	2,62,84,45,858
<b>Financial assets at Fair Value through OCI:</b>		
Investment (Non-Current)	13,65,73,537	14,97,11,671
<b>Total</b>	<b>5,26,24,55,052</b>	<b>5,94,63,30,738</b>
<b>Financial liabilities at Amortized cost:</b>		
Other Current Financial Liability	9,19,74,343	11,48,79,675
<b>Total</b>	<b>9,19,74,343</b>	<b>11,48,79,675</b>

(B) Investments in equity instruments designated at Fair Value through Other Comprehensive Income

As on March 31, 2019 and March 31, 2018, The Company has investments in ARC Ratings holding Limited of 20 Ordinary Shares of USD 22,600 each and 20,00,000 ordinary shares of RM 1 each in Malaysian Rating Corporation Berhad. The Company has opted to designate these investments at Fair Value through Other Comprehensive Income since these investments are not held for trading.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

The fair value of each of these investments is as below:

(Amount Rs.)

<i>Particular</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Financial assets at Fair Value through OCI:		
- Malaysian Rating Corporation Berhard	11,23,63,582	11,44,57,128
- ARC Ratings Holdings Limited	2,42,09,955	3,52,54,543
<b>Total</b>	<b>13,65,73,537</b>	<b>14,97,11,671</b>

The Group has received Rs.42,70,177/- (Previous Year March 2018 Rs.37,17,089/-) as Dividend and has recognized in the Statement of Profit & Loss under Note 27 - Other Income. There has been no transfer in investment during any period.

### Note 38: Fair Value measurement (Ind AS 113):

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

#### Level 1:

This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The Company does not have any such asset or liabilities.

#### Level 2:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. The investments in mutual funds are valued using the closing Net Asset Value based on the mutual fund statements received by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

#### Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair valuation of investment in Equity Shares of Malaysian Rating Corporation Berhard and ARC Ratings Holdings Limited is classified under Level 3. The details are given in the table below:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

<i>Particular</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>As at March 31, 2019</b>			
<b>Investments measured at</b>			
Fair Value through OCI:	-	-	13,65,73,537
Fair Value through Profit and Loss:		3,88,06,65,907	-
Amortized cost	401,817,500	-	-
<b>As at March 31, 2018</b>			
<b>Investments measured at</b>			
Fair Value through OCI:	-	-	14,97,11,671
Fair Value through Profit and Loss:	-	4,66,24,94,755	-
Amortized cost	408,979,000	-	-

For financial instruments other than covered above, their carrying values approximate their fair values.

The Company has utilized the expertise of the in-house rating team to value the investments in Malaysian Rating Corporation Berhad. The auditors have relied upon the reports provided by the said valuer. For ARC Rating Holdings (BVI) Limited, the company has relied on the information of a recent shares sale transaction of similar shareholding

**The following methods and assumptions were used to estimate the fair values:**

- The fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.
- For Malaysian Rating Corporation Berhad, valuation is based on average of book value method and price to earnings method.
- For ARC Ratings Holding (BVI) Limited, valuation is based on the quoted price provided by a third party shareholder who had similar shareholding that of us and who has recently sold its stake in ARC Ratings Holding (BVI) Limited.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

**Note 39: Financial Risk Management Objectives and Policies (Ind AS 107):**

The Group is a Debt Free Group. The principal financial liabilities of the Group comprise of Other liabilities and Provisions which arise on account of normal course of business. The Group's principal financial assets include Investments, Trade Receivables, Cash and Cash Equivalents and Other Bank Balances.

The Group is exposed to Market Risk, Credit Risk and Liquidity Risk. The Group's senior management oversees the management of these risks. The senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

The Management of the Group updates its Board of Directors on periodic basis about various risks to the business and status of Various activities planned to mitigate the risk.

The Group has exposure to the following risks arising from financial instruments:

#### (A) Market Risk

Market risk is the risk that the fair value or future cash flows of such financial instrument will be impacted because of various financial and non-financial market factors. The financial instruments affected by market risk include the investment in Mutual Funds and investment in Equity Shares of companies incorporated and operating outside India. The investment in mutual funds are fair valued using the closing Net Asset Value based on the mutual fund statements received by the Group at the end of each Reporting period.

There is no Interest rate risk since the Group does not hold any financial instrument whose fair value or future cash flows will fluctuate because of changes in market interest rates.

The following table shows foreign currency exposures in USD, MRF, RM and GBP on financial instruments at the end of the reporting period. The exposures to foreign currency for all other currencies are not material. The Group does not hedge its foreign currency exposure.

Particulars	Currency	As at March 31, 2019		As at March 31, 2018	
		Amount in FC	Amount Rs.	Amount in FC	Amount Rs.
Trade Receivables	USD	5,60,518	3,87,74,396	1,94,941	1,26,76,899
Trade Receivables	LKR	89,58,352	35,04,597	98,85,233	41,03,360
Unbilled Revenue	USD	6,89,170	4,77,48,753	3,54,979	2,31,39,513
Unbilled Revenue	LKR	5,18,706	2,02,923	3,55,39,852	1,47,67,164
<b>Investments</b>					
Malaysian Rating Corporation Berhard	RM	50,68,000	11,23,63,582	50,68,000	11,44,57,128
ARC Ratings Holdings Limited	USD	4,52,000	2,42,09,955	4,52,000	3,52,54,543
<b>Bank Balances</b>				-	-
SBI Maldives - USD account	USD	633	40,974	633	40,985
SBI Maldives - MRF account	MRF	46,641	1,92,238	46,641	1,92,238

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### Foreign Currency Sensitivity on unhedged exposure:

1% increase in foreign exchange rate will have the following impact on profit before tax:

(Amount Rs.)

<i>Particular</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
USD	11,83,980	7,11,119
MRF	2,094	1,922
LKR	37,075	1,88,705
RM	8,61,286	11,44,571

Note: If the rate is decreased by 100 bps profit will increase by an equal amount

#### (B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating (primarily Trade Receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

Total Trade receivable as on March 31, 2019 is Rs.47,25,91,108/- (March 31, 2018 - Rs.392,401,463/-)

The Group does not have higher concentration of credit risks to a single customer.

As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

As per the provision matrix receivables are classified into different bucket based on the overdue period, buckets range from 12 months - 18 months, 18 months - 24 months and more than 24 months. The norms of provisioning on the same range are from 25% - 100%. The management, on a case to case basis may decide to provide or write of at a higher rate with reasons whenever felt necessary.

(Amount Rs.)

<i>Particular</i>	<i>As at March 31, 2019</i>	<i>As at March 31, 2018</i>
Opening Provision	2,06,04,146	4,42,90,253
Add: Provided during the Year	1,32,68,159	4,66,159
Less: Utilized during the Year	76,48,167	2,41,52,266
Closing Provision	2,62,24,138	2,06,04,146

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

#### Investments, Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the PSU Banks.

Investments of surplus funds are made only based on Investment Policy of the Group. Investments primarily include investment in units of mutual funds, Bonds issued by Government/ Semi Government Agencies/ PSU etc. These Mutual Funds and Counterparties have low credit risk.

#### (C) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The cash flows and liquidity of Group is monitored under the control of the management. The objective is to ensure that Group's surplus fund are not kept idle and invested in the financial instruments only after adequate review of such instrument and approval of the management.

The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasted and actual periodic cash requirement and matching the maturity profiles of financial assets and liabilities.

The Group generally has investments and liquids funds more than its forecasted and current liabilities and has not faced shortage of funds at any point of time. The Liquidity risk on the Group is very less.

The table below summarized the maturity profile of the Group's financial liabilities & Investments based on contractual undiscounted payments

(Amount Rs.)

<i>As at March 31, 2019</i>	<i>Less than 1 Year</i>	<i>1 to 5 Years</i>	<i>More than 5 Years</i>	<i>Total</i>
Other Current Financial Liabilities	9,19,74,343	-	-	9,19,74,343
<b>Total</b>	<b>9,19,74,343</b>	<b>-</b>	<b>-</b>	<b>9,19,74,343</b>
Investments in Mutual Funds	1,89,18,99,756	1,98,87,66,150	-	3,88,06,65,906
Investments in Government Securities	-	18,23,51,207	18,70,29,380	36,93,80,587
Deposits with Banks	17,45,80,655	-	-	17,45,80,655
<b>Total</b>	<b>2,06,64,80,411</b>	<b>2,17,11,17,357</b>	<b>18,70,29,380</b>	<b>4,42,46,27,148</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

<i>As at March 31, 2018</i>	<i>Less than 1 Year</i>	<i>1 to 5 Years</i>	<i>More than 5 Years</i>	<i>Total</i>
Other Current Financial Liabilities	11,48,79,675	-	-	11,48,79,675
<b>Total</b>	<b>11,48,79,675</b>	<b>-</b>	<b>-</b>	<b>11,48,79,675</b>
Investments in Mutual Funds	2,03,40,48,897	2,62,84,45,858	-	4,66,24,94,755
Investments in Government Securities		18,31,66,900	18,79,17,896	37,10,84,796
Deposits with Banks	25,70,03,117	-	-	25,70,03,117
<b>Total</b>	<b>2,29,10,52,014</b>	<b>2,81,16,12,758</b>	<b>18,79,17,896</b>	<b>5,29,05,82,668</b>

### Note 40: Distribution made and proposed (Ind AS 1):

(Amount Rs.)

<i>Particular</i>	<i>Year Ended March 31, 2019</i>	<i>Year Ended March 31, 2018</i>
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on 31st March, 2018:Rs. 37/- per share (31st March, 2017: Rs.10 per share)	1,09,00,64,918	29,45,12,010
DDT on final dividend	22,40,66,049	5,99,55,716
<b>Total Dividend paid</b>	<b>1,31,41,30,967</b>	<b>35,44,67,726</b>
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on March 31, 2019: Rs.12/- Per share, (March 31, 2018: Rs.37/-per share).	35,35,34,568	1,09,00,64,918-
DDT on proposed dividend	7,26,70,070	22,19,11,056
<b>Total dividend proposed</b>	<b>42,62,04,638</b>	<b>1,31,19,75,974</b>

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognized as a liability (including Dividend Distribution Tax thereon) as at March 31 of respective year.

### Note 41: Capital Management (Ind AS 1):

The Group's objectives when managing capital are to (a) maximize shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

As at 31st March, 2019 the Group has only one class of equity shares. Consequent to such capital structure the Group allocates its surplus funds for distribution of dividend and reinvestment as per the its investment policy for long term business plans.

### Note 42: Operating Leases (Ind AS 17):

- With respect to offices given on lease, there are no offices given on lease.
- With respect to office taken on lease, operating lease expense recognized in the Statement of Profit and Loss amounting to Rs.3,37,45,388/- (March 31, 2018 - Rs.3,10,76,471/-)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2019

The lease payments are recognized in the Statement of Profit and Loss under rent in Note 29 - Other Expenses.

The future minimum lease payments under operating lease is given below:

<i>Particular</i>	<i>Year Ended March 31, 2019</i>	<i>Year Ended March 31, 2018</i>
Not later than one year	3,35,02,080	2,05,63,086
Later than one year and not later than five years	9,97,38,844	1,01,50,597
More than five years	-	-

#### c. General Description of Leasing Agreements:

- Care Ratings Limited Office Building taken on lease: Bengaluru, Chandigarh, Chennai, Delhi, Kolkata & Kochi.
- Care Risk Solutions Private Limited & Care Advisory Research & Training limited office building taken on lease: Mhape (Navi Mumbai) & Delhi respectively.
- Care Rating (Africa) Private Limited office taken on lease: Mauritius
- Future lease rental expenses are determined on basis of agreed terms
- At expiry of lease terms, the Group has the right to vacate the property or extend the term of agreement
- Lease agreements are generally non-cancellable and ranges between 11months and 5 years

#### Note 43: Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

<i>Particular</i>	<i>As at March 31, 2018</i>	<i>As at April 1, 2016</i>
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	33,25,644	-
Amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

There is no principal amount and interest overdue to Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Group and the same has been relied upon by the auditors.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

### Note 44: Leases

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessee. This will result in the Company recognising right of use assets & lease liability in the books. The Company is in the process of analyzing the impact of Ind AS 116 on its financials.

### Note 45: Segment Reporting (Ind AS 108):

The Group has following business segments, which are its reportable segments. Operating segment disclosures are consistent with the information provided to and reviewed by the Chief Operating Decision maker.

(Amount Rs.)

Particulars	For the year Ended March 31, 2019			
	Ratings and related services	Others	Unallocable	Total
<b>Segment Revenue</b>				
Revenue from Services	3,01,17,29,195	18,73,07,464	-	3,19,90,36,659
<b>Total Revenue (A)</b>	<b>3,01,17,29,195</b>	<b>18,73,07,464</b>	-	<b>3,19,90,36,659</b>
Less: Inter Segment Revenue if any (B)		(93,46,000)	-	(93,46,000)
<b>Total Segment Revenue (C = A-B)</b>	<b>3,01,17,29,195</b>	<b>17,79,61,464</b>	-	<b>3,18,96,90,659</b>
<b>Segment Results (Profit Before Interest, Depreciation &amp; Tax)</b>	<b>1,70,73,15,173</b>	<b>3,93,45,374</b>	-	<b>1,74,66,60,547</b>
Less: Depreciation & Amortization	3,07,77,137	25,26,497	-	3,33,03,634
<b>Total Segment Result (D)</b>	<b>1,67,65,38,036</b>	<b>3,68,18,877</b>	-	<b>1,71,33,56,913</b>
Less: Finance Costs	-	-	-	-
Less : Other un-allocable corporate expenses	-	-	-	-
Add: Other Income	-	-	30,39,20,972	30,39,20,972
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>1,67,65,38,036</b>	<b>3,68,18,877</b>	<b>30,39,20,972</b>	<b>2,01,72,77,885</b>
Exceptional Items - Income/Expenses	-	-	-	-
<b>Profit Before Tax</b>	<b>1,67,65,38,036</b>	<b>3,68,18,877</b>	<b>30,39,20,972</b>	<b>2,01,72,77,885</b>
<b>Tax Expenses</b>				
- Current Tax	-	-	60,24,02,526	60,24,02,526
- Deferred Tax Charge/(Credit)	-	-	3,41,97,300	3,41,97,300
<b>Profit for the year</b>	<b>1,67,65,38,036</b>	<b>3,68,18,877</b>	<b>(33,26,78,854)</b>	<b>1,38,06,78,059</b>
<b>Segment Assets</b>	<b>1,53,99,60,968</b>	<b>14,52,30,332</b>	-	<b>1,68,51,91,300</b>
Un-allocable Assets	-	-	4,46,61,23,187	4,46,61,23,187
<b>Total Assets</b>	<b>1,53,99,60,968</b>	<b>14,52,30,332</b>	<b>4,46,61,23,187</b>	<b>6,15,13,14,487</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Particulars	For the year Ended March 31, 2019			
	Ratings and related services	Others	Unallocable	Total
Segment Liabilities	58,07,12,120	4,71,05,660	-	62,78,17,780
Un-allocable Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>58,07,12,120</b>	<b>4,71,05,660</b>	<b>-</b>	<b>62,78,17,780</b>
<b>Capital Employed</b>	<b>95,92,48,848</b>	<b>9,81,24,673</b>	<b>4,46,61,23,186</b>	<b>5,52,34,96,707</b>
<b>Capital Expenditure</b>	<b>25,70,72,307</b>	<b>51,30,277</b>	<b>-</b>	<b>26,22,02,584</b>

(Amount Rs.)

Particulars	For the year Ended March 31, 2018			
	Ratings and related services	Others	Unallocable	Total
<b>Segment Revenue</b>				
Revenue from Services	3,19,57,86,575	13,10,54,021	-	3,32,68,40,596
<b>Total Revenue (A)</b>	<b>3,19,57,86,575</b>	<b>13,10,54,021</b>	<b>-</b>	<b>3,32,68,40,596</b>
Less: Inter Segment Revenue if any (B)	-	-	-	-
<b>Total Segment Revenue (C = A-B)</b>	<b>3,19,57,86,575</b>	<b>13,10,54,021</b>	<b>-</b>	<b>3,32,68,40,596</b>
<b>Segment Results (Profit Before Interest, Depreciation &amp; Tax)</b>	<b>2,09,19,63,494</b>	<b>1,56,54,526</b>	<b>-</b>	<b>2,10,76,18,020</b>
Less: Depreciation & Amortization	(2,97,31,140)	(17,59,507)	-	(3,14,90,647)
<b>Total Segment Result (D)</b>	<b>2,06,22,32,354</b>	<b>1,38,95,019</b>	<b>-</b>	<b>2,07,61,27,373</b>
Less: Finance Costs	-	-	-	-
Less : Other un-allocable corporate expenses	-	-	-	-
Add: Other Income	-	-	25,46,65,671	25,46,65,671
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>2,06,22,32,354</b>	<b>1,38,95,019</b>	<b>25,46,65,671</b>	<b>2,33,07,93,044</b>
Exceptional Items - Income/Expenses	-	-	-	-
<b>Profit Before Tax</b>	<b>2,06,22,32,354</b>	<b>1,38,95,019</b>	<b>25,46,65,671</b>	<b>2,33,07,93,044</b>
<b>Tax Expenses</b>				
- Current Tax	-	-	78,16,00,475	78,16,00,475
- Deferred Tax Charge/(Credit)	-	-	(7,42,00,913)	(7,42,00,913)
<b>Profit for the year</b>				<b>1,62,33,93,482</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

(Amount Rs.)

Particulars	For the year Ended March 31, 2018			
	Ratings and related services	Others	Unallocable	Total
Segment Assets	1,23,77,58,754	8,55,94,204	-	1,32,33,52,958
Un-allocable Assets	-	-	5,26,27,94,331	5,26,27,94,731
<b>Total Assets</b>	<b>1,23,77,58,754</b>	<b>8,55,94,204</b>	<b>5,26,27,94,331</b>	<b>6,58,61,47,689</b>
Segment Liabilities	57,14,57,794	2,51,97,544	-	59,66,55,338
Un-allocable Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>57,14,57,794</b>	<b>2,51,97,544</b>	<b>-</b>	<b>59,66,55,338</b>
Capital Employed	-	-	-	5,98,94,92,351
Capital Expenditure	2,14,32,495	32,47,956	-	2,46,80,451

## Note 46: Disclosure in terms of Schedule III of the Companies Act, 2013

Particulars	Net Assets (i.e. Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consoli- dated Net Assets	Amount	As a % of Consoli- dated Profit / Loss	Amount	As a % of Other Compre- hensive Income	Amount	As a % of Total Compre- hensive Income	Amount
<b>Holding:</b>								
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	99.94%	5,49,65,88,570	98.19%	1,34,98,67,931	99.14%	-2,03,62,368	98.18%	1,32,95,05,564
<b>Subsidiaries:</b>								
<b>Indian:</b>								
CARE Risk Solutions Private Limited (formerly known as CARE Kalypto Risk Technologies and Advisory Services Private Limited )	0.34%	1,89,56,994	0.94%	1,29,64,108	0.86%	-1,77,137	0.94%	1,27,86,971
CARE Advisory Research & Training Limited	1.06%	5,85,04,093	0.59%	81,19,576	-	-	0.60%	81,19,576

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Particulars	Net Assets (i.e. Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consoli- dated Net Assets	Amount	As a % of Consoli- dated Profit / Loss	Amount	As a % of Other Compre- hensive Income	Amount	As a % of Total Compre- hensive Income	Amount
<b>Foreign:</b>								
CARE Ratings (Africa) Private Limited	0.59%	3,22,95,678	0.82%	1,13,17,224	-	-	0.84%	1,13,17,224
CARE Ratings Nepal Limited	0.98%	5,39,34,546	0.51%	70,70,951	-	-	0.52%	70,70,951
Non-Controlling Interests included in respective subsidiaries	-0.43%	-2,37,54,757	-0.43%	-59,54,555	-	-	-0.44%	-59,54,555
Eliminations	-2.49%	-13,67,83,174	-0.63%	-86,61,732	-	-	-0.64%	-86,61,732
<b>Total</b>	<b>100.00%</b>	<b>5,49,97,41,950</b>	<b>100.00%</b>	<b>1,37,47,23,504</b>	<b>100.00%</b>	<b>-2,05,39,505</b>	<b>100.00%</b>	<b>1,35,41,84,000</b>

### Note 47:

Corresponding figures of previous financial year has been regrouped/rearranged to conform to current year's grouping.

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**(Formerly Khimji Kunverji & Co.)**

Chartered Accountants FRN: 105146W

**[Hasmukh Dedhia]**  
Partner (F-033494)

Mumbai  
Date : May 21, 2019

**For and on behalf of the Board of Directors of**  
**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited )

**[S B Mainak]**  
Chairman  
DIN No-02531129

**[Nitinkumar Agrawal]**  
Chief Financial Officer  
M.No. 047780

Mumbai  
Date : May 21, 2019

**[Rajesh Mokashi]**  
Managing Director & CEO  
DIN No-02781355

**[Navin Jain]**  
Company Secretary  
ACS A10703

**[Adesh Kumar Gupta]**  
Independent Director  
DIN No. - 00020403





**CARE Ratings Limited**  
**(Formerly known as Credit Analysis and Research Limited)**  
**(CIN: L67190MH1993PLC071691)**  
**Registered Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road,**  
**Off Eastern Express Highway, Sion (East), Mumbai 400 022**

#### NOTICE

To the Members,

Notice is hereby given that the Twenty Sixth Annual General Meeting of CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) (the "Company") will be held on Monday, September 30, 2019 at 02.00 P.M. at Jasubhai Auditorium, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 to transact the following business:

#### As Ordinary Business

1. **Adoption of Financial Statements**

To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2019 and Cash Flow Statement together with the Reports of the Board of Directors and the Auditors thereon.

2. **Declaration of Dividend**

To confirm the payment of interim dividends aggregating to Rs. 18/- (Rupees Eighteen only) per equity share and to declare final dividend of Rs. 12 /- (Rupees Twelve only) per equity share for the financial year ended March 31, 2019.

3. **To re-appoint Mr. V. Chandrasekaran (03126243), as Non-Executive Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.**

**"RESOLVED THAT** pursuant to the provision of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the company be and is hereby accorded to the re-appointment of Mr. V. Chandrasekaran (03126243), as a Non-Executive Director of the company, who retires by rotation and being eligible offers himself for re-appointment".

#### Special Business

4. **Appointment of Ms. Sonal Gunvant Desai (08095343), as an Independent Director**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Sonal Gunvant Desai (08095343) a Non- Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 (1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from March 30, 2019 to till the conclusion of FY 2021-22 AGM and shall not be liable to retire by rotation in accordance with the provisions of the Companies Act 2013."

5. **Appointment of Mr. Najib Shah (08120210), as an Independent Director**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Najib Shah (08120210) a Non- Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 (1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from July 17, 2019 to till the conclusion of FY 2021-22 AGM and shall not be liable to retire by rotation in accordance with the provisions of the Companies Act 2013.”

6. **Appointment of Dr. M Mathisekaran (DIN: 03584338), as an Independent Director**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. M Mathisekaran (03584338) a Non- Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 (1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 19, 2019 to till the conclusion of FY 2021-22 AGM and shall not be liable to retire by rotation in accordance with the provisions of the Companies Act 2013.”

7. **Appointment of Mr. Ananth Narayan Gopalakrishnan (DIN: 05250681), as an Independent Director**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Ananth Narayan Gopalakrishnan (05250681) a Non- Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 (1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 19, 2019 to till the conclusion of FY 2021-22 AGM and shall not be liable to retire by rotation in accordance with the provisions of the Companies Act 2013.”

By Order of the Board of Directors

**For CARE Ratings Ltd.  
(Formerly known as Credit Analysis & Research Limited)**

**Navin Kumar Jain  
Company Secretary**

**Place: Mumbai**

**Date: August 19, 2019**

## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. A person can act as a proxy on behalf of not more than fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during office hours on all days except Saturdays, Sundays and public holidays, up to the date of this 26<sup>th</sup> Annual General Meeting.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, as amended (the "Companies Act" or the "Act") with respect to Item No. 4, 5, 6 & 7 of the notice set out above is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will be closed from Monday, September 23, 2019 to Monday, September 30, 2019 (both days inclusive) for ascertaining the names of the Members to whom the dividend, if declared at the AGM, is payable.
6. The dividend, if declared at the AGM, will be paid as follows:
  - a. For shares held in physical form - to those Members whose names appears in the Register of Members on the close of the day on Monday, September 23, 2019 and
  - b. For shares held in dematerialized form - to those beneficiaries, whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners on the close of the day on Monday, September 23, 2019.
7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents, Karvy Fintech Private Limited cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Karvy.
8. The details of the directors seeking appointment/reappointment under item no. 3 of this Notice, as stipulated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards - 2 issued by the Company Secretaries of India is annexed.
9. Corporate Members intending to attend the AGM through their authorized representatives are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

10. Members desirous of asking any questions at the 26th AGM are requested to send in their questions so as to reach the Company's Registered Office at least 7 days before the date of the AGM, so that the same can be suitably replied to.
11. As per the provisions of Section 72 of the Act, and Rule 19 (1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH. 13 with Karvy. In respect of shares held in dematerialized form, the nomination may be filed with the respective Depository Participants.
12. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, Karvy Fintech Private Limited, Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500032 ("Karvy").
13. Members wishing to claim dividends, which had remained unpaid are requested to contact the Registrar and Share Transfer Agent, Karvy Fintech Private Limited. Members are requested to note that the amount of dividend which remains unclaimed for a period of 7 years from the date of such transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund, as per section 205 A of the Companies Act , 1956 (Section 124 and 125 of the Companies Act, 2013).
14. The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs, Government of India, has permitted companies to send official documents to their Members electronically as part of its green initiatives in corporate governance.

To support the green initiative of the Ministry of Corporate Affairs, the Notice convening the AGM, Financial Statements, Directors' Report, Auditors' Report, etc., is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. Members who have not registered their email addresses so far are requested to register their email address with their Depository Participant only, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

15. Members/Proxies should bring the Attendance Slip duly filled in, for attending the meeting and also their copy of the Annual Report. Members who have received the notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit the duly filled in Attendance Slip at the registration counter to attend the AGM.
16. In compliance with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Secretarial Standards issued by the Institute of the Company Secretaries of India, the Company has considered September 22, 2018 to determine the eligibility of Members to vote by electronic means or through physical ballot at the AGM ("Cut-off date"). The persons whose names appear on the Register of Members/List of Beneficial Owners as on the Cut-off date would be entitled to vote through electronic means or through physical ballot at the AGM.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
19. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is providing the facility to its Members, being eligible to vote, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice. Member can cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The persons who have become the Members

of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/List of Beneficial owners as on the Cut-off date may contact the Registrars & Share Transfer Agent to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. If a Member is already registered with Karvy e-voting Platform then he can use his existing user ID and Password for casting the vote through remote e-voting. Details of the process and manner of remote e-voting along with the User ID and Password is being sent to all the Members along with the Notice. The Company has engaged the services of Karvy to provide remote e-voting facilities and for security and enabling the members to cast their vote in a secure manner. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting facility will be available during the following Period:

Commencement of remote e-voting: From 9.00 a.m. on Thursday, September 25, 2019.

Conclusion of remote e-voting: At 5.00 p.m. on Sunday, September 29, 2019

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

Instructions and other information relating to e-voting are as under:

**(a) Members receiving an email from Karvy:**

- i. Open the email which contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the URL: <https://evoting.karvy.com>
- iii. Enter the login credentials (i.e. User ID and password mentioned above/ in the Attendance Slip, as the case maybe). Your Folio No./DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iv. After entering these details appropriately, click on "LOGIN".
- v. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the E-Voting Event Number for CARE Ratings Limited (formerly known as Credit Analysis and Research Limited.)
- viii. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cutoff date, as mentioned above. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

- ix. Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
- x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- xi. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xii. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xiii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: akjaincs@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_ EVENT NO."

**(b) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/ Depository Participants (s)]:**

- i. E-Voting Event Number –4917(EVEN), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
  - Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through Physical Ballot shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

**(c) Other Instructions (Karvy e-voting)**

1. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of [https:// evoting.karvy.com](https://evoting.karvy.com) (Karvy Website) or contact Mr. B. Venkata Kishore (Unit: COMPANY NAME) of Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040–6716 1500 or call Karvy's toll free No. 1-800-4- 54-001 for any further clarifications.
2. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
3. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cutoff date for E-voting i.e. Monday, September 23, 2019, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399 Example for NSDL: MYEPWD <SPACE> IN30039412345678 (DP-ID + CL-ID)

Example for CDSL:

MYEPWD <SPACE> 1202300012345678 (16 DIGITS NUMERIC)

Example for Physical:

MYEPWD <SPACE> XXXX1234567890 (EVEN NO. + FOLIO NO.)

- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available

**(d) Common Instructions:**

1. Remote e-voting shall not be allowed beyond 5.00 p.m. on September 29, 2019. During the remote e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date, may cast their vote electronically. A person who is not a member as on the cut-off date should treat this notice for information purpose only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.
2. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on cut-off date.
3. The Board of Directors has appointed Mr. Ashish Jain (FCS 6058), Proprietor of M/s. A. K. Jain & Co., a Practicing Company Secretary as Scrutinizer to scrutinize the remote e-voting process and voting at the AGM is conducted in a fair and transparent manner.
4. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and shall make a Scrutinizer's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.
5. In case of Members who are entitled to vote but have not exercised their right to vote by electronic means, the Company will offer an opportunity to such Members to vote at the Meeting for all businesses specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercised their right to vote by electronic means may attend the AGM but shall not be entitled to vote at the Meeting. A Member can opt for only single mode of voting i.e. either through remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
6. The scrutinizer, after scrutinising the votes cast at the AGM and through remote e-voting, make a consolidated scrutinizers report and submit to the Chairman or Interim CEO. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.careratings.com](http://www.careratings.com)) and on Karvy's website (<https://evoting.karvy.com>) and simultaneously be communicated to the Stock Exchanges.
7. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. September 30, 2019.

**20. Appointment of Directors:**

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from April 01, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the

total number of directors of the Company.

At the ensuing Annual General Meeting, Mr. V Chandrasekaran retires by rotation and being eligible offers himself for re-appointment.

21. A route map and prominent land mark for easy location to the venue of AGM is given after the Proxy Form in the Annual Report.

**By Order of the Board of Directors For CARE Ratings Limited  
(Formerly known as Credit Analysis & Research Ltd)**

**Navin Kumar Jain  
Company Secretary**

**Place: Mumbai**

**Date: August 19, 2019**

**EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013****Agenda Item No. 4**

The Board of Directors of the Company, pursuant to the recommendations of the Nomination and Remuneration Committee, has appointed Ms. Sonal Gunvant Desai (DIN: 08095343) on March 30, 2019, as an Additional Director (Independent and Non-Executive) on the Board of Directors of the Company, in terms of Section 161 of the Companies Act, 2013. Ms. Sonal Gunvant Desai holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Director of the Company.

Brief profile of Ms. Sonal Gunvant Desai and her other directorships has been included in this Notice. Currently she is working as Executive Director at Sushrut Hospital (a 100 bedded Charitable Trust Hospital). She is also an advisor to Prashanti Medical Trust (Sathya Sai Hospital). Prior to this she was working with Hindustan Petroleum Corporation Ltd (HPCL) as Executive Director-Refinery Finance with additional responsibility of Head-Corporate Social Responsibility (CSR). Her vast experience of 33 years comprised of handling not only pure finance and accounting functions but also commercial and embedded functions, which resulted in rare blend of leadership experience and functional competency. Her assignments provided her unique experience and expertise in business areas such as Marketing, Operations, Projects and Refineries Management. A Qualified Chartered Accountant with an Executive Diploma in Hospital Administration from TISS, Ms. Desai is an international conference speaker and has addressed gatherings of various Cxo's in UK, India and Europe

The Company has received a declaration from Ms. Sonal Gunvant Desai stating that she meets with the criteria of Independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The details of Ms. Sonal Gunvant Desai's attendance of the Board and the Committee meetings have been given elsewhere in this Annual Report. Ms. Sonal Gunvant Desai will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which she is a member/ Chairperson or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board. She does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Copy of the draft letter of appointment of Ms. Sonal Gunvant Desai is available for inspection at the Registered office of the Company and will also be available for inspection at the Annual General Meeting of the Company.

The Board of Directors considers it in the interest of the Company to appoint Ms. Sonal Gunvant Desai as an Independent Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Ms. Sonal Gunvant Desai, is in any way, interested or concerned in this resolution. The Board recommends the resolution set forth in item No. 4 of the notice for approval of the members

**Agenda Item No. 5**

The Board of Directors of the Company, pursuant to the recommendations of the Nomination and Remuneration Committee, has appointed Mr Najib Shah (08120210) on July 17, 2019, as an Additional Director (Independent and Non-Executive) on the Board of Directors of the Company, in terms of Section 161 of the Companies Act, 2013. Mr Najib Shah holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

Brief profile of Mr. Najib Shah and his other directorships has been included in this Notice. Mr. Najib Shah is a Non-Executive, Independent Director of our company is a Former Chairman of Central Board of Excise & Customs (CBEC). His careers spans for more than 37 years which includes several important assignments in the High Commission of India, Singapore as Commissioner of Customs, Nhava Sheva, Joint Secretary in the Ministry of Finance, Director General, Directorate of Revenue Intelligence and a

special invitee in GST Council for leading a process for formulation of GST laws.

The Company has received a declaration from Mr Najib Shah stating that he meets with the criteria of Independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The details of Mr Najib Shah's attendance of the Board and the Committee meetings have been given elsewhere in this Annual Report. Mr Najib Shah will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which he is a member/ Chairperson or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board. He does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Copy of the draft letter of appointment of Mr Najib Shah is available for inspection at the Registered office of the Company and will also be available for inspection at the Annual General Meeting of the Company.

The Board of Directors considers it in the interest of the Company to appoint Mr Najib Shah as an Independent Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr Najib Shah, is in any way, interested or concerned in this resolution. The Board recommends the resolution set forth in item No. 5 of the notice for approval of the members

#### **Agenda Item No. 6**

The Board of Directors of the Company, pursuant to the recommendations of the Nomination and Remuneration Committee, has appointed Dr. M Mathisekaran (03584338) on August 19, 2019, as an Additional Director (Independent and Non-Executive) on the Board of Directors of the Company, in terms of Section 161 of the Companies Act, 2013. Dr. M Mathisekaran holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

Brief profile of Dr. M Mathisekaran and his other directorships has been included in this Notice. Dr. M Mathisekaran is a Non-Executive; Independent Director of our company was a Director General - Labour Bureau, Government of India. Initially he worked as Assistant Professor of Economics before joining Indian Economic Service in 1981. He has held various positions in Central and State Government Organisations. He has worked as General Manager (Vigilance) in Food Corporation of India and Chief Vigilance Officer in Port Trust of India. He also worked as Deputy Director, Director and Economic Adviser in the Forward Markets Commission at different points of time. He was involved in research and monitoring & evaluation of central Government sponsored programs meant for socio economic development. He has also worked with Government of Tamil Nadu as Director, Evaluation and Applied Research.

The Company has received a declaration from Dr. M Mathisekaran stating that he meets with the criteria of Independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The details of Dr. M Mathisekaran's attendance of the Board and the Committee meetings have been given elsewhere in this Annual Report. Dr. M Mathisekaran will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which he is a member/ Chairperson or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board. He does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Copy of the draft letter of appointment of Dr. M Mathisekaran is available for inspection at the Registered office of the Company and will also be available for inspection at the Annual General Meeting of the Company.

The Board of Directors considers it in the interest of the Company to appoint Dr. M Mathisekaran as an Independent Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Dr. M Mathisekaran, is in any way, interested or concerned in this resolution. The Board recommends the resolution set forth in item No. 6 of the notice for approval of the members

**Agenda Item No. 7**

The Board of Directors of the Company, pursuant to the recommendations of the Nomination and Remuneration Committee, has appointed Mr. Ananth Narayan Gopalakrishnan (05250681) on August 19, 2019, as an Additional Director (Independent and Non-Executive) on the Board of Directors of the Company, in terms of Section 161 of the Companies Act, 2013. Mr. Ananth Narayan Gopalakrishnan holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

Brief profile of Mr. Ananth Narayan Gopalakrishnan and his other directorships has been included in this Notice. Mr. Ananth Narayan Gopalakrishnan is a Non-Executive; Independent Director of our company is an IITian from Mumbai and a gold medallist from IIM, Lucknow and has experience of more than two decades in the field of Finance. His stint as Co-Head in Standard Chartered Bank has gained him hands on experience in financial markets trading and sales experience across India, South Asia and ASEAN as well as in foreign exchange, fixed income, debt capital markets, asset liability management and research. He has managed a team of 450 members across 12 countries in ASEAN & South Asia, with a top line of US\$ 800m. He has also held various senior positions in his career in organizations like Standard Chartered Bank, FIMMDA, FEDAI, CDSL and many more. He has also been a member of several RBI Working Groups. He is presently Associate Professor, SP Jain Institute of Management & Research.

The Company has received a declaration from Mr. Ananth Narayan Gopalakrishnan stating that he meets with the criteria of Independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The details of Mr. Ananth Narayan Gopalakrishnan's attendance of the Board and the Committee meetings have been given elsewhere in this Annual Report. Mr. Ananth Narayan Gopalakrishnan will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which he is a member/ Chairperson or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board. He does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Copy of the draft letter of appointment of Mr. Ananth Narayan Gopalakrishnan is available for inspection at the Registered office of the Company and will also be available for inspection at the Annual General Meeting of the Company.

The Board of Directors considers it in the interest of the Company to appoint Mr. Ananth Narayan Gopalakrishnan as an Independent Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Ananth Narayan Gopalakrishnan, is in any way, interested or concerned in this resolution. The Board recommends the resolution set forth in item No. 7 of the notice for approval of the members

**By Order of the Board of Directors For CARE Ratings Limited  
(Formerly known as Credit Analysis & Research Ltd)**

**Navin Kumar Jain  
Company Secretary**

Place: Mumbai

Date: August 19, 2019

Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 & as per Secretarial Standards issued by The Institute of the Company Secretaries of India, the following information is furnished about the Directors proposed to be reappointed / appointed.

Name of the Director	Ms. Sonal Desai	Mr. Najib Shah	Mr. V. Chandrasekaran	Dr. M Mathisekaran	Mr. Ananth Narayan Gopalakrishnan
Date of Birth	13.08.1957	11.03.1957	11.10.1957	10.10.1956	18.05.1969
Director Identification Number	80905343	08120210	03126243	03584338	05250681
Nationality	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	30.03.2019	17.07.2019	15.11.2017	19.08.2019	19.08.2019
Number of equity shares held in the Company	NIL	NIL	NIL	NIL	NIL
Qualifications	FCA & B.Com	IRS	FCA & B.Com	IES	Be (MECH) - IIT-B, & PGDBM -IIM-Lucknow
Expertise in functional area	CSR, Marketing, Operations, Projects and Refineries Management	Revenue Intelligence, formulating Taxation Laws and assignments of Govt. of India	Treasury, Investment Strategies and Analysis, Credit Review and Monitoring, Project Finance, Venture Capital	Economic Research and labour laws, Economic planning and policy	Finance & Economic Research and Banking

List of Directorship held in other companies	<ol style="list-style-type: none"> <li>1) Mobilizing Minds Consulting Private Limited</li> <li>2). Sharda Cropchem Limited</li> </ol>	<ol style="list-style-type: none"> <li>1) Fintermix Software Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1) Tamilnadu Newsprint and Paper Ltd.</li> <li>2) UTI Venture Funds Management Co Pvt Ltd</li> <li>3) Aditya Birla Housing Finance Ltd.</li> <li>4) LICHFL Asset Management Co Ltd</li> <li>5) Legal Entity Identifier India Ltd</li> <li>6) Tata Asset Management Ltd</li> <li>7) Aditya Birla Renewables Subsidiary Ltd</li> <li>8) Aditya Birla Nuvo Ltd.</li> <li>9) Aditya Birla Renewables SPV1 Ltd</li> </ol>	None	<ol style="list-style-type: none"> <li>1) Clearcorp Dealing Systems (India) Ltd.,</li> <li>2) Mirae Asset Global Investments (India) Ltd.,</li> <li>3) NSDL Payments Bank Ltd.,</li> <li>4) Southern Ridges Macro Fund,</li> <li>5) Southern Ridges Master Macro Fund,</li> <li>6) SBI Capital Markets Ltd.,</li> <li>7) Agappe Diagnostics Ltd.,</li> </ol>
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Chairman / Member of the Committees of the Boards of other companies in which he/ she is a director	None	None	<p>1) Tamilnadu Newsprint &amp; Papers Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> <li>• Nomination and Remuneration Committee – Member</li> <li>• Stakeholders Relationship Committee - Member</li> </ul> <p>2) LIC HFL AMC Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee –Member</li> <li>• HR Committee –Member</li> <li>• CSR Committee –Member</li> </ul>	None	None
Terms & Conditions of reappointment/ variation of remuneration	NA	NA	NA	NA	NA
Inter-se relationship with other Directors	NIL	NIL	NIL	NIL	NIL
No. of Board meetings attended during the year	1 (One)	NIL	3 (Three)	NIL	NIL

**CARE RATINGS LIMITED**  
**(Formerly known as Credit Analysis and Research Limited)**

CIN: L67190MH1993PLC071691

Registered Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai 400 022.

**ATTENDANCE SLIP**

Members attending the Meeting in person or by Proxy are requested to complete  
the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the **26<sup>th</sup> ANNUAL GENERAL MEETING** of the company, CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) at Jasubhai Auditorium, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 2:00 p.m. on Monday, September 30, 2019. (Contact: Leo Francis - 9969367590)

Folio No.....DP. ID No.\*..... Client ID No.\*.....

Name of the Member..... Signature.....

Name of the Proxy holder..... Signature.....

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.
3. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip.

*\*Applicable for investors holding shares in electronic form.*

-Tear Here-

Tear Here

**CARE RATINGS LIMITED**  
**(Formerly known as Credit Analysis and Research Limited)**

CIN: L67190MH1993PLC071691

Registered Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai 400 022.

Form No. MGT - 11

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the Member (s).....E-mail:.....

Registered Address:.....

Folio No..... DP ID No\*..... Client ID No\*.....

*\*Applicable for investors holding shares in electronic form.*

I / We, being the Member(s) of ..... Equity Shares of Rs. 10/- each of Care Ratings Limited (Formerly known as Credit Analysis and Research Limited)

1) Name.....Email.....

Address.....

..... or failing him

2) Name.....Email.....

Address.....

..... or failing him

3) Name.....Email.....

Address.....

.....

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **26th ANNUAL GENERAL MEETING** of CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) at Jasubhai Auditorium, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 2.00 p.m. on Monday, September 30, 2019 and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

No	Description of Resolution	For	Against	Abstain
<b>Ordinary Business</b>				
1.	To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2019, together with the reports of the Directors and the Auditors thereon.			
2.	To confirm the payment of interim dividends aggregating to Rs. 18/- (Rupees Eighteen only) per equity share and to declare final dividend on of Rs. 12/- (Rupees Twelve only) per equity share for the financial year ended March 31, 2019.			
3.	To appoint a director in place of Mr. V. Chandrasekaran (DIN 03126243), who retires by rotation and being eligible, offers himself for re-appointment.			
<b>Special Business</b>				
4.	Appointment of Ms. Sonal Desai (DIN 08095343), as an Independent Director of the Company till the conclusion of AGM of FY 2021-22.			
5.	Appointment of Mr. Najib Shah (DIN 08120210), as an Independent Director of the Company till the conclusion of AGM of FY 2021-22.			
6.	Appointment of Dr. M.Mathisekaran (DIN 03584338), as an Independent Director of the Company till the conclusion of AGM of FY 2021-22.			
7.	Appointment of Mr. Ananth Narayan Gopalakrishnan (DIN 05250681), as an Independent Director of the Company till the conclusion of AGM of FY 2021-22.			

Signed this..... day of..... 2019

Signature of Member.....

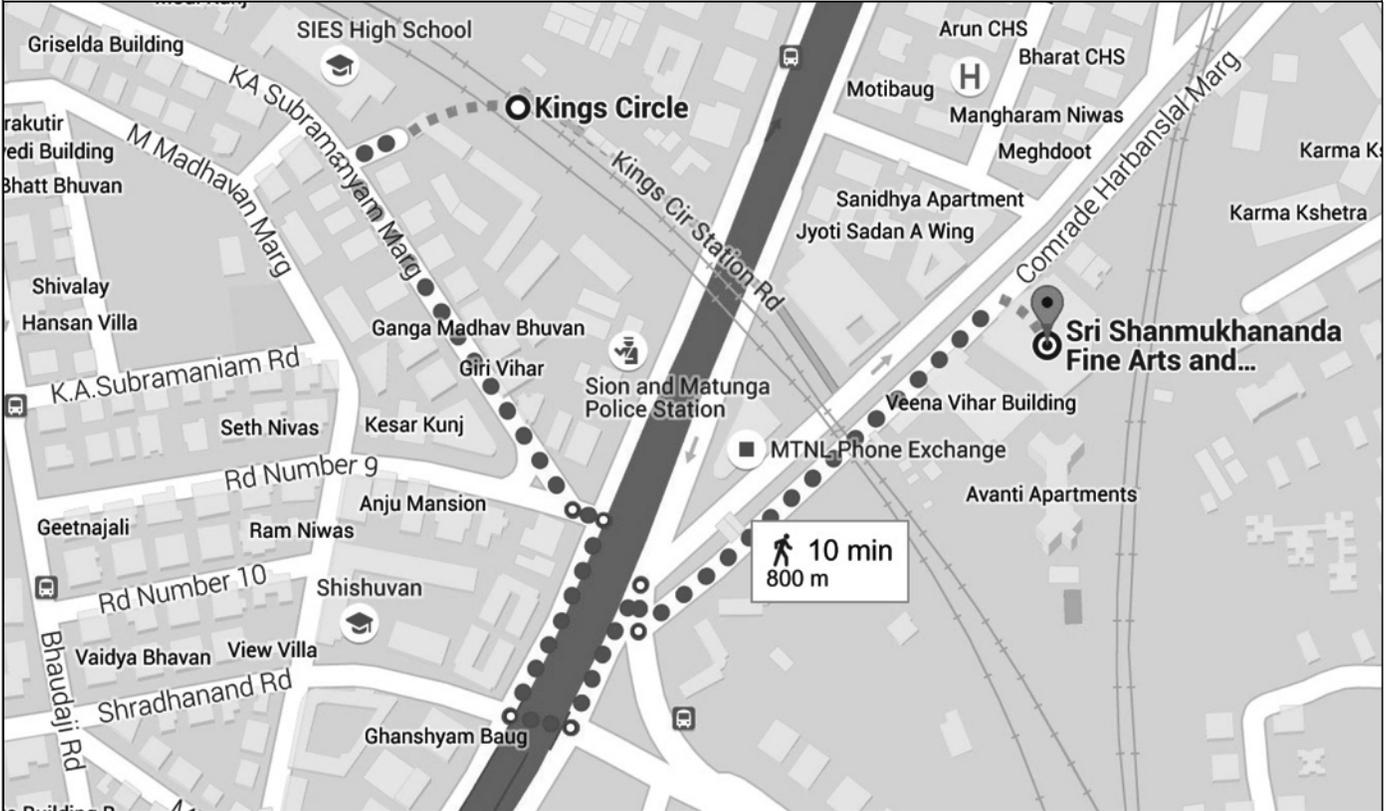
1) Signature of Proxy holder..... 2) Signature of Proxy holder.....

3) Signature of Proxy holder.....

**NOTES:**

1. Please put a  in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' or 'Abstain' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. This Form in order to be effective should be duly stamped, signed, completed and deposited at the Registered Office of the Company at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022, not less than 48 hours before the commencement of the Meeting.
3. Those Members who have multiple folios with different joint holders may use copies of this Proxy.
4. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting right, then such proxy shall not act as a proxy for any other person or member.

**26th Annual General Meeting  
Venue Route Map**



**Jasubhai Auditorium, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6<sup>th</sup> Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022**

↑	Walk south-west towards KAS Road / KA Subramanyam Marg
↶	Turn left at Rashtriya Dairy Farm onto onto KAS Road / KA Subramanyam Marg
↷	Slight left at Ganesh CHS onto Road No. 9
↘	Turn right at Shri Vasupujya Swami Jain Mandir Chowk onto Dr. Baba Saheb Ambedkar Road
↶	Turn left at Shantinath Bhavan onto Rafi Ahmed Kidwai Marg / Shradhanand Road
↶	Turn left onto Dr. Baba Saheb Ambedkar Road
↘	Sharp Right onto Rafi Ahmed Kidwai Marg
↶	Turn left at Om Shanti Communication Center onto Comrade Harbanslal Marg / Flank Road

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## NOTES

## NOTES

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## NOTES



## CARE Ratings Limited

Registered & Head Office:

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off  
Eastern Express Highway,  
Sion (East), Mumbai 400 022.

Tel: +91-22-6754 3456 | Fax: +91-22- 6754 3457

E-mail: care@careratings.com

CIN # L67190MH1993PLC071691

### REGIONAL OFFICES

#### AHMEDABAD

32, Titanium, Prahaladnagar Corporate Road, Opp. AUDA  
Garden, Satellite, Ahmedabad – 380 015  
Tel: 079 – 40265656

#### ANDHERI (Mumbai)

A Wing - 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road,  
Chakala, Andheri (E), Mumbai - 400 093.  
Tel No.: +91-22-6837 4400

#### BENGALURU

Unit No. 1101-1102, 11th Floor, Prestige Meridian 2 No. 30, M.  
G. Road, Bengaluru – 560001.  
Tel No. 080 – 22117140 / 46625555

#### CHANDIGARH

2nd Floor, S.C.O. 196-197, Sector 34-A, Chandigarh - 160022  
Tel No. 172 – 5171100 / 09

#### CHENNAI

Unit No. 0-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai,  
Chennai – 600 002  
Tel. No. : 044 – 28497812

#### COIMBATORE

Office Unit T-3, 3rd Floor, Manchester Square, Puliakulam Road,  
Pappanaikenpalayam,  
Coimbatore – 641037  
Tel No. 0422 - 4332399

#### HYDERABAD

401, Ashoka Scintilla, 3-6-520, Himayat Nagar,  
Hyderabad – 500 029.  
Tel No: 040 – 40102030

#### JAIPUR

304, Pashupati Akshat Heights, Plot No. D – 91, Madho Singh  
Road, Bani Park, Near Collectorate Circle,  
Jaipur – 302016  
Tel No. 141 – 4020213/14

#### KOLKATA

3rd Floor, Prasad Chambers, Shagun Mall Building,  
10A, Shakespeare Sarani, Kolkata – 700 071  
Tel No. 033 – 22831800 / 1803

#### NEW DELHI

13th Floor, E-1, Videocon Tower, Jhandewalan Extension, New  
Delhi – 110055  
Tel : 011 - 45333200

#### PUNE

9th Floor, Pride Kumar Senate, Plot No. 970,  
Bhamburda Senapati Bapat Marg, Shivaji Nagar,  
Pune – 411 016  
Tel No: 020 – 41201362

[www.careratings.com](http://www.careratings.com)

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