CARE Ratings

Professional Risk Opinion



25TH ANNUAL REPORT

2017-2018

CARE Ratings Limited

(Formerly known as Credit Analysis and Research Limited)

Vision

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

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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S. B. Mainak

Message from Chairman

The Indian economy had successfully gone through a major economic reform called the GST which is probably the biggest game changer going forward. The integration of the unorganized sector with the formal economy will be a major step that will enhance efficiency and result in higher growth in the long run. However, on account of this reform there was considerable adjustment made by corporates with respect to their inventories in the first quarter which was then compensated by higher production in the subsequent quarters. Therefore, performance tended to be uneven which also came in the way of fresh investment decisions. GDP growth came in lower at 6.7% compared with 7.1% in FY17 and gross fixed capital formation, which is the best macro indicator of the state of investment, remained flat at 28.5%. This is the background against which the performance of your company has to be evaluated.

For a rating company like yours' business comes from two main segments – corporate debt raised and bank loans rated. Here the overall picture was lower with total debt issuances being at Rs 6.04 lkh crore against Rs 6.70 lkh crore in FY17. While bank credit growth at the aggregate level recovered by March end, the two segments pertinent to a rating agency, industry and services registered growth rates of 0.7% (-1.9%) and 13.8% (16.9%) respectively. However, notwithstanding a lower macro performance your company attained higher growth of 24.9% in new business from Rs 13.19 lkh crore to Rs 16.48 lkh crore in FY18. Your company has done well in the CP and SME segments as well which has enabled topline growth of 14.7%. Net profit is now at Rs 161 core with growth of 5.8% in FY18. We can say with some pride that we continue to have a dominant share in the ET-500, BS-1000 and FE-500.

The rating environment was supported by two regulatory interventions. The first was the dual rating for CPs which has been a major benefit for us as we have made deeper inroads into this business. Second, the IBC resolution procedure has also provided us good opportunities for rating which in turn has helped our business.

We have also been focused on enhancing business from our subsidiaries because we believe that while rating will be our flagship business, there are opportunities to leverage in associated business lines. The two rating joint ventures CARE Ratings Africa and Care Ratings Nepal are already functional and have done good business. We have also started expanding the operations of our new Wholly Owned Company CARE Advisory, Research and Training Services Limited (CART) which we believe has potential to contribute significantly to our overall business. While advisory and customized research has been shaping up well, we have also launched a new online training programme in February 2018. These efforts have been complemented by our other wholly owned company CARE Risk Solutions Limited which has done well this year.

Keeping in mind the support we have received from shareholders we have proposed a total dividend of Rs 55 per share. This includes a special dividend of Rs 25 per share which is to celebrate our twenty fifth anniversary. We would be working to continuously enhance shareholder value.

We look forward positively for the new financial year which we think will be better in terms of the macroeconomic indicators. As the investment cycle picks up funding requirements will be a challenge especially from banks and in this context the corporate debt market will play an important role progressively. Bank funding will supplement this effort given the ongoing resolution of the NPA challenge. The efforts of the government, RBI and SEBI to provide a boost to the corporate debt market will start bearing fruit this year and we will continue to work towards stretching and achieving our goals.



Rajesh Mokashi

Message from Managing Director & CEO

When the financial year started we did believe that the economic prospects would be better than FY17 post demonetization as the economy did come off well by March 2017. The introduction of GST in July was a major positive disruption which caused companies to readjust their production cycles which impacted investment decisions. As the year progressed an issue which came to the forefront was NPAs of banks and the resolution process. As several banks began recognizing their bad assets and went to the IBC for resolution the overall supply of credit was also impacted. Therefore, there have been some major changes in the economy which has added different hues to the contours of your company's business.

Here there has been dissimilar impact each pulling in different direction. The lower investment by companies and the slowdown in growth in bank credit came in the way of rating business. However, as the NPA resolution process involved a new business for us, the doors opened up further. We have been able to garner some business on this front. Simultaneously the RBI's rule on dual rating for CPs issued by companies which cross Rs 1000 cr in a year was leveraged by our business development team which is reflected in our business numbers. We had also focused a lot on the SMEs which we believe are the future of the country as these units will grow to become the LMEs of tomorrow. With the NSIC scheme virtually drying up, our strategy was to cross sell other products to these entities which has gotten reflected in our business growth.

We do realize that we are living in a challenging environment and we have to work best between these constraints. Regulatory changes can either enhance the contours or shrink them while the external environment including reforms can aid or come in the way of growth of business. The recent changes announced on dual rating of CPs or the RBI's large exposure norms provide a push to business. On the other hand we have seen that the rollback of the NSIC scheme or the withdrawal of mandatory IPO grading can push back business. Similarly while we can gain from the investment cycle picking up, it can get diluted if companies fund the same from ECBs or Masala bonds.

As custodians of the shareholders' trust we do believe in working hard in anticipating these pain points and creating strategies to counter the same so as to ensure that we are always on the growth path. This is why we have believed in gradual diversification because by moving over to non-rating products through our subsidiaries there is potential to have a parallel business successfully run.

We continue to focus on our human resources which has delivered consistently and FY18 is no exception. Our focus has also been on making our ratings system more robust and the change in the hierarchy of ratings to internal ratings committees which was pursued this year has been a major success. We would like to be known as a knowledge driven company which gets reflected not just in our ratings but also as an entity which has cogent views on all relevant subjects. Our economics and industry research teams do ensure that the company's views on all business and economic developments are known.

Your company has completed its 25th year, which is a major milestone and we do think that the next 25 years will be very different for us posing challenges and opportunities. The financial landscape is undergoing a metamorphosis and we are continuously monitoring the same and adjusting our business models to be more than aligned with the surrounding. This we hope will help us to remain ahead of the curve and deliver superior returns to the shareholders.

Directors & Committee Members

Directors	Mr. S. B. Mainak	Chairman
	Mr. A. K. Bansal	Director
	Dr. Ashima Goyal	Director
	Mr. Milind Sarwate	Director
	Mr. Rajesh Mokashi	Managing Director & CEO
	Ms. Sadhana Dhamane (w.e.f. June 02, 2017).....	Non Executive Director
	Mr. V. Chandrasekaran (w.e.f. November 15, 2017)	Additional Director (Non-Executive Director)
	Mr. Adesh Kumar Gupta (w.e.f. May 22, 2018)	Additional Director (Independent Director)
Audit Committee	Mr. Milind Sarwate	Chairman
	Mr. S. B. Mainak	Member
	Dr. Ashima Goyal	Member
	Mr. A. K. Bansal	Member
Stakeholders Relationship Committee	Mr. S. B. Mainak	Chairman
	Ms. Sadhana Dhamane (w.e.f. August 22, 2017)	Member
	Mr. Rajesh Mokashi	Member
Nomination & Remuneration Committee	Mr. A. K. Bansal	Chairman
	Dr. Ashima Goyal	Member
	Mr. S. B. Mainak	Member
	Ms. Sadhana Dhamane (w.e.f. August 22, 2017)	Member
Corporate Social Responsibility Committee	Mr. Milind Sarwate	Chairman
	Dr. Ashima Goyal	Member
	Mr. A. K. Bansal	Member
	Mr. Rajesh Mokashi	Member
Human Resources (HR) Committee	Mr. S. B. Mainak	Chairman
	Ms. Sadhana Dhamane.....	Member
	Mr. Rajesh Mokashi	Member
Bankers	IDBI Bank Ltd. HDFC Bank Ltd.	
Statutory Auditors	M/s. Khimji Kunverji & Co. Chartered Accountants	
Internal Auditors	M/s. Pravin Chandak & Associates Chartered Accountants	

Board of Directors



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



Mr. A. K. Bansal
Independent Director
Former Executive Director, Indian Overseas Bank



Dr. Ashima Goyal
Independent Director
Professor at Indira Gandhi Institute of Development Research



Mr. Milind Sarwate
Independent Director
Founder & CEO - Increate Value Advisors LLP



Ms. Sadhana Dhamane
Non Executive Director
Formerly Chief (INVM - Stress Asset Cell), LIC of India



Mr. V. Chandrasekaran
Additional Director (Non - Executive)
Former Executive Director (Investment) LIC of India



Mr. Adesh Kumar Gupta
Additional Director (Independent)
Former Whole time Director and CFO, Grasim and Former Director – UltraTech – Aditya Birla Group



Mr. Rajesh Mokashi
Managing Director & CEO, CARE Ratings

Senior Management Team

T. N. Arun Kumar
Executive Director





Mehul Pandya
Executive Director



Revati Kasture
Senior Director



Swati Agrawal
Senior Director



Milind Gadkari
Senior Director



Sanjay Agarwal
Senior Director



Amod Khanorkar
Senior Director



Madan Sabnavis
Chief Economist



Chandresh Shah
Chief Financial Officer



Umesh Ikhe
Chief Technology Officer

24th Annual General Meeting

CARE Ratings held its 24th Annual General Meeting on 1st August 2017 at Shanmukhananda Hall in Mumbai



From left – **Ms. Sadhana P. Dhamane** Non Executive Director**, Mr. Rajesh Mokashi**, MD & CEO, **Mr. S. B. Mainak**, Chairman, **Mr. A. K. Bansal**, Independent Director & **Mr. Milind Sarwate**, Independent Director



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



Mr. Rajesh Mokashi, MD & CEO, addresses the shareholders



Shareholders casting their votes



Shareholders interaction

CARE Ratings Credit Markets Conclave 2018



CARE Ratings' held it flagship event 'Credit Markets Conclave 2018' at Hotel Trident, Bandra Kurla Complex - Mumbai on 18 January'18. The conclave looked at 3 aspects of the Credit Markets i.e. Banking, Corporate Bond Market and Mutual Funds. The Conclave was inaugurated by the Deputy Governor of RBI Mr. N. S. Vishwanathan. Mr. Vishwanathan in his key note address provided an overview of the banking system. He also emphasized the important role of Credit Rating Agencies in the assessment and development of the corporate bond market along with the need for banks to hone their own credit appraisal skills.







The MD & CEO, CARE Ratings, Mr. Rajesh Mokashi, posed questions pertaining to IBC, Bank recapitalization and convergence of Banks and NBFCs while moderating a panel discussion.



Panel Discussion 1 – Future of Banking - (From left) – Mr. Rajesh Mokashi, MD & CEO, CARE Ratings as Moderator; Mr. H. R. Khan, Former Dy. Gov. RBI; Mr. Rashesh Shah, Chairman and CEO, Edelweiss Group; Mr. Karnam Sekar, Dy. MD & CCO, SBI & Mr. Neelkanth Mishra, Managing Director and India Equity Strategist, Credit Suisse

CARE Ratings Credit Markets Conclave 2018



Panel Discussion 2 – Evolving Corporate Bond Market (From left) – Mr. Mehul Pandya, Executive Director, CARE Ratings as moderator; Mr. Ashvin Parekh, MD, Ashvin Parekh Advisory Services; Mr. Umesh Revankar, MD, Shriram Transport Finance; Mr. R. Govindan, Vice President Corporate Finance & Risk Management, L&T and Mr. Conrad D'Souza, Member of Executive Management & Chief Investor Relations, HDFC Ltd.



Panel Discussion 3 – Role of Mutual Funds in Deepening Markets (From left) – Mr. T. N. Arun Kumar, Executive Director, CARE Ratings as moderator; Mr. Nilesh Shah, MD, Kotak AMC; Mr. Ananth Narayan, Market Expert & Mr. Mahendra Jajoo, Head Fixed Income, Mirae Asset Global Investments



Unveiling of CARE Ratings publication 'The Debt Book 2018'

CART announces the Launch of "Certificate Course in Credit Management (CCCM)".

The course was launched by Mr. S.B. Mainak, former MD of LIC and Chairman of CARE Ratings Ltd. at an event in Hotel Sofitel, BKC Mumbai on 2nd February, 2018. CART has developed the "Certificate Course on Credit Management (CCCM)" in order to assist in capacity building in the field of credit management. The course is delivered through on-line mode and designed to fully capture the essence of RBI guidelines on capacity building in the field of "Credit Management" for banks and financial institutions. In the key note address Mr. S. B. Mainak emphasized on the need for training in the field of credit management especially given the NPA challenges currently being faced by the banking system. He also stressed on the advantages of on-line training which provides ease and convenience in training employees located at distant offices.

Mr. Rajesh Mokashi, MD & CEO of CARE Ratings Ltd. and Mr. Mehul Pandya, Executive Director of CARE Ratings Ltd. also addressed the gathering and appreciated the structure and format of the course. Mr. Mokashi mentioned that the course will impart requisite skills to Credit Managers in order to improve credit management practices within Banks/FIs.

Mr. Sanjeet Kumar, CEO of CARE Advisory Research Ltd (CART), dwelt on the in-house expertise within CARE Training and the involvement of experts from the banking sector which have helped in bringing out a world-class course on Credit Management.



From left – **Mr. Sanjeet Kumar**, CEO, CART; **Mr. S. B. Mainak**, Chairman, CARE Ratings; **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings; **Mr. Mehul Pandya**, Executive Director, CARE Ratings

CART Training

CARE Advisory Training & Research Ltd. (CART) successfully conducted several training programmes at various locations pan India. Training modules included: Corporate Credit Risk Assessment, Excellence in SME Lending, Project Finance & Stressed Asset Resolution









CARE Ratings' Conversations Over Dinner 2018

CARE Ratings hosted its 2018 edition of 'Conversations Over Dinner' Event at Delhi on 7th March 2018. Mr. Shaktikanta Das (Former Joint Secretary - Department of Economic Affairs, Ministry of Finance, Government of India) was the Special Guest for the evening. Along with Mr. Das the speaking panel from CARE Ratings had Mr. Rajesh Mokashi, MD & CEO; Mr. T. N. Arun Kumar, Executive Director; Mr. Mehul Pandya, Executive Director and Ms. Swati Agrawal, Senior Director. After a lively interactive session the evening concluded with cocktails & dinner.



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



Mr. Shaktikanta Das, Former Joint Secretary - Department of Economic Affairs, Ministry of Finance, Government of India



Mr. T. N. Arun Kumar, Executive Director, CARE Ratings



Mr. Mehul Pandya, Executive Director, CARE Ratings



Audience at the event

CARE Ratings Nepal Launch



CARE Ratings Nepal Ltd. hosted its inauguration ceremony at Nepal on 21st December 2017. Dr. Rewat Bahadur Karki, Chairman, Securities Board of Nepal (SEBON) was the Chief Guest at this ceremony. Our Chairman, Mr S B Mainak and Executive Director, Mr Mehul Pandya also addressed the audience. More than 200 guests from Nepal's business world, regulators, government etc. attended the function.



CARE Ratings & JCR

CARE Ratings is in strategic alliance with Japan Credit Ratings Agency (JCR). On 21st August 2017 delegates from JCR Mr. Atsushi Masuda, General Manager and Chief Analyst, International Dept & Mr. Shinichi Endo, Analyst, International Dept visited our office and gave a perspective on Ratings Business & Economy vis-à-vis Japan. Along with the delegates we were joined by MD & CEO, Mr. Rajesh Mokashi & other senior management personnel along with 25 of our key clients.





Events & Representations

1



2



3



4



1, 2 - SME Chamber of India hosted an event, Private Equity & Venture Capital for SMEs on 23rd March, 2018 Hotel Sofitel, BKC, Mumbai. Mr. Rajesh Mokashi, MD & CEO delivered the key note address here on Credit Scoring & Rating for faster access to SME Funding

3 - Mr. Rajesh Mokashi, MD & CEO was a speaker at the Pension Fund Regulatory and Development Authority (PFRDA) Conference on "Creating an inclusive and sustainable Pension system in India: Opportunities and Challenges", Delhi, 28th February, 2018

4 - Hindu Business Line had hosted an Union Budget 2018 event on 19/1/2018 at Mumbai with Mr. Nitin Gadkari, Union Minister of Road Transport, Highways and Shipping Minister as the Chief Guest. The event saw experts from various sectors talk about their expectations on the upcoming Budget. Mr. Rajesh Mokashi, MD & CEO was part of one of the Panel Discussions on BFSI.



Mr. Rajesh Mokashi, MD & CEO was panelist at the Roundtable on "Smart Cities: Role of Private Capital in Financing Municipal Infrastructure" in Mumbai on Thursday 23rd November 2017. This was held at the Mumbai Cricket Association (MCA), Bandra-Kurla Complex, jointly organised by Janaagraha Centre for Citizenship and Democracy and Edelweiss Financial Services Limited.



Mr. Rajesh Mokashi, MD & CEO was a keynote speaker at Arth Samvaad, a part of Solaris 2017, the Annual Management fest of IIM - Udaipur





Mr. Rajesh Mokashi, MD & CEO, was part of the panel speakers at the 6th Securitisation Summit 2017 held on May 12, 2017 in Mumbai. He spoke on 'Commercial mortgage lending – Is the market for CMBS looking possible'







Indian Infrastructure and PowerLine hosted its conference on "Insolvency and Bankruptcy" on March 15, 2018 at Taj Krishna, Hyderabad. Mr. T. N Arun Kumar, Executive Director was a panel speaker in this conference, where he spoke on Current Scenario - Insolvency and NPA Cases'

Mr. T. N. Arun Kumar, Executive Director was panelist speaker at Indiainfrastructure conference on 'Insolvency and Bankruptcy Code, 2016' on 27/11/2017, Delhi



India Infrastructures hosted their annual conferences on REITs and InvITS at Hotel Four Seasons Mumbai on 2nd May 2017. Mr. T. N. Arun Kumar, Executive Director was the speaker at this event, where he spoke on Credit Enhancement

Mr. Mehul Pandya, Executive Director was the Keynote Speaker and Panelist at the Conference and Award Ceremony on 13th June 2017, Bangalore, at the Global Real Estate Brand Awards 2017 and 5th Edition of ARC Review Conclave hosted by Exhibition Asia in association with NAREDCO Karnataka.







CARE Ratings was 'Knowledge Partner' at PHD Chambers' National Solar Summit 2017, on 10th May 2017, Delhi. Ms. Swati Agrawal, Senior Director was part of the speaker panel at this event.



India Infrastructure hosted its 3rd Annual Conference on Bonds Financing in Infrastructure Sector on February 27, 2018, at ITC Maratha, Mumbai. Mr. Sanjay Kumar Agarwal, Senior Director, was part of the speaker panel, where he spoke on 'Credit Enhancement & Impact on Bond Ratings



Association of Credit Rating Agencies in Asia (ACRAA) had conducted a workshop on - "Opportunities in Infrastructure Projects. A Knowledge Sharing Workshop" at Bangkok on Sept 28-29, 2017. Mr. Amod Khanorkar, Senior Director was part of the training team along with other senior members of the rating fraternity.



Mr. Saikat Roy, Director, was panelist on "Digital Finance for MSMEs – Easy, Convenient & Economical" in Assocham's summit on, Digitizing MSMEs: The Way Forward, on 20th April, 2017, at Hotel The Orchid, Mumbai.



Mr. Deepak Prajapati, Director, was panelist in the National Conference on Insolvency and Bankruptcy code (IBC) and Real Estate Regulation Act (RERA) organised by ASSOCHAM in Ahmedabad on September 8, 2017



Mr. Saikat Roy, Director, was a panelist at ET Markets Global Summit held on 15 March 2018 at Taj Lands End, Mumbai



Mr. Saikat Roy, Director, was a jury member for the IPF Industrial Excellence Awards, held in Mumbai on 17th Nov 2017 at Bombay Stock Exchange



Mr. Deepak Prajapati, Director, was speaker at UTKRISHTA'17- The Management Conclave of Institute of Management, Nirma University (IMNU),

Knowledge Partnerships

CARE Ratings was associated as 'Knowledge Partner' in the 15th edition of Outlook Money Awards. Mr. Rajesh Mokashi, MD & CEO was in the esteemed jury panel to decide on the winners. CARE Ratings did a thorough evaluation as per the Criteria approved by the Jury and also did data validation on sampling basis.

CARE Ratings associated with Samudra Manthan Awards 2017. This is a significant initiative instituted with an objective to fuel healthy competition, create a yearning for improvement and reach the collective voice of Indian Maritime Industry. The award ceremony took place on 15th December, 2017 at Sahara Star. CARE Ratings has been 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.



Mrs. Revati Kasture, Senior Director, CARE Ratings (1st from left)is a member of the Core Committee of Samudra Manthan Awards.





CARE Ratings was a knowledge partner at ASSOCHAM India Steel Summit 2017, Delhi on 9th Nov 2017. CARE Ratings prepared & published its background paper on Steel Sector- Credit Perspective at the event. This was released at the event by Mr. Vishnu Deo Sai (Union Ministry of State for Steel and Mines, GoI), Mr. Sunil Barthwal (Joint Secretary of Ministry of Steel, GoI) and Ms. Sminu Jindal (Managing Director of Jindal SAW Ltd).





CARE Ratings associated as 'Knowledge Partner' at PHD Chambers' National Solar Summit 2017, on 10th May 2017, Delhi & published its knowledge paper at the summit. Ms. Swati Agrawal, Senior Director was part of the speaker panel at this event.

Webinars

As part of knowledge dissemination series CARE Ratings hosted Live Webinars on:

1. Purchasing Manager Index (PMI)
2. Steel Industry
3. India Inc Credit Quality FY 2016-17
4. RERA
5. Auto & Auto Ancillary
6. Microfinance
7. Education Sector
8. Banking
9. Pharma
10. Retail
11. Power Sector
12. Telecom
13. Construction Sector
14. Consumer durable pool rating
15. Solar Energy Sector
16. Steel Industry
17. R-LNG
18. Retail
19. Paints
20. Roads
21. Fertilizer
22. Housing Finance Companies
23. Sugar
24. Pharma
25. Manmade Fibre
26. Oil & Gas
27. Wind Energy
28. Seaports
29. MSME
30. Paper & Paper Products
31. Hotel
32. Indian Denim Fabrics
33. Aluminium
34. State of Indian Banking
35. Cement
36. Dairy Industry
37. Wholesale NBFC



CARE Ratings Celebrates 25th Year

For celebrating our 25th year a comprehensive media plan was activated in form of print advertisement in major financial dailies and television commercial spots in prominent business news channels.

The Economic Times – Markets

CARE Ratings has during the last 24 years rated over ₹ 92* lakh crore of debt, involving 56,908* rating assignments. Currently we serve more than 15,000# clients and have domain expertise in more than 80# industry segments. In our journey towards enriching financial markets, we take this opportunity to thank investors, clients and other stake holders who have made us the preferred rating agency in India.

Credit Ratings: Corporates, Banks, Financial Services, Structured Finance, Public Finance, Infrastructure, Mutual Funds, SME | **Research:** Industry Research, Economics, CARE Industry Risk Metrics, Valuation of Market Linked Debentures, DRHP Industry section write ups | **Alternate Ratings:** IPO, Equigrade, Real Estate Star, Edugrade, SME Fundamental, MFI, RESCO, Shipyard, Maritime, NGO, Green Initiative Ratings, Co-operative Bank Financial Strength Grading, Alternate Investment Funds.

CARE Ratings
Professional Risk Opinion
CREDIT ANALYSIS & RESEARCH LIMITED

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* Since inception till March 31, 2017 # As on March 31, 2017

Business Standard & Financial Express

CARE Ratings has during the last 24 years rated over Rs 88.25* lakh crore of debt, involving 52,500* rating assignments. Currently we serve more than 14,500# clients and have domain expertise in more than 80# industry segments. In our journey towards enriching financial markets, we take this opportunity to thank investors, clients and other stake holders who have made us the preferred rating agency in India.

Credit Ratings: Corporates, Banks, Financial Services, Structured Finance, Public Finance, Infrastructure, Mutual Funds, SME | **Research:** Industry Research, Economics, CARE Industry Risk Metrics, Valuation of Market Linked Debentures, DRHP Industry section write ups | **Alternate Ratings:** IPO, Equigrade, Real Estate Star, Edugrade, SME Fundamental, MFI, RESCO, Shipyard, Maritime, NGO, Green Initiative Ratings, Co-operative Bank Financial Strength Grading, Alternate Investment Funds.

CARE Ratings
Professional Risk Opinion
CREDIT ANALYSIS & RESEARCH LIMITED

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* Since inception till December 31, 2016. # As on December 31, 2016.

CNBC TV18, CNBC Awaaz, ET Now & ZEE Business - TV Commercials







CARE Ratings CSR Initiatives

Water coolers with purifiers and projectors with screens were donated to Municipal Schools in Mumbai and Ahmedabad











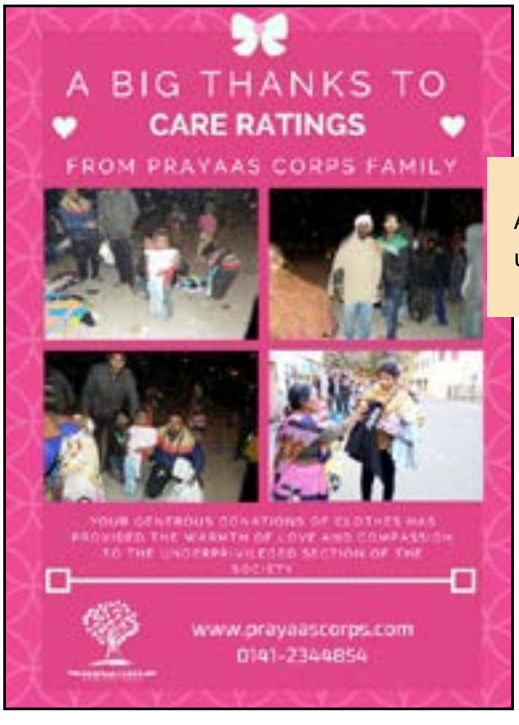


CARE Ratings CSR Initiatives



MBA scholarships were given to deserving students.





An initiative taken by CARE Ratings Jaipur Office to provide apparels to underprivileged section on occasion of Christmas.



CARE Ratings employees contributed and donated to Goonj, an NGO that works in the social sector in the area of recycling old items from households and reaching them to the needy people. The items such as food grains, clothes etc were handed over to Goonj office in Mumbai.

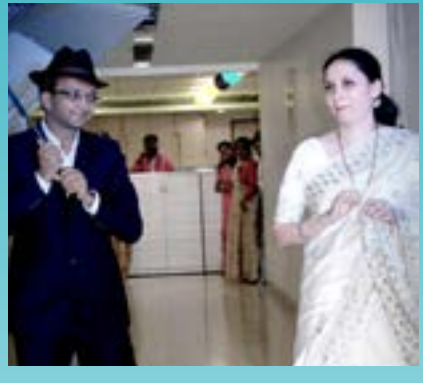
Employee Engagement Initiatives

As part of employee engagement initiatives employees participated in various celebrations including Independence Day, Ganesh Chaturthi, Diwali, Quiz, Cricket, Table Tennis Tournament etc.

































Publications




National
Solar Summit
10th May 2017
India
Steel
Summit 2017
- Make in Steel for Make in India -
ASSOCHAM
CARE Ratings Debt Quality Index (CDQI) – February'18
Impact of Crude oil price hike
Economics
Announcement of Karbonn A40 Indian 4G smartphone by Airtel
Natural Gas: The Fuel of the Future
CARE Ratings' Corporate Bond Monitor (CCBM)

CARE Ratings in Media

MD & CEO Interactions

Print


mint

BANKER'S TRUST

TAMAL BANDYOPADHYAY


RATINGS AGENCIES OUTLOOK

CARE OUTLOOK FOR FY18

By Rajesh Mokashi
Managing Director & CEO
CARE Ratings

IN CONVERSATION

THE ECONOMIC TIMES

Economy is going to pick up in the second half: Rajesh Mokashi, CARE Ratings


FINANCIAL EXPRESS

UPDATE: (CARE Ratings Ltd)

Launch of "certificate course in credit management" by care training


THE FINANCIAL EXPRESS

INTERVIEW: RAJESH MOKASHI, MANAGING DIRECTOR & CEO, CARE RATINGS

'Process of bringing banking sector out of the woods has begun'


लघुउद्योगांना प्रोत्साहनातून विकास, रोजगारनिर्मितीची पायाभरणी


How We Did It


A Daunting Task

Twitter, TV







Mr. Rajesh Mokashi, MD & CEO speaks to Bloomberg Quint on New NPA Framework – 14-2-2018



Mr. Rajesh Mokashi, MD & CEO, speaks to CNBC TV18 on Industry Outlook and RBI Guidelines on Stressed Assets – 22-2-2018



Mr. Rajesh Mokashi, MD & CEO, speaks to CNBC Awaaz on 'Know Your Company' show – 16-11-2017



Mr. Rajesh Mokashi, MD & CEO, speaks to BTVi on Company & Industry Outlook – 28-9-2017



Mr. Rajesh Mokashi, MD&CEO, speaks to ET Now on Company & Industry Outlook – 5/10/2017

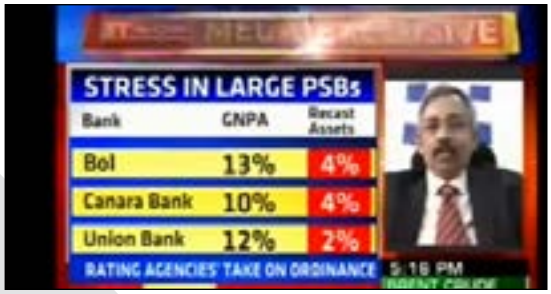


Mr. Rajesh Mokashi, MD & CEO, speaks to NDTV on Financial Results – 17-5-2017

CARE Ratings in Media

Other Interactions

TV



Mr. T. N. Arun Kumar, Executive Director speaks to ET Now on NPA Ordinance – 5-5-2017



Mr. T. N. Arun Kumar, Executive Director speaks to ET Now on SEBI Board Meeting – 28-12-2017



Mr. Mehul Pandya, Executive Director, speaks to BloombergQuint on SEBI Board Meet – 28-12-2017



Mr. Mehul Pandya, Executive Director speaks to ZEE Business on SEBI Board Meet – 29-12-2017



Mr. Sanjay Kumar Agarwal, Senior Director speaks to CNBC TV18, Indianomics Show on SEBI's bad loan fight – 7-8-2017

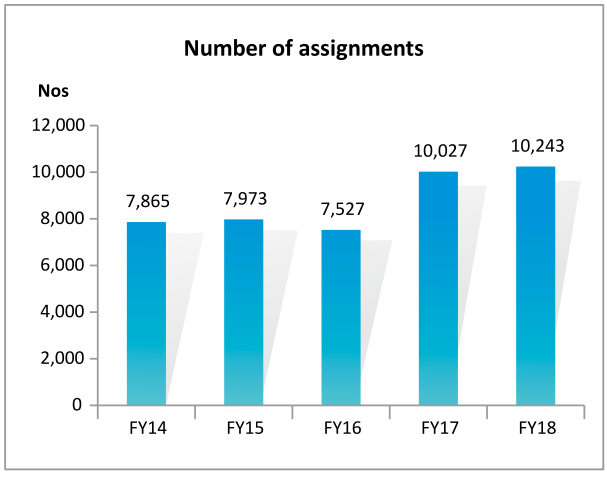


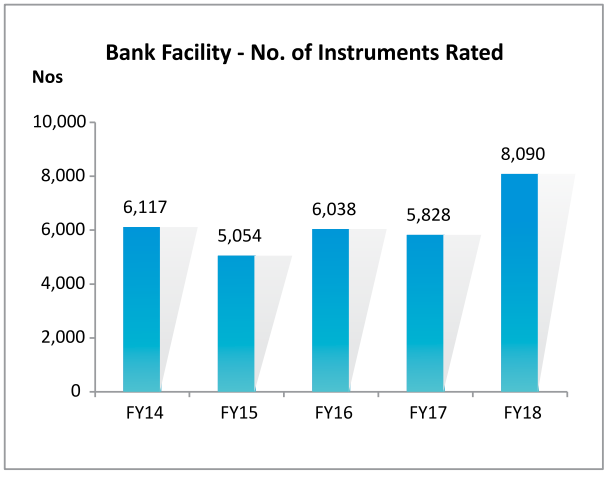
Ms. Revati Kasture, Senior Director, speaks to CNBC TV18 on General Rating Outlook – 23-5-2017

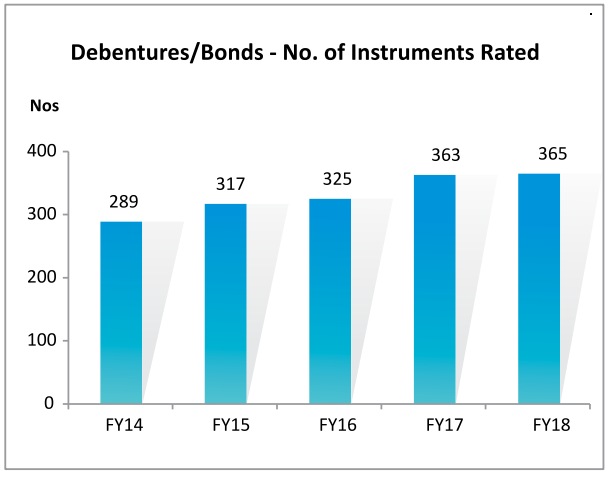
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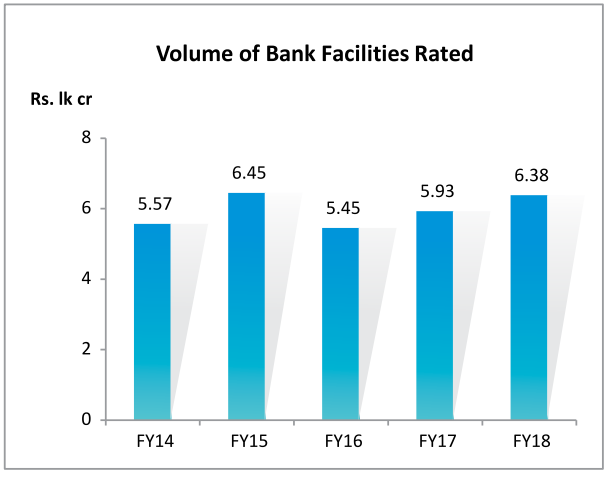


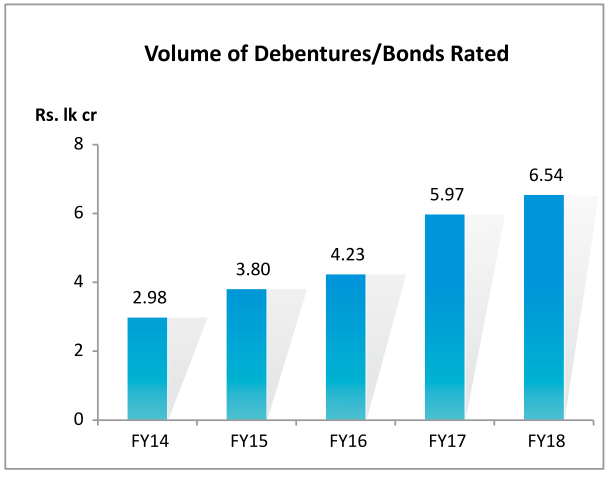
Performance Snapshot



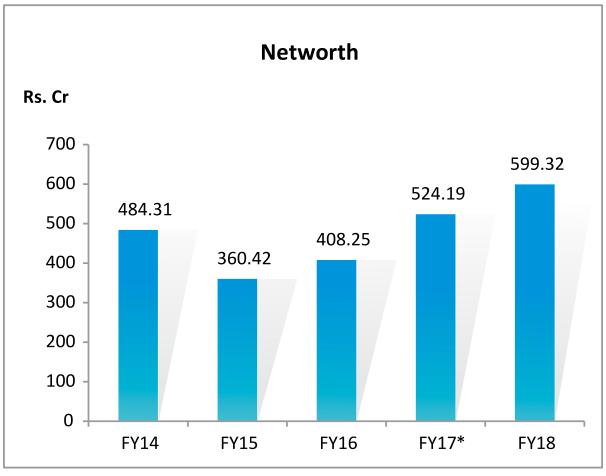


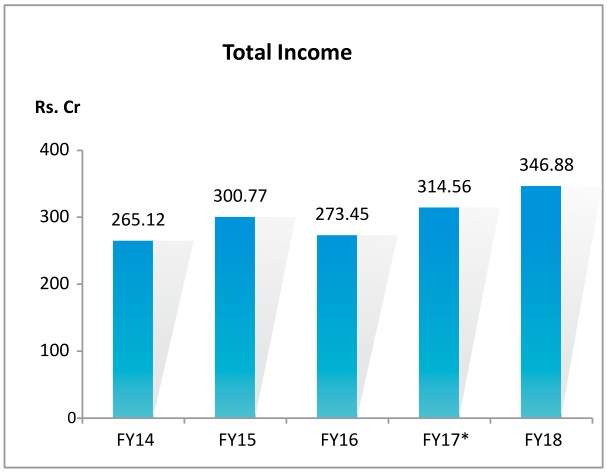


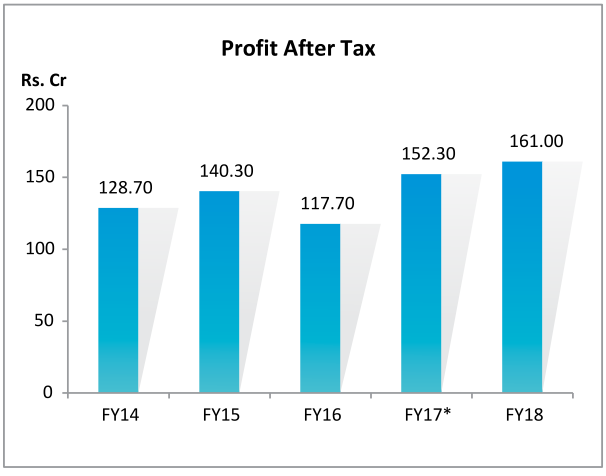


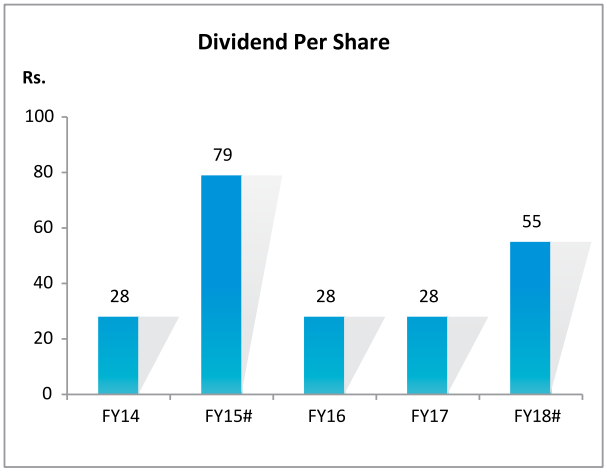


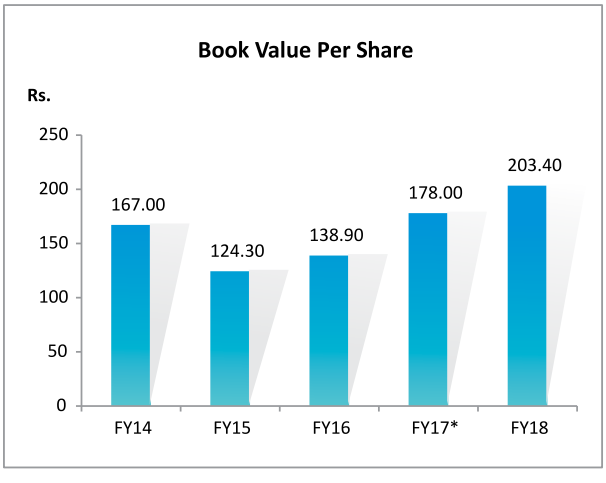
Performance Snapshot

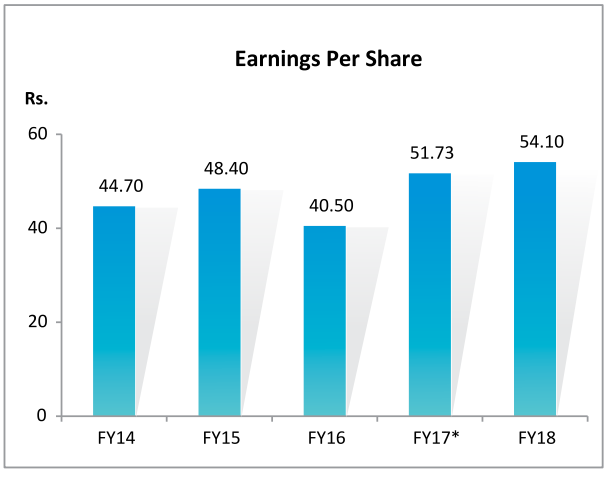












* Restated as per IndAs

Includes special dividend of Rs. 65 & Rs. 25 for FY15 & FY18 respectively

Highlights

Business

- CARE Ratings is the second largest credit rating agency in terms of domestic rating income.
- Rated a large volume of debt of around Rs. 108.47 lakh crore as of March 31, 2018 and has completed 67,151 rating assignments since inception.
- Company added 4,079 new clients in FY18.
- Total number of assignments rated in FY18 is 10,243. The number of bank facilities rated was 8,090 and the number of bonds/ debentures rated was 365.
- PAT margin of 46.42% in FY18.
- Strong cash position of about Rs. 521 cr as on March 31, 2018.

Global Operations

- CARE Ratings Nepal Ltd. hosted its inauguration ceremony in Nepal on 21st December 2017. Dr. Rewat Bahadur Karki, Chairman, Securities Board of Nepal (SEBON) was the Chief Guest at this ceremony. Our Chairman, Mr. S B Mainak and Executive Director, Mr. Mehul Pandya also addressed the audience. More than 200 guests from Nepal's business world, regulators, government etc. attended the function.
- CARE Ratings is in strategic alliance with Japan Credit Ratings Agency (JCR). On 21st August 2017 delegates from JCR, Mr. Atsushi Masuda, General Manager and Chief Analyst, International Dept & Mr. Shinichi Endo, Analyst, International Dept visited our office and gave a perspective on Ratings Business & Economy vis-à-vis Japan. Along with the delegates we were joined by our MD&CEO, Mr. Rajesh Mokashi & other senior management personnel along with 25 of our key clients.

Knowledge Partners

- CARE Ratings was associated as 'Knowledge Partner' in the 15th Edition of Outlook Money Awards. Mr. Rajesh Mokashi, MD & CEO was in the esteemed jury panel to decide on the winners. CARE Ratings did the thorough evaluation as per the Criteria approved by the Jury and also did data validation on sampling basis.
- CARE Ratings was associated with Samudra Manthan Awards 2017 which is an initiative instituted with an objective to fuel healthy competition, create a yearning for improvement and reach the collective voice of Indian Maritime Industry. The award ceremony took place on 15th December, 2017 at Sahara Star. CARE Ratings has been 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.
- CARE Ratings was a Knowledge Partner at ASSOCHAM India Steel Summit 2017, Delhi on 9th Nov 2017. CARE Ratings prepared & published its background paper on Steel Sector- Credit Perspective at the event. This was released at the event by Mr. Vishnu Deo SAI (Union Ministry of State for Steel and Mines, GoI), Mr. Sunil Barthwal (Joint Secretary of Ministry of Steel, GoI) and Ms. Sminu Jindal (Managing Director of Jindal SAW Ltd).
- CARE Ratings associated as 'Knowledge Partner' at PHD Chambers' National Solar Summit 2017, on 10th May 2017, Delhi and published its knowledge paper at the summit. Ms. Swati Agrawal, Senior Director was part of the speaker panel at this event.

New Initiative

- CARE Ratings assigned India s First Consumer Durable Asset Pool Securitisation Rating

Events

- CARE Ratings held it flagship event 'Credit Markets Conclave 2018' at Hotel Trident, Bandra Kurla Complex - Mumbai on 18 January'18. The conclave looked at 3 aspects of the Credit Markets i.e. Banking, Corporate Bond Market and Mutual Funds. The Conclave was inaugurated by the Deputy Governor of RBI Mr. N. S. Vishwanathan.
- CARE Ratings hosted its 2018 edition of Conversations Over Dinner Event at Delhi on 7th March 2018. Mr. Shaktikanta Das (Former Joint Secretary - Department of Economic Affairs, Ministry of Finance, Government of India) was the special guest of the evening.
- CARE Ratings Nepal Ltd. hosted its inauguration ceremony at Nepal on 21st December 2017. Dr. Rewat Bahadur Karki, Chairman, Securities Board of Nepal (SEBON) was the Chief Guest at this ceremony.
- CARE Training announced the Launch of "Certificate Course in Credit Management (CCCM)". The course was launched by Mr. S.B. Mainak, former MD of LIC and Chairman of CARE Ratings Ltd. at an event in Hotel Sofitel, BKC Mumbai on 2nd February, 2018

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Fifth Annual Report of your Company along with the audited Financial Statements for the year ended March 31, 2018.

Financial Performance

Your Company's Financial Performance for the year ended March 31, 2018, is summarized below: (Rs. Lakhs)

Particulars	*For the year ended March 31, 2018*	*For the year ended March 31, 2017*
Income from Operations	32,161	28,048
Other Income	2,527	3,408
Total Income	**34,688**	**31,456**
Total Expenditure	11,513	9,750
Profit Before Tax (PBT)	**23,175**	**21,706**
Provision for Tax	7,073	6,481
Profit After Tax (PAT)	**16,103**	**15,225**
Other comprehensive Income	410	-113
Total Comprehensive Income for the period	16,513	15,112
Appropriations		
Interim Dividend	5,303	5,301
Tax on Interim Dividend	1,080	1,079
Final Dividend	2,945	2,940
Tax on final dividend	599	599
Total (Dividend Outflow)	**9,927**	**9,919**
Transferred to General Reserve	1,500	1,500

Income from operations increased by about 14.66% during the year due to increase in volume of debt rated in the long term debt instruments and bank loan ratings. This was supported by surveillance income. Other income decreased from Rs 34.08 crore to Rs.25.27 crore mainly due to change in investment portfolio mix as well as decrease in interest rates.

During the year ended March 31, 2018, the Company has reviewed its efforts required for completion of various activities in the rating process in light of changes in Regulations, Business-Mix and Technological Enhancements.

Accordingly, the revenue recognized for the year ended on March 31, 2018 is higher by Rs. 18.62 Lakhs.

Total expenditure increased by 18.10% largely on account of ESOP Charge of Rs. 8.65 Crore, increase in marketing teams and brand building exercise.

Dividend

Your Company paid a total interim dividend of Rs. 18/- per share amounting to a payout of Rs.63.83 crores including Dividend Distribution Tax (DDT). The Board has recommended final dividend of Rs. 37/- per share (it comprises of Rs.12/- Normal dividend and Special dividend of Rs.25/- to mark the celebration of 25th Anniversary of the Company) amounting to a payout of Rs. 131 crores including DDT for FY 2017-18, to be approved at the ensuing Annual General Meeting. 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.

Transfer to reserves
Your Directors recommend to transfer Rs. 15 crores (Rupees Fifteen Crores Only) to the General Reserve of the Company.

Share Capital
The Authorised Share Capital of your Company is 3,00,00,000 Equity Shares of face value Rs.10/- each amounting to Rs.30,00,00,000/- (Rupees Thirty Crores only) and the Paid-up Share Capital is 2,94,61,214 Equity Shares amounting to Rs. 29,46,12,140/- (Rupees Twenty Nine Crores Forty Six Lacs Twelve Thousand One Hundred Forty Only). During the financial year ended March 31, 2018, the Company has issued and allotted 10,013 equity shares of Rs. 10/- each at a premium of Rs. 607/- per share to its eligible employees under the CARE Employees Stock Option Scheme, 2013 (ESOS 2013).

Economic Backdrop
The country's economic growth declined for the second year in a row in FY18, with GDP growing by 6.7%, the lowest growth in the last 3 years. GDP growth in FY18 was 0.4% lower than that in FY17 and 1.5% lower than that in FY16. The disruptions caused by the structural reforms of demonetization followed by GST implementation along with the paucity in investment demand has impacted overall economic output. The domestic economy has however shown signs of recovery in the second half of FY18. As per the provisional estimates, GDP grew by 7% in Q3 and 7.7% in Q4 of FY18, higher than the growth of 5.6% in Q1 and 6.3% in Q2 FY18.

In terms of sectoral performance, the services sector continues to be driving domestic economic progress. Barring construction, public administration, financial services, trade, hotel, transport & communication services the performance across sectors has been subdued. As per the provisional estimates by the Central Statistical Office, the construction sector grew by 5.7% in FY18 notably higher than the 1.3% growth of FY17. The growth in this sector can be attributed to the higher government spending towards construction of roads. Public spending (public administration, defense and other services) grew by 10% in FY18, marginally lower than 10.7% growth in the previous year. Financial services (including real estate and professional services) are estimated to have grown by 6.6% in FY18, marginally higher from 6% a year ago. Likewise, services of trade, hotels, transport & communication grew at a higher rate of 8% in FY18 compared with 7.2% growth of FY17. Aided by favorable monsoons, the agriculture sector grew by 3.4% in FY18 over the 6.3% growth of FY17. The favorable growth in the agriculture sector in the last 2 years which was expected to stimulate the other sectors of economy failed to materialize on account of declining incomes of farmers due to excess production which led to declining prices of agricultural commodities.

Industrial growth at 4.3% in FY18 was lower than the 4.6% growth in FY17. The manufacturing sector growth during the year was fairly stable at 4.5% (4.4% in FY17). Capital goods saw an improvement in FY18 with growth of 4.4% compared with 3.2% in FY17. The growth of consumer durables weakened to 0.6% in FY18 from 2.9% in FY17. Also, the investment rate in the economy did not witness an improvement during FY18 and continued to be stable at 28.5% since the last 3 years. The continued low capacity utilization rate of 72.4% (since FY15) as per the RBI, coupled with the extended bank NPA problem has been pressuring fresh investments in the domestic economy.

Corporate performance did see some improvement during FY18. For the sample of 1,222 companies excluding banks, sales (y-o-y) registered a growth of 11.8% in FY18 from 7.0% in FY17 while net profits increased by 15.1%. Net profit margin improved from 8.2% to 8.5% during this period. Majority of industries witnessed positive growth in sales during FY18. Higher operational costs and working capital requirements impacted profit margins of some industries.

The credit off-take in the banking sector improved during the year. Incremental credit growth in FY18 grew by 10.3% compared with the 8.2% growth in FY17. Bank credit growth however remains notably lower compared with the average 16.0% growth seen during FY10-13. Credit growth during the year continued to be driven by the retail and service sector, which recorded double digit growth. The retail sector grew by 17.8% compared with 16.4% in the previous year while the services sector grew by 13.8% lower than the 16.9% growth registered in the previous year. The industrial sector also witnessed an improvement in credit off take, albeit a marginal growth of 0.7% form the contraction of (-) 1.9% of FY17. The credit off take in the agriculture sector was low at 3.8% compared with 12.4% growth of the previous year. Credit growth was negative for various segments in FY18. In case of medium sized industries it contracted by (-) 1.07%.

Within industry growth in credit contracted for, chemicals (-) 5.5% , shipping (-) 24.7%, petro-chemicals (-)23.7%, infrastructure (-)1.7%, metals & metal products (-)1.2% among others. The growth in the rating business in the bank loan segment needs to be viewed in relation with the growth in bank credit at the aggregate level to help highlight the challenges faced in the rating business.

Along with the subdued growth in bank credit, the banks were also faced with the major challenge of rising stressed assets. RBI had reported an increase in bank NPA's from 9.6% to 11.6% between March'17 and March'18 while stressed assets ratio had moved from 12.1 to 12.5%. These numbers are expected to increase further. Stressed assets ratio was highest for industry at 24.8%.

The corporate bond markets saw a decline in issuances in FY18 compared with the previous year. In FY18, the total corporate bonds issuances as per the SEBI data aggregated to Rs. 6.0 lakh crore, which was around 10% lower than the issuances of Rs. 6.7 lakh crore in FY17. Of the total amount raised, 99.0% of the total corporate bond issuances were through private placements.

Outstanding corporate bonds amounted to Rs. 27.42 lakh crore as on March 2018, which was 14% higher than the outstanding bonds worth Rs. 24.05 lakh crore as on March 2017. The major share of the corporate bond issuances in FY18 continued to be by the financial sector comprising primarily of banks and NBFCs (nearly 70% share in total) and the funds raised by them were being used for onward lending. The funds raised by the non-financial sector (22% of total) indicate limited fresh investments in these sectors.

In FY18, commercial paper to the tune of Rs. 22.9 lakh crore were raised, 32% higher than the issuances of Rs. 17.4 lakh crore in the previous year. Public sector enterprises were seen to tap corporate bond markets to meet their capital requirements, with banks addressing the NPA issues.

Inflation in the country declined during the year. Retail inflation during FY18 fell to a 6 year low. It declined by 95 bps to 3.6% from 4.5% in FY17, mainly on account of the benign inflation in the first half of the year. The easing in food inflation was largely attributable to favourable monsoon which helped cool food prices. The rise in global oil prices and the statistical base effect of the HRA revision of the 7th Pay Commission were being built into inflation in the latter half of the year. The Wholesale Price Index (WPI) based inflation firmed up to reach a 4 year high level at 2.9% in FY18 as against 1.7% in the previous year mainly on account of high price of fuel and power. Both the CPI and WPI remained well within the RBI target inflation level of 4% with a band of +/- 2%.

The RBI adopted a cautious monetary policy stance during the year. The policy decisions were driven by concerns of rising global oil prices, impact of the implementation of 7th Pay Commission, monetary tightening by the US Federal Reserve and fiscal slippages at the central and state government level. During the year, the RBI lowered the key policy rate i.e. repo rate once by 25 bps to 6% in its August'17 policy.

The Government fiscal position was pressured in FY18. The government overshot the budgeted fiscal deficit target of 3.2% for FY18 to 3.5%. Lower tax revenue collections owing to GST led interruptions coupled with higher expenditure pressured government finances during the year.

During FY18, the government securities (GSec) yields exhibited significant volatility and ended the year higher. The benchmark 10 year GSec yield rose by 77 bps from the average yield of 6.85% in Apr'18 to 7.62% in Mar'18. The average yield during the year was 6.93% and the yields ranged from 6.41% to 7.91%. The movement in yields were driven by concerns over fiscal slippages and additional borrowings requirements of the government, widening trade and current account deficits, increase in commodity price levels, US Federal Reserve's policy action, movement in US treasuries, liquidity conditions in the system and lower demand from banks faced with mark-to –market losses.

The rupee was seen to be fairly stable against the US dollar (USD) during FY18, ranging between Rs.64.0 to Rs. 61.5 per USD. The

exchange rate as of end March'18 was Rs.64.04 per USD compared with Rs.64.82 per USD as of end March'17, a strengthening of 1.2%. The gains in the rupee can be ascribed to the weakness in the USD in the overseas markets, higher FPI inflows and positive macroeconomic performance in the second half of the fiscal led by the various reforms undertaken by the government. However, the increasing oil prices, concerns over fiscal slippages with lower than expected GST collections and widening trade deficit and current account deficit capped the upward movement of the currency towards the end of the year.

Business operations

While your Company's strategy is to grow the business book by widening the coverage of debt rated in the market as well as increase the client base, building the client book assumed significance under conditions of limited buoyancy in the markets.

Since inception, your company has completed total 67,151 rating assignments till March 31, 2018. On a cumulative basis, the amount of debt rated instruments increased to Rs. 108.47 lakh crore as of March 31, 2018.

Assignment Type (New Instruments)	*Number of Instruments Rated*		*Volume of debt rated (Rs. crore)*	
	2017-18	*2016-17*	*2017-18*	*2016-17*
Short & Medium term	156	82	3,55,928	1,28,414
Long term	365	363	6,53,690	5,97,361
Bank Facility Ratings	8,090	5,828	6,37,916	5,92,978
Others including NSIC rating	1,632	3,754	-	-
Total	**10,243**	**10,027**	**16,47,535**	**13,18,753**

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 increased by 2.2% in 2017-18. This was mainly due to a decline in the NSIC-SME segment (under others) even as there was an increase in the number of assignments on account of bank facility ratings and capital market instrument ratings. Bank facilities accounted for 79% of total assignments in 2017-18, higher from 58.1% in 2016-17. The miscellaneous assignments including NSIC grading witnessed a decline from 37.4% in 2016-17 to 15.9% of total rated assignments in 2017-18.

2. The total volume of new debt rated increased from Rs. 13.19 lakh crore in 2016-17 to Rs. 16.48 lakh crore in 2017-18. This was mainly due to increase in volume of debt rated across categories such as short & medium term, long term and bank facility ratings. Within short and medium term instrument ratings, commercial paper was the dominant segment which was aided by the dual rating rule brought in by the RBI.

3. In terms of volume of debt rated, the short and medium term instrument ratings witnessed an increase in share from 9.7% in 2016-17 to 21.6% in 2017-18. On the other hand, the share of long term instrument ratings decreased from 45.3% to 39.7% and that of bank facility ratings fell from 45% to 38.7% in 2017-18.

Business during the year

Large corporates and Mid-corporates

We continued to have a focused team on the large and mid-corporate segments which works on both - augmenting the client portfolio through new client addition and maintaining relationships with the existing companies. These two prongs are required to keep the business improving in future.

Your Company continues to be the dominant credit rating agency in this space. For the year under consideration too, CARE Ratings

continued to hold significant presence with share of 50%, 43% and 45% in ET Top 500, BS Top 1000 and FE Top 1000 companies respectively.

New Initiatives

CARE Ratings has been authorized by RBI for undertaking Independent Credit Evaluation (ICE) in respect of resolution plans of stressed assets. In this regard, your Company has carried out resolution plan ratings based on such plans for some accounts referred for resolution under Insolvency & Bankruptcy Code (IBC) by some banks. The implementation of the IBC has ushered in urgency in the resolution of the NPA problem which has given rise to this new line of business for your company.

Your Company was the first rating agency to assign rating to the consumer durable securitization in India during the year.

During the year, your company also rated Partial guarantee bonds / Co-guarantee structured bonds as well as projects based on Hybrid Annuity Model in road projects.

Rating Committee

In line with the practices of most of the leading credit rating agencies across the country and the globe, CARE Ratings decided to replace the external rating committee comprising eminent independent professionals with an Internal Rating Committee comprising senior executives from within the ratings team w.e.f. April 1, 2017. CARE Ratings has greatly benefitted from the experience and expertise of the members of External Committee who have provided continuous guidance in developing rating criteria and methodologies over the last two and a half decades. While the overall guidance provided by the external members has been invaluable, it was felt that after more than two decades, there is enough expertise gained by senior personnel in CARE to carry out ratings on their own. Accordingly CARE Ratings has constituted committees 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 has the potential to be a important component of our revenue stream as the eco system is large and is underpenetrated. This provides a very good opportunity for us to aggressively leverage technology to include a large part of this universe. SMEs of today would enter the medium to large bracket in the medium to long run and hence needs to be included in our client list today. We are working on various models to reach out to them and provide a rating or scoring by using technology.

Therefore, the approach to this business is very different from the hitherto targeting of the traditional NSIC model which received support from the government. The NSIC rating was based on a subsidy provision to the SME for procuring a rating from a rating agency. This apart, the bank facility ratings for SMEs continues 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 the need for adequacy of finance for such entities through the bank facility ratings.

For FY16, the Union Budget had scaled down this allocation by over 100% from Rs 88 crs in FY15 to Rs 37 crs. Thereafter, it increased by 36% to Rs 57.9 crs in FY17; however, it was again much lower than the budgeted amount of Rs 200 cr during the year. As per the revised estimates of FY18, the allocation has declined sharply to Rs 5 crores only.

A SME Newsletter covers important developments on a fortnightly basis with all the clients. Further, participation in various seminars on SMEs has been as a medium of accessing the universe of players in this segment.

CP market

Your company did take advantage of the revised regulatory guidelines that require dual rating of commercial paper when the size of issue during the year is above Rs 1000 cr. This led to an increase in the number of short term instruments rated during the year. We believe this will also add to the stock of debt which would continue to earn a surveillance fee in the coming years.

Information Technology: the enabler

In 2017-18, our IT initiatives were focused more on upgrading the existing IT infrastructure to support business growth. We implemented Data Leakage prevention solution to ensure and fortify data security. In this year we rolled out integrated customer relationship management solution iCRM, this application is bespoke development done for specific requirements of CARE Ratings, thus ensuring best of the support for sales, operation and back-office. We improvised and upgraded open source technology based solution for securitization analysis and reporting application which helps users to widen their analytics horizon and decision making.

IT helped to digitize the manual processes for improving Operation efficiency. Moving with technology trends we have implemented Cloud based Human Resource Management System. We have started exploring and doing initial work on artificial intelligence and machine learning based solution for rating operation.

CARE has completed multiple IT projects and infrastructure upgradation during this year.

Future prospects and Outlook for the Company

The Indian economy is expected to perform better in FY19 and we expect growth to be about 7.5%. However, the investment growth is to continue to be driven by the government as private sector participation will come with a lag. The financial system would be challenged this year as banks would be a differential position to lend given the overhang of NPAs and shortage of capital. Further, the PCA (Prompt Corrective Action) has hindered fresh borrowing from some banks and hence the demand has to be met progressively by other banks as well as the corporate debt market.

The debt market will offer more opportunity for the borrowers which are good for your company. However to the extent that it is substitution with bank credit, in terms of overall business volumes the impact would be lower.

The RBI has already increased interest rates and there are chances of another 1-2 hikes this year of 25 bps each. This being the case, market borrowings will be under pressure as the transmission mechanism is faster in this segment. This can also affect the CP segment which has leveraged the benefit of more efficient transmission of lower cost when interest rates came down. With a reversal in direction of interest rates, CPs could be less attractive relative to conventional bank loans. However, it may still draw the benefit of banks not being in a position to lend on account of the PCA guidelines.

Crude oil prices have been fairly volatile and uncertain and would largely drive the exchange rate and interest rate this year. Inflation too can come under strain on this score besides the higher MSPs that have been announced. Therefore, while growth per se will be higher this year, the financial sector would be going through a series of waves pulling in both directions.

Two significant developments would be aiding our business in the coming years. The first relates to the IBC and the progressive success in resolution of some of the plans. We do believe that as the recognition and resolution processes get quicker, the recovery given default ratio on the NPA cases will improve significantly. As this schedule moves downwards, investors would gain confidence in the debt markets and would be more willing to invest in "A" rated paper, which hitherto has been eschewed given the uncertainty of recovery in case of default in the corporate debt market. Second, the Finance Minister in the Union Budget of 2018-19 had specifically stated that institutions should be investing also in "A" rated bonds to give a fillip to the corporate bond market. If these two developments are put together, it can be seen that there is a fairly encouraging future for the corporate bond market which will be good for your company.

Knowledge Dissemination

CARE Ratings believes in presenting its views on various pertinent issues immediately in order to ensure that our clients and media are informed about CARE's stance on various issues. For this, we have two independent research teams – Economics and Industry Research team which has been frontrunners in knowledge dissemination.

CARE Ratings continued with its monthly release of CARE Debt Quality Index (CDQI) which tracks the changes in the overall quality

of the debt in the economy based on a representative sample of companies. In addition to this, CARE Ratings also comes up with quarterly release of Modified Credit Ratio (MCR) which looks at number of upgrades and downgrades.

A major innovation this year has been the release of CARE Ratings' Corporate Bond Monitor (CBM) where we trace how the yields or certain tenures as well as spreads over GSecs have traversed over time.

Economics

The Economics department is known for its regular and real-time domestic and global economy related updates. It brings out reports on GDP, Inflation, Industrial growth, monsoons, fiscal situation, NPA situation, monetary policy etc. In addition to this, in depth analytical studies are carried out pertaining to debt market, employment, state finances etc. along with regular surveys. Economics division also come up with daily and monthly debt market reports including DDMU- Daily Debt Market Update and DMR- Debt Market Review.

The team also published Debt book edition for 2018 in the month of January.

Sectoral Views

The Industry research team now covers over 30 sectors including Auto, textiles, Infrastructure, Metals, Sugar, Telecom, Oil and Gas, Retail, Hospitality, Fertilizers, Gems and Jewellery, Paper etc. These reports are perpared in close consultation with the sector specialist in the organisation. Sector specialists also put out some of the critical updates from time to time. All this enables in better understanding of the Industry while undertaking rating exercise.

All these reports are widely disseminated within the company, clients, regulators, government authorities, opinion makers, media etc.

Webinars

Your company takes pride in being a part of a knowledge driven industry. As a part of knowledge dissemination series, 37 Live Webinars were conducted on Industry & Economic perspectives. These webinars had healthy participations with Q&A sessions in real time. They were conducted by the senior officials along with the relevant analysts.

Branding and Media

CARE Ratings branding strategy has always been to communicate to our strength and ethos across all touch points. Consistent efforts are therefore made to be visible, create value, awareness and enhance our equity amongst all our stake holders.

Events

We hosted our flagship event 'Credit Markets Conclave 2018' at Hotel Trident, - Mumbai on 18 January'18. The Conclave was inaugurated by the Deputy Governor of RBI Mr. N. S. Vishwanathan. This was followed by panel discussions on 3 aspects of the Credit Markets i.e. Banking, Corporate Bond Market and Mutual Funds. The participants were amongst the best in the industries. CARE Ratings also published its detailed study 'The Debt Book 2018' at this event.

We also held our 2018 edition of Conversations over Dinner Event at Delhi on March 07, 2018. Mr. Shaktikanta Das (Former Joint Secretary - Department of Economic Affairs, Ministry of Finance, Government of India) was the special guest of the evening.

Jury on Prestigious awards

CARE Ratings was associated as 'knowledge partner' in the 15th edition of Outlook Money Awards. Mr. Rajesh Mokashi, MD & CEO was in the esteemed jury panel to decide on the winners. CARE Ratings did the thorough evaluation as per the Criteria approved by the Jury and also did data validation on sampling basis.

CARE Ratings was a part of Business Today's 6th edition of Best CEOs in India. Mr. Rajesh Mokashi, MD & CEO was part of the jury for the selection process.

We were associated with Samudra Manthan Awards 2017 (Earlier associations in 2016, 2015 & 2014). This is a significant initiative instituted with an objective to fuel healthy competition, create a yearning for improvement and reach the collective voice of Indian Maritime Industry. CARE Ratings designed the criteria and presented the top nominations based on its evaluation.

Knowledge partner

CARE Ratings was associated as Knowledge Partner at ASSOCHAM India Steel Summit 2017, Delhi on November 9, 2017. CARE Ratings prepared & published its background paper on Steel Sector- Credit Perspective at the event. This was released at the event by Mr. Vishnu Deo Sai (Union Ministry of State for Steel and Mines, GoI), Mr. Sunil Barthwal (Joint Secretary of Ministry of Steel, GoI) and Ms. Sminu Jindal (Managing Director of Jindal SAW Ltd).

CARE Ratings was associated as Knowledge Partner at PHD Chambers' National Solar Summit 2017, on May 10, 2017, Delhi & published its knowledge paper at the summit.

Media interactions

CARE Ratings' Senior Management is regularly seen at prominent forums, seminars and conferences for presenting views and insights. CARE Ratings management interviews and expert quotes are constantly featured across media.

CARE Ratings regularly published & disseminated its updates on Industry Research covering 30 sectors & Economy. These reports were widely covered in print media, online & television. CARE Ratings Reports, Insights, Management & Industry Expert quotes are regularly uploaded on our Social Media channels such as LinkedIn & YouTube. Some of our reports has been a focal point of discussions on social media amongst influencers and thought leaders.

Advertising and publicity

For celebrating our 25th year a comprehensive media plan was activated in form of print advertising in major financial dailies and television commercial spots in prominent business news channels.

From Visual & Design perspective we had created a special 25th year logo. This was executed consistently across all our design communications in form of stationery, brochures, website banners, office displays & social media.

Interaction with JCR

CARE Ratings is in strategic alliance with Japan Credit Ratings Agency (JCR). On August 21, 2017 delegates from JCR visited our office and gave a perspective on Ratings Business & Economy vis-à-vis Japan. The delegates we were joined by our MD&CEO, Mr. Rajesh Mokashi & other Senior Management personnel along with 25 of our key clients.

Top Management Representations

Maintaining the brand image has been the top priority of the MD & CEO and effort has been put in to ensure that CARE Ratings brand is visible in several forums.

SME Chamber of India hosted an event, Private Equity & Venture Capital for SMEs on March 23, 2018 Hotel Sofitel, BKC, Mumbai. Mr. Rajesh Mokashi, MD & CEO delivered the key note address here on Credit Scoring & Rating for Faster access to SME Funding

Mr. Rajesh Mokashi , MD & CEO was a speaker at the Pension Fund Regulatory and Development Authority (PFRDA) Conference on "Creating an inclusive and sustainable Pension system in India: Opportunities and Challenges", Delhi, February 28, 2018

Hindu Business Line had hosted an Union Budget 2018 event on January 19, 2018 at Mumbai with Mr. Nitin Gadkari, Union Minister of Road Transport, Highways and Shipping Minister as the chief guest. The event saw experts from various sectors talk about their expectations on the upcoming Budget. Mr. Rajesh Mokashi, MD & CEO was part of one of the panel discussions on BFSI.

Business Today publication evaluated and shortlisted the nominees for its 6th edition of Best CEOs in India. Mr. Rajesh Mokashi, MD & CEO was part of the jury for the selection process.

Mr. Rajesh Mokashi, MD & CEO was a panellist at the Roundtable on "Smart Cities: Role of Private Capital in Financing Municipal Infrastructure" in Mumbai on Thursday, November 23, 2017, at the Mumbai Cricket Association (MCA), Bandra-Kurla Complex, jointly organised by Janaagraha Centre for Citizenship and Democracy and Edelweiss Financial Services Limited.

The Economic Times hosted its prestigious 'ET Awards for Corporate Excellence' on Saturday, October 28, 2017, in Mumbai. Mr. Rajesh Mokashi, MD & CEO was part of the exclusive guest list including corporate dignitaries & senior ministers

Mr. Rajesh Mokashi, MD & CEO was invited as a keynote speaker at, Arth Samvaad, a part of Solaris 2017, the Annual Management fest of IIM – Udaipur

Mr. Rajesh Mokashi, MD & CEO, was part of the panel speakers at the 6th Securitisation Summit 2017 held on May 12, 2017 at Mumbai. He spoke on 'Commercial mortgage lending – is the market for CMBS looking possible'

Indian Infrastructure and PowerLine hosted its conference on "Insolvency and Bankruptcy" on March 15, 2018 at Taj Krishna, Hyderabad. Mr. T. N. Arun Kumar, Executive Director was invited as a panel speaker in this conference, wherein he spoke on Current Scenario - Insolvency and NPA Cases'

India Infrastructures hosted their annual conferences on REITs and InvITS at Hotel Four Seasons Mumbai on May 02, 2017. Mr. T. N. Arun Kumar, Executive Director was the speaker at this event, wherein he spoke on Credit Enhancement.

Mr. T. N. Arun Kumar, Executive Director was invited to be a panel speaker at India infrastructure conference on 'Insolvency and Bankruptcy Code, 2016' on November 27, 2017, Delhi.

Mr. Mehul Pandya, Executive Director was the Key Note Speaker and Panellist at the Conference and Award Ceremony on June 13, 2017, Bangalore, at the Global Real Estate Brand Awards 2017 and 5th Edition of ARC Review Conclave hosted by Exhibition Asia in association with NAREDCO Karnataka.

Mr. Mehul Pandya, ED, was a Panelist for the session on Capacity Building at the Credit Summit India 2017 at Mumbai.

CARE Ratings associated as 'Knowledge Partner' at PHD Chambers' National Solar Summit 2017, on May 10, 2017, Delhi & published its knowledge paper at the summit. Ms. Swati Agrawal, Senior Director was part of the speaker panel at this event.

India Infrastructure hosted its 3rd annual conference on Bonds Financing in Infrastructure Sector on February 27, 2018, at ITC Maratha, Mumbai. Mr. Sanjay Kumar Agarwal, Senior Director was part of the speaker panel, wherein he spoke on 'Credit Enhancement & Impact on Bond Ratings

CARE Ratings associated with Samudra Manthan Awards 2017 a significant initiative instituted with an objective to fuel healthy competition, create a yearning for improvement and reach the collective voice of Indian Maritime Industry. Mrs. Revati Kasture, Senior Director, CARE Ratings was a member of the Core Committee of Samudra Manthan Awards.

Association of Credit Rating Agencies in Asia (ACRAA) had conducted a workshop on - "Opportunities in Infrastructure Projects. A Knowledge Sharing Workshop" at Bangkok on September 28-29, 2017. Mr. Amod Khanorkar, Senior Director was part of the training team along with other senior members of the rating fraternity.

CSR activities

As part of CARE Ratings' initiative under Corporate Social Responsibility (CSR), CARE Ratings has selected Financial Education as its primary theme. Local area development has been decided as 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 Vidyasaarthi 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.

About CARE Ratings Vidyasaarthi 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. Your Company considers sound infrastructure in government / municipal schools as one of the fundamental requirements for providing quality education and appropriate environment for study. 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.

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 sponsor attendance to external training programmes are fine tune the existing skills of the employees.

As of March 31, 2018, we had 627 employees compared with 569 as on March 31, 2017. 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.

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, 2018, nearly 100 % of the equity shares of your Company were held in dematerialised form and 26 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 as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure II**

Number of Meetings of the Board & its committees

a) **Board of Directors**

The Board of Directors met 5 (Five) times during the financial year 2017-18 on May 16, 2017, June 02, 2017, August 22, 2017, November 15, 2017 and January 30, 2018.

b) Audit Committee

The Audit Committee met 5 (five) times during the financial year 2017-2018 on May 16, 2017, June 02, 2017, August 22, 2017, November 15, 2017, December 05, 2017 and January 30, 2018.

c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee met 4 (four) times during the financial year 2017-2018 on May 16, 2017, June 02, 2017, August 22, 2017 and November 15, 2017.

d) Stakeholders Relationship Committee

The Stakeholders Relationship Committee met 4 (four) times during the financial year 2017-2018 on May 09, 2017, August 16, 2017, November 07, 2017 and January 22, 2018.

e) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee met twice during the financial year 2017-2018 on May 16, 2017 and December 05, 2017.

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, 2018, 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, 2018 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 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, is appended as **Annexure III** to this Report and also available on the website of the Company viz.; www.careratings.com

Particulars of Loans, Guarantees or Investments under section 186

Loans, guarantees and investments 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 2017-18 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. 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 31** 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.

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, 2018 and the date of this report other than those disclosed in this report.

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. 238.58 Lakhs and has spent a foreign exchange of Rs. 20.93 Lakhs.

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 reasons for not spending any amount under CSR in the financial year 2017-18.

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. During the year your Company affirm 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 its own performance, own 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.

CARE Subsidiaries

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

CARE Risk Solutions (100% subsidiary of CARE Ratings), a niche risk management solution provider for banking and financial institutions has diversified its product offerings. We developed a new product – IFRS-9 and Financial Reporting Automation system after surveying that this product has immense market potential. We successfully Implemented IFRS-9 in Sri Lanka and East Africa to leverage the first mover's advantage, which in turn opens up more opportunities for us.

CRS has also started incubation in certain key areas like IFRS on cloud for NBFCs and small banks, Artificial Intelligence (AI) and machine learning led models for risk management solutions which enhance accuracy. This will help us to be ahead of the curve and become a leader in the market.

CRS is also a leader in the Sri Lanka market and going ahead would work to become a leader in East Africa too.

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 06, 2016. CART is in the business of Training, Advisory and Research.

Advisory Division

During FY 2017-18, CART has been able to expand its business offerings beyond TEV and now offer Valuation, Business plan preparation, financial improvement plan, bid process management, LIE services among other services. CART is empanelled by 7 Public sector banks for TEV assessments. CART executed a prestigious mandate on due diligence study of an acquisition target for an international client. During FY 2017-18, CART executed total of 76 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 the year, CART undertook 9 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 medium as well class room mode. During the year the company conducted 13 days of executive classroom trainings on various topics which included customized training for a bank and an NBFC.

During the year, the Company launched on-line Certificate Course in Credit Management (CCCM). The course was launched by Mr. S.B. Mainak, former MD of LIC and Chairman of CARE Ratings Ltd. in Mumbai on February 02, 2018.

CARE Ratings (Africa) Private Limited (CRAF)

CRAF has been operating in Mauritius since December 2014. It got its credit rating license from Financial Services Commission in

May, 2015 and had been recognised as an External Credit Assessment Institution (ECAI) by Bank of Mauritius in May, 2016. CRAF provides credit ratings and related services in Mauritius and has plans to venture into other geographies of Africa.

In Mauritius, CRAF provides ratings for various instruments such as bonds, debentures, commercial paper, bank deposits, structured finance and other debt instruments besides the bank facilities including term loans, working capital limits, non-funded exposures etc. CRAF will also cover rating of issuers including insurance companies, channel partner evaluation and SMEs.

Performance in FY17-18:
In FY17-18, CRAF has expanded its operations and assigned ratings to instruments in both the bond and bank facilities domain aggregating to around MUR 20.0 billion (Mur 9.0 billion in FY17).

CRAF introduced the concept of Commercial Paper (C.P.) in Mauritius. In January 2018, Bank of Mauritius has published the Final - Guidelines on the Issue of Commercial Paper. The same is awaiting final approval of Ministry of Finance and expected to be effective shortly.

In October 2017, Bank of Mauritius has published the revised guidelines on The Recognition and Use of External Credit Assessment Institutions whereby CRAF's name and mapping of CRAF's Ratings has been included in the Guideline. BOM also revised the risk weight in AA category from 50% to 30%.

CARE Ratings Nepal Limited (CRNL)
CARE Ratings Nepal Limited (CRNL) is incorporated in Kathmandu, Nepal and is the second credit rating agency to be licensed by the Securities Board of Nepal w.e.f. November 16, 2017. CRNL is providing credit ratings and related services in the geography of Nepal. The rating services of CRNL majorly include IPO grading, issuer rating and rating of debt instruments. over the short period of operations, crnl executed rating assignments in various sectors namely commercial banks, finance companies, microfinance companies, general insurance companies and hydro power companies.

Material Non-Listed Indian Subsidiary
There is no material (non-listed) Indian subsidiary of your Company as on March 31, 2018.

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 Ms. Sadhana Dhamane (DIN: 1062315) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers herself for re-appointment.

Mr. V. Chandrasekaran (DIN: 03126243) was appointed as an Additional Director by the Board of Directors at its meeting held on November 15, 2017. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Mr. V. Chandrasekaran will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on November 15, 2017 on the recommendation of the Nomination and Remuneration Committee decided to appoint Mr. V. Chandrasekaran as a Non-Executive Director liable to retire by rotation subject to the approval of the shareholders at the ensuing Annual General Meeting. Further your Company has received a notice in writing proposing the appointment of Mr. V. Chandrashekaran as Non-Executive Director of your Company in compliance with the provisions of section 160 of the Companies Act, 2013. Your Company welcomes Mr. V. Chandrashekaran on Board of Directors of the Company.

Mr. Adesh Kumar Gupta (DIN: 0020403) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on May 22, 2018. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Mr. Adesh Gupta will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on May 22, 2018 on the recommendation of the Nomination and Remuneration Committee decided to appoint Mr. Adesh Kumar Gupta as an Independent Director for a period of three years subject to the approval of the shareholders at the ensuing Annual General Meeting. Further your Company has received a notice in writing proposing the appointment of Mr. Adesh Kumar Gupta as an Independent Director of your Company in compliance with the provisions of the Companies Act, 2013. Your Company welcomes Mr. Adesh Kumar Gupta on Board of Directors of the Company.

Further, Mr. Mahendra Naik, Company Secretary and Compliance Officer of the Company resigned from the services of the Company with effect from May 22, 2018, and your Company has appointed Mr. Anandghan S. Bohra, as the Company Secretary and Compliance Officer with effect from May 22, 2018.

Auditor and Auditor's Report

M/s. Khimji Kunverji & Co., 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., Chartered Accountants, Statutory Auditors, in their report.

Status of Investors Compliant

During the financial year 2017-18, your Company has received complaints with regard to non-receipt of annual report and non-receipt of dividend. 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 V**I.

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

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 Credit Analysis and Research 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 with the Stock Exchanges, 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. Milind Sarwate	Chairman (Independent Director)
2.	Mr. S. B. Mainak	Member (Independent Director)
3.	Dr. Ashima Goyal	Member (Independent Director)
4.	Mr. Anil Kumar Bansal	Member (Independent Director)

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.

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 provisons 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, 2018, the ICC did not receive any complaint pertaining to sexual harassment.

Compliance of the Secretarial Standards 1 & 2 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: May 22, 2018

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 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, 2018
[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	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 – 67543456 Fax No: 022 – 67543457 Email : care@careratings.com Website: www.careratings.com
vi.	Whether listed company (Yes / No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare 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

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%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	*Name and Address of the Company*	*CIN/GLN*	*Holding/ Subsidiary/ Associate*	*% of shares held*	*Applicable Section*
1.	CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.)	U74210MH1999PTC118349	Subsidiary	100%	2(87)
2.	CARE Ratings (Africa) Pvt. Ltd., Mauritius	-	Subsidiary	78%	2(87)
3.	CARE Advisory Research and Training Limited	U74999MH2016PLC285575	Subsidiary	100%	2(87)
4.	CARE Ratings Nepal Limited*	-	Subsidiary	51%	2(87)

***Note: CARE Ratings Nepal was incorporated on- July 31, 2017**

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of share-holders	*No. of shares held at the beginning of the year – 01/04/2017*				*No. of shares held at the end of the year – 31/03/2018*				*% change during the year*
	Demat	*Physi-cal*	*Total*	*% of total shares*	*Demat*	*Physical*	*Total*	*% of total shares*	
A. Promoters & Promoter Group									
(1) Indian									
Individual/HUF	0	0	0	0	0	0	0	0	0
Central Govt.	0	0	0	0	0	0	0	0	0
State Govt.(s)	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	53,79,759	0	0	18.30	38,75,566	0	38,75,566	13.15	(5.12)
b) Banks / Financial Institutions	27,42,674	0	27,42,674	9.31	31,72,007	0	31,72,007	10.77	(9.13)
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	31,17,762	0	31,17,762	10.59	29,02,136	0	29,02,136	9.85	(0.64)
g) Foreign Institutional / Portfolio Investors	1,11,38,942	0	1,11,38,942	37.80	1,26,19,225	0	1,26,19,225	42.83	5.01
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others - Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**2,23,79,137**	**0**	**2,23,79,137**	**76.00**	**1,96,66,798**	**0**	**1,96,66,798**	**66.75**	**(9.30)**
2. Non-Institutions									
a) Bodies Corp. / NBFC registered with RBI	36,87,486	0	36,87,486	12.50	58,54,035	19.87	58,54,035	19.87	7.36
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	27,85,557	26.00	27,85,583	9.46	33,32,729	11.31	33,32,729	11.31	1.85
ii) Individual shareholders holding nominal share capital in excess of Rs. 2lakh	2,09,088	0	2,09,088	0.71	2,46,319	0.84	2,46,319	0.84	0.13
c)Others (specify)									
Non-Resident Individuals	2,19,285	0	2,19,285	0.74	2,34,578	0.80	2,34,578	0.80	0.06
Clearing Members	71,437	0	71,437	0.24	33,036	0.11	33,036	0.11	(0.13)
Trusts	2,680	0	2,680	0.01	2,332	0.01	2,332	0.01	0

Alternate Investment Fund	19,784	0	19,784	0.07	14,666	0.05	14,666	0.05	(0.02)
Directors	76,721	0	76,721	0.26	76,721	0.26	76,721	0.26	0
Sub-total (B)(2)	**70,72,038**	**26.00**	**70,72,064**	**23.99**	**97,94,416**	**33.25**	**97,94,416**	**33.25**	**0**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**2,94,51,175**	**26.00**	**2,94,51,201**	**99.99**	**2,94,61,214**	**33.25**	**2,94,61,214**	**100**	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**2,94,51,175**	**100**	**2,94,51,201**	**100**	**2,94,61,214**	**100**	**2,94,61,214**	**100**	**0**

ii) Shareholding of Promoters *

Category of shareholders	*No. of shares held at the beginning of the year (01.04.2017)*				*No. of shares held at the end of the year (31.03.2018)*				*% change during the year*
	Demat	*Physi-cal*	*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 (01.04.2017)*		*Shareholding at the end of the year (31.03.2018)*	
	No. of Shares	*% of total Shares of the Company*	*No. of Shares*	*% of total Shares of the Company*
1) Life Insurance Corporation of India				
At the beginning of the year	28,82,136	9.79		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
20.10.2017 Purchase	20,000	0.07	29,02,136	9.85
At the end of the year			29,02,136	9.85
2) CRISIL Limited				
At the beginning of the year	1	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.)				
07.07.2017 Purchase	26,22,430	8.90	26,22,431	8.90
At the end of the year			26,22,431	8.90
3) Franklin Templeton Investment Funds				
At the beginning of the year	17,49,165	5.93		
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			17,49,165	5.93
4) Franklin Templeton Mutual Fund A/C Franklin India				
At the beginning of the year	1,436,833	4.88		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
05.01.2018 Purchase	95,325	0.32	15,32,158	5.20
05.01.2018 Sale	2,40,000	0.81	12,92,158	4.39
12.01.2018 Purchase	4,88,539	1.66	17,80,697	6.04
12.01.2018 Sale	3,40,000	1.15	14,40,697	4.89
26.01.2018 Sale	1,36,462	0.46	13,04,235	4.43
02.02.2018 Purchase	4,70,180	1.60	17,74,415	6.02
02.02.2018 Sale	3,10,371	1.05	14,64,044	4.97
At the end of the year			14,64,044	4.97

5) Stichting Depositary APG Emerging Markets Equity Pool				
At the beginning of the year	1,94,780	0.66		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
26.05.2017 Purchase	1,37,220	0.47	3,32,000	1.13
29.09.2017 Purchase	3,614	0.01	3,35,614	1.14
06.10.2017 Purchase	18,831	0.06	3,54,445	1.20
13.10.2017 Purchase	56,632	0.19	4,11,077	1.40
20.10.2017 Purchase	45,789	0.16	4,56,875	1.55
27.10.2017 Purchase	1,05,200	0.36	5,62,075	1.91
03.11.2017 Purchase	8,757	0.03	570,832	1.94
17.11.2017 Purchase	1,66275	0.56	7,37,107	2.50
24.11.2017 Purchase	37,264	0.13	7,74,371	2.63
08.12.2017 Purchase	73,721	0.25	8,48,092	2.88
15.12.2017 Purchase	2,27,944	0.77	10,76,036	3.65
16.02.2018 (Sale)	(4,066)	(0.01)	10,71,970	3.64
09.03.2018 (Sale)	(3,520)	(0.01)	10,68,450	3.63
16.03.2018 (Sale)	(4,414)	(0.01)	10,64,036	3.61
23.03.2018 (Sale)	(4,545)	(0.02)	10,59,491	3.60
At the end of the year			10,59,491	3.60
6) Government Pension Fund Global				
At the beginning of the year	9,33,149	3.17		
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			9,33,149	3.17
7) Reliance Capital Trustee Co. Ltd A/C Reliancebanki				
At the beginning of the year	1,007,975	3.42		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.				
7.4.17 Sale	955	0.00	10,07,975	3.42
14.4.17 Purchase	13,755	0.05	10,07,020	3.47
21.4.17 Purchase	57,500	0.20	10,20,775	3.66
21.04.2017 Sale	1	0.00	10,78,275	3.66
28.04.2017 Purchase	37,400	0.13	10,78,274	3.79
28.04.2017 Sale	9	0.00	11,15,674	3.79

05.05.2017 Purchase	27,600	0.09	11,15,665	3.88
19.05.2017 Sale	10,000	0.03	11,43,265	3.85
02.06.2017 Purchase	2	0.00	11,33,265	3.85
30.06.2017 Sale	56,000	0.19	11,33,267	3.66
07.07.2017 Purchase	8	0.00	10,77,267	3.66
21.07.2017 Sale	41,973	0.14	10,77,275	3.52
04.08.2017 Purchase	2	0.00	10,35,302	3.52
04.08.2017 Sale	6,942	0.02	10,35,304	3.49
11.08.2017 Sale	74,817	0.25	10,28,362	3.24
18.08.2017 Sale	1,883	0.01	9,53,545	3.23
25.08.2017 Sale	12,614	0.04	9,51,662	3.19
01.09.2017 Sale	25,800	0.09	9,39,048	3.10
08.09.2017 Sale	3,278	0.01	9,13,248	3.09
15.09.2017 Sale	10	0.00	9,09,970	3.09
29.09.2017 Sale	1,06,260	0.36	9,09,960	2.73
06.10.2017 Purchase	1,06,259	0.36	8,03,700	3.09
20.10.2017 Purchase	1	0.00	9,09,959	3.09
24.11.2017 Sale	5,245	0.02	9,09,960	3.07
01.12.2017 Purchase	46,157	0.16	9,04,715	3.23
01.12.2017 Sale	71,155	0.24	9,50,872	2.99
08.12.2017 Sale	2	0.00	8,79,717	2.99
15.12.2017 Purchase	10	0.00	8,79,715	2.99
29.12.2017 Sale	456	0.00	8,79,725	2.98
12.01.2018 Purchase	30,000	0.10	8,79,269	3.09
23.03.2018 Sale	59,000	0.20	9,09,269	2.89
At the end of the year			8,50,269	2.89
8) DSP Blackrock Midcap Fund				
At the beginning of the year	4,17,300	1.42		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
09.06.2017 Purchase	2,59,121	0.88	6,76,421	2.30
29.09.2017 Purchase	51269	0.17	7,27,690	2.47
06.10.2017 Purchase	63,218	0.21	7,90,908	2.68
At the end of the year			7,90,908	2.68
9) India Capital Fund Limited				
At the beginning of the year	0	0		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
14.04.2017 Purchase	1,06,500	0.36	1,06,500	0.36

21.04.2017 Purchase	83,000	0.28	1,89,500	0.64
26.05.2017 Purchase	87,000	0.30	2,76,500	0.94
09.06.2017 Purchase	56,304	0.19	3,32,804	1.13
16.06.2017 Purchase	28,696	0.10	3,61,500	1.23
23.06.2017 Purchase	1,03,817	0.35	4,65,317	1.58
30.06.2017 Purchase	69,183	0.23	5,34,500	1.81
07.07.2017 Purchase	31,897	0.11	5,66,397	1.92
02.03.2018 Purchase	1,97,350	0.67	7,63,747	2.59
At the end of the year			7,63,747	2.59
10) Goldman Sachs India Limited				
At the beginning of the year	6,02,698	2.05		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
07.04.2017 Purchase	27,704	0.09	6,30,402	2.14
At the end of the year			6,30,402	2.14

(v) Shareholding of Directors and Key Managerial Personnel:

Name of Director /Key Managerial Personnel	*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*
1) Mr. Rajesh Mokashi, Managing Director & CEO				
At the beginning of the year (01.04.2017)	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 (31.03.2018)			76,721	0.26
2) Mr. Chandresh Shah, Chief Financial Officer				
At the beginning of the year (01.04.2017)	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 (31.03.2018)			3000	0.01
3) Mr. Mehul Pandya				
At the beginning of the year (01.04.2017)	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 (31.03.2018)			18,855	0.06

3) Mr. T. N. Arun Kumar				
At the beginning of the year (01.04.2017)	25,177	0.09		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
08.08.2017 Purchase	3,783			
At the end of the year (31.03.2018)			28,960	0.10
4) Mr. Mahendra Naik, Company Secretary				
At the beginning of the year (01.04.2017)	-----	-----		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.03.2018)			-----	-----

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	***Unsecured Loans***	***Deposits***	***Total Indebtedness***
Indebtedness at the beginning of the financial year				
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
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the financial year				
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
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

Sl No.	*Particulars of Remuneration*	*Name of MD / WTD / MANAGER*	*Name of MD / WTD / MANAGER*
		Mr. Rajesh Mokashi, Managing Director & CEO	*Mr. D. R. Dogra, Former Managing Director & CEO**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,82,70,988	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	799,233
5	Others, please specify Provident Fund Performance Related Pay	15,24,973 50,00,000	705,205
	Total (A)	**2,47,95,961**	**1,504,438**

*Performance Related Pay till his date of retirement i.e. upto August 21, 2016, paid after full year performance of the Company ascertained

B. Remuneration to other directors:

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*	*Ms. Sadhana Dhamane, Non Executive Director*	*Mr. V. Chandrasekaran, Non Executive Director*	
1	**Independent Directors**							
	Fee for attending Board / Committee meetings (Rs.)	11,50,000	11,00,000	11,00,000	9,00,000	----	----	45,00,000
	Commission (Rs.)	----	----	----	----	----	----	----
	Others, please specify (Rs.)	----	----	----	----	----	----	----
	Total (1) (Rs.)	**11,50,000**	**11,00,000**	**11,00,000**	**9,00,000**	----	----	**45,00,000**

2	**Other Non-Executive Directors**							
	Fee for attending Board / committee meetings (Rs.)	----	----	----	----	5,50,000	2,00,000	5,00,000
	Commission (Rs.)	----	----	----	----	----	----	----
	Others, please specify (Rs.)	----	----	----	----	----	----	----
	Total (2) (Rs.)	----	----	----	----	**5,50,000**	**2,00,000**	**5,00,000**
	Total (B)=(1+2) (Rs.)	**11,50,000**	**11,00,000**	**11,00,000**	**9,00,000**	**5,50,000**	**2,00,000**	**50,00,000**
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to Rs. 2,32,31,114/- 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	11,50,000
2.	Mr. A. K. Bansal, Independent Director	11,00,000
3.	Dr. Ashima Goyal, Independent Director	11,00,000
4.	Mr. Milind Sarwate, Independent Director	9,00,000
5.	Mr. Rajesh Mokashi, Managing Director & CEO	2,47,95,961
6.	Ms. Sadhana Dhamane, Non Executive Director	5,50,000
7.	Mr. V. Chandrasekaran, Non Executive Director	2,00,000
	TOTAL REMUNERATION TO DIRECTORS	**2,97,95,961**

Overall Ceiling as per the Act (%) - 11% of the Net Profits equivalent to Rs. 25,55,42,254/- 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*	*Mr. Mahendra Naik, Company Secretary*	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	80,82,632	73,02,862	39,25,906	11,61,944	80,82,632
	(b) Value of perqui-sites u/s 17(2) In-come-tax Act, 1961	NIL	6,017	16,742	NIL	22,759

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 (d) Variable Pay (e) Leave Encashment	NIL	NIL	NIL	NIL	
2.	Stock Option	36,92,208	NIL	NIL	NIL	36,92,208
3.	Sweat Equity	NIL	NIL	NIL	NIL	
4.	Commission - as % of profit - others, specify…	NIL	NIL	NIL	NIL	
5	Others, please specify Provident Fund Performance Related Pay	3,11,510 22,96,569	2,65,226 18,83,040	1,31,256 7,85,779	46,102 1,18,492	7,54,094 50,83,880
	Total	**1,43,82,919**	**94,57,145**	**48,59,683**	**13,26,538**	**3,00,26,285**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	***Section of the Companies Act***	***Brief Description***	***Details of Penalty / Punishment/ Compounding fees imposed***	***Authority [RD / NCLT / COURT]***	***Appeal made, if any (give details)***
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
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 114th 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.

Clause 49 of the Revised Listing Agreement/ 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.

A. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. **Appointment Criteria and Qualifications**
   a) The Board of Directors of CARE to consist of eminent professionals from the disciplines of banking, finance, accounts, economics, etc.

   b) 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.

   c) 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.

   d) 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**
   a) Excellent interpersonal, communication, leadership and representational skills.
   b) Having continuous professional development to refresh knowledge and skills.
   c) 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**
   a) **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.
   b) **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.

B. 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 Mangerial 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.

C. 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.

D. 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.

E. 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	Primary theme: To contribute towards promotion of financial education. Concurrent Theme: To contribute towards local area community development. 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. 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. The CSR Policy of the Company is available on the website - www.careratings.com
2.	The Composition of the CSR Committee	Mr. Milind Sarwate, Chairman (Independent Director) Mr. A. K. Bansal, Member (Independent Director) Dr. Ashima Goyal, Member (Independent Director) Mr. Rajesh Mokashi, Member (Managing Director & Chief Executive Officer)
3.	Average net profit of the company for last three financial years	Rs. 1,436,734,668/-
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	Rs. 28,734,693/-
5.	Details of CSR spent during the financial year.	Scholarship of Rs.25 lakh through Vidyasarathi e-portal initiative to students pursuing higher education in the field of finance. Expenditure of Rs.16.48 lakh to augment infrastructure in the form of water cooler with purifier and projector with screen at 19 municipal schools at Mumbai and Ahmedabad.
(a)	Total amount to be spent for the financial year;	Rs. 28,734,693/-
(b)	Amount unspent , if any;	Rs. 24,585,976/-

(c)	Manner in which the amount spent during the financial year is detailed below.						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs- Sub- heads: (I) Direct expenditure on projects or programs- (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1)	Scholarships to students pursuing higher education in the field of finance	Education	Across the country	Rs 25,00,000	Rs. 25,00,000	Rs. 25,00,000	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.	Rs.16,48,717/-	Rs.16,48,717/-	Rs.16,48,717/-	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 less than the 2% stipulated norm as there was time taken to identify appropriate schemes to invest under this stipulation in accordance with 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.

Rajesh Mokashi
MD & CEO
DIN: 02781355

Milind Sarwate
Chairman – CSR Committee
DIN: 00109854

ANNEXURE V TO THE DIRECTORS' REPORT

STATUS OF THE INVESTORS COMPLAINT FOR FINANCIAL YEAR 2017-18

The Company has received 8 complaints from the shareholders during the financial year ended 31.03.2018. The details are as follows:

No	*Description*	*Complaints received*	*Complaints Attended*	*Complaints pending*
1.	Non-receipt of refund order	NIL	NIL	NIL
2.	Non-receipt of Annual Report	2	2	NIL
3.	Non-receipt of dividend	6	6	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 Ex-Change)	**NIL**	**NIL**	NIL
	TOTAL	**8**	**8**	**NIL**

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 March 31, 2018
[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
(Formerly known as Credit Analysis and Research 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 (Formerly known as Credit Analysis and Research 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 March 31, 2018 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 March 31, 2018 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 **(Not Applicable to the Company during the Audit Period);**
- **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. Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 [SEBI (LODR)].

(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 complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. However, the Company has spent an amount of Rs.41.48 Lacs as against the amount of Rs.3.95 crores (as calculated in accordance with Companies Act, 2013) towards Corporate Social Responsibility.

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, the 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:

Sr. No.	***Date of event***	***Details of the specific events/ actions bearing on Company's affairs pursuance of the above referred laws, rules, regulations, guidelines etc.***
1.	20.05.2017	The Company has passed Special Resolution through Postal Ballot for the change of the name of the Company from "Credit Analysis & Research Limited" to "CARE Ratings Limited".
2.	22.08.2017	The Company has allotted 10,013 Equity Shares of Rs. 10/- each at a premium of Rs. 607/- per share to the Eligible Employees of the Company under the Care Employee Stock Option Scheme, 2013.

For A. K. Jain & Co.
Company Secretaries

Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124

Place: Mumbai

Date: May 22, 2018

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
(Formerly known as Credit Analysis and Research 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

Place: Mumbai
Date: May 22, 2018

Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124

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

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 I .

(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	10,00,000
(c)	Vesting requirements	2 years from the date of grant i.e., January 01, 2016
(d)	Exercise price or pricing formula	Rs. 617 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. The impact of this difference on profits and on EPS of the company shall also 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	500,000
	Number of options granted during the year	NIL
	Number of options forfeited / lapsed during the year	NIL
	Number of options vested during the year	NIL
	Number of options exercised during the year	10013

	Number of shares arising as a result of exercise of options	10013
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 61,78,021/-
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	Nil
	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. 617/- per share. Weighted-Average Fair Values Rs.1,630/- 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.	NIL 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 + exerciseperiod) (In Years) expected dividends, risk-free interest rate	 Rs 617/- 31.34% 4 years 3.29% (yield) 8.744%
(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

Grant Date/ Valuation Date	Vesting	Exercise period	Time to Maturity (years)
January 01, 2014	January 01, 2016	January 01, 2017	3 years

(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Credit Analysis & Research Limited being a listed company, the an- nual volatility of the stock price for the period January 1, 2013 to January 1, 2014 which is 31.34%.
(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

Annexure – A

Weighted Average exercise price of option granted whose:

Sr	***Particulars***	
A	Exercise Price equals the Market Price	Nil
B	Exercise Price is greater than the Market Price	Nil
C	Exercise Price is less than the Market Price	Rs. 617/-

Weighted Average fair value of option granted whose:

Sr	***Particulars***	
A	Exercise Price equals the Fair Value	Nil
B	Exercise Price is greater than the Fair Value	Nil
C	Exercise Price is less than the Fair Value	Rs. 1,630/-

D. Details related to Employee Stock Option Scheme (ESOS) – Tranche 2

(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
(c)	Vesting requirements	2 years from the date of grant i.e., September 01, 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 granted during the year	537,908
	Number of options forfeited / lapsed during the year	13,800
	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	Rs. NIL
	Loan repaid by the Trust during the year from exercise price recevied	Not Applicable
	Number of options outstanding at the end of the year	524,108
	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:	

<table>
<tr><td>(a)</td><td>weighted-average share price (`)<br>exercise price (`)
expected volatility
Option life (Comprising vesting period + exercise
period) (In Years)
expected dividends,
risk-free interest rate</td><td colspan="4">Rs 1139/-
31.80%
4 years

1.86% (yield)
6.39%</td></tr>
<tr><td rowspan="3">(b)</td><td rowspan="3">the method used and the assumptions made to incorporate the effects of expected early exer- cise;</td><td colspan="4">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</td></tr>
<tr><td>Grant Date/ Valuation Date</td><td>Vesting</td><td>Exercise period</td><td>Time to Maturity (years)</td></tr>
<tr><td>September 01, 2017</td><td>September 01, 2019</td><td>September 01, 2020</td><td>3 years</td></tr>
<tr><td>(c)</td><td>how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</td><td colspan="4">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%.</td></tr>
<tr><td>(d)</td><td>Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</td><td colspan="4">The methodology followed is Black Scholes model</td></tr>
</table>

Note 1

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

Name	***Designation***	***Number of options granted under ESOS 2013 – Tranche 2***	***Exercise Price of options Rs. Per share***
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/-

ANNEXURE VIII TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Backdrop

The domestic economy witnessed a slowdown after the twin structural reforms of demonetization and GST implementation impacted economic output in the first 2 quarters of FY18. The economy, however, showed signs of recovery in the last 2 quarters of FY18. As per the provisional estimates by the CSO, GDP grew by 7% in Q3 and 7.7% in Q4 of FY18, higher than the growth of 5.6% in Q1 and 6.3% in Q2 FY18.

There has not been any noteworthy improvement in the investment scenario in FY18 which, in turn, impacted the demand for funds in the market. The credit off take in the banking sector improved during the year. Incremental credit growth in FY18 grew by 10.3% compared with the 8.2% growth in FY17. Bank credit growth, however, remained notably lower compared with the average 16.0% growth seen during FY10-13 and continued to be driven by the retail and service sectors. The credit growth by the industrial sector saw only a marginal improvement of 0.7% during the year from the contraction of (-) 1.9% of FY17. Bank credit growth has been constrained on account of the NPA issues faced by banks and the lower transmission of the RBI interest rate changes to the markets.

Corporate bond issuances saw a decline in issuances in FY18 compared with the previous year. In FY18, the total corporate bonds issuances as per the SEBI data aggregated to Rs. 6.0 lakh crore, which was around 10% lower than the issuances of Rs. 6.7 lakh crore in FY17. The major share of the corporate bond issuances in FY18 continued to be by the financial sector comprising primarily of banks and NBFCs (nearly 70% share in total) and the funds raised by them were being used for onward lending. In FY18, commercial papers to the tune of Rs. 22.9 lakh crore were raised, 32% higher than the issuances of Rs. 17.4 lakh crore in the previous year.

The rating business is linked to the borrowings from the banking segments and debt markets. The performance of the economy gains increasing credence in this context. The investment rate in the economy as measured by the 'Gross Fixed Capital Formation' (GFCF) did not witness an improvement during FY18 and continued to be stable at 28.5% since the last 3 years. Private participation is yet to see a revival and investment is being propelled by public investments/government. Capacity utilization rates continue to be at a low level of 72.4% since the last 3 years.

Your company has worked at growing and developing the business in these constrained economic conditions. As CARE Ratings has tirelessly focused on not only garnering new businesses but also in fostering and strengthening existing and past relations, we have been able to fare reasonably well on both these counts. We believe that this will helps us scale up the business and grow when economic conditions improve.

Regulatory Developments

The developments that augur well for the business of CARE Ratings have been the focus of the government and the regulators (SEBI and RBI) on the deepening and development of the bond market. They have brought out discussion papers which have been converted into policies that are to be implemented.

In the 2018-19 Union Budget, various measures were undertaken for the development of corporate bond markets.

- To encourage raising funds from bond market, the Finance Minister urged regulators to move from 'AA' to 'A' rating for investment eligibility
- SEBI will also consider mandating, beginning with large Corporates, to meet about one-fourth of their financing needs from the bond market
- To allow strong Regional Rural Banks to raise capital from the market to enable them increase their credit to rural economy

These measures would give a fillip to the bond market on both the demand and supply sides. Reducing the threshold rating criteria from AA to A for institutional investors would address one issue which companies in insurance and provident funds segments encountered when taking investment decisions. This could provide important demand for lower rated investment grade paper which was not forthcoming due to regulatory constraints. Further, the idea of getting companies with large requirements to channel 25% of their funding from the corporate debt market will add to the supply side of the conundrum which the market faces.

The RBI has issued directives on Commercial Paper (CP) in August 2017. The RBI stipulated that where CP issuances during the year totaled Rs.1,000 crore or more in a given year, the issuer shall obtain credit rating for issuance of CPs from at least two CRAs registered with SEBI and should adopt the lower of the two ratings.

On February 12, 2018, in view of the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), the Reserve Bank of India decided to substitute the existing guidelines with a harmonized and simplified generic framework for resolution of stressed assets. As per the revised framework,

- Lenders are to identify incipient stress in loan accounts, immediately on default and classify stressed assets as special mention accounts (SMA).
- Further, all lenders must put in place board-approved policies for resolution of stressed assets under this framework, including the timelines for resolution.
- Resolution plans (RPs) involving restructuring/change in ownership in respect of 'large' accounts to have independent credit evaluation (ICE) of the residual debt by credit rating agencies (CRAs) specifically authorized by the Reserve Bank for this purpose

In June'17, SEBI issued additional guidelines for the monitoring and review of ratings by credit rating agencies. Herein, SEBI stipulated (1) Surveillance Mechanism for identifying potential Defaults, (2) Material Events requiring a review, (3) Seeking ' No Default Statements' to be sought from the Issuer on a monthly basis. The regulator also stipulated the timelines of review and communication via press release, including the various disclosures that need to be made. SEBI also mandates signing of a rating agreement between the issuer and the CRA prior to the commencement of the rating exercise and to include clauses in the rating agreement that ensures cooperation from the issuer.

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. 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 and also define the 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 a 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' 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 for every activity. 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 business is determined by volumes of issuances of securities as also growth in bank loan portfolio. Unfavourable financial or economic conditions, which either reduce investor demand for debt instruments or bank loans or facilities or reduce the issuers' willingness and ability to issue debt instruments or avail themselves of bank loans or facilities, could reduce the issuance of debt instruments or the demand for bank loans and facilities in India for which we provide rating services. At the same time, owing to contractual nature of rating assignments, clients are required to continuously cooperate with CARE for carrying out review of ratings on a continuous basis and are required to pay surveillance fee on an annual basis. This would form a stable source of revenue for CARE. Being a full service rating agency, CARE has developed various products apart from debt ratings. 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 had 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 01, 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, suspension policy etc. 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 banking,

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 insolvency resolution plans to be rated would be another area which we believe will add delta to our business. This becomes important because the entities which went out of rating coverage once the asset became a NPA, could potentially return back into the rating fold once the resolution takes place.

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 FY18

Total income for the year ended March 31, 2018, rose 10.27% to Rs.346.88 crore, compared with Rs. 314.56 crore in the year ended March 2017. Net profit for the year rose 4.96% to Rs. 159.80 crore, compared with Rs.152.25 crore in the corresponding previous year.

During the year ended March 31, 2018, the Company has reviewed its efforts required for completion of various activities in the rating process in light of changes in Regulations, Business-Mix and Technological Enhancements.

Accordingly, the revenue recognized for the year ended on March 31, 2018 is higher by Rs. 18.62 Lakhs.

The performance of CARE Ratings was good with overall quantum of debt rated increasing by 24.93% from Rs. 13.19 Lakh crore to Rs. 16.48 lakh crore in FY18 involving 10,243 instruments. This was brought about by increase of 7.6% in bank loan ratings, 9.4% in long term debt rated and 177.17% in short term debt rated. The short term debt rated was higher mainly due to the volume of commercial paper which in turn was supported by the new regulation of dual ratings for the same. This performance can be juxtaposed with the macro environment where the total number of debt market issuances was Rs.6.04 lakh crore as against Rs.6.70 lakh crore last year. Growth in bank credit to sectors relevant for rating i.e. industry and services were 0.7% (-1.9%) and 13.8 (16.9%) respectively.

The healthy growth in revenues has resulted in Operating profit margin of 64.2% and Net profit margin of 46.10%

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 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 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 & Desig- nation*	*Remuneration of Director / KMP for financial year 2017-18 (Amt in Rs.)*	*Remuneration of Director / KMP for financial year 2016-17 (Amt in Rs.)*	*% increase in Remuneration in the financial year 2017-18*	*Ratio of Remuneration of each Director / to median remuneration of employees*
1.	Mr. S. B. Mainak, Chairman & Independent Director	11,50,000	9,00,000	55.55%	2.33:1
2.	Mr. A. K. Bansal, Independent Director	11,00,000	9,50,000	15.79%	1.83:1
3.	Dr. Ashima Goyal, Independent Director	11,00,000	9,50,000	15.79%	1.83:1
4.	Mr. Milind Sarwate, Independent Director	9,00,000	2,50,000	260%	1.5:1
5.	Mrs. Sadhana Dhamane, Non-Executive Director (w.e.f. Jun 02, 2017)	5,50,000	----	----	0.6:1
6.	Mr. V. Chandrasekaran, Non-Executive Director (w.e.f. Nov 15, 2017)	2,00,000	----	----	0.33:1
7.	Mr. Rajesh Mokashi, Managing Director & CEO	2,47,95,961	3,62,60,087	(31.62%) (ref. note no 8)	41.33:1
8.	Mr. D. R. Dogra Managing Director & CEO (upto 21.08.2016)	15,04,438 (ref. note no 9)	1,93,73,016	----	2.5:1
9.	Mr. T. N. Arun Kumar, Executive Director (w.e.f. Feb 05, 2017)	14,382,919	51,42,674	----	23.97:1
10.	Mr. Mehul Pandya, Executive Director	94,57,145	----	----	15.76:1
11.	Mr. Chandresh Shah, Chief Financial Officer	48,59,683	44,82,262	8.04%	8.10:1
12.	Mahendra Naik, Company Secretary (w.e.f. Jun 01, 2016)	13,26,538	9,07,119	----	2.21:1

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 2017-18. The sitting fees paid to the Non-Executive and the Independent Directors were Rs. 50,000/- for attending each Board and Committee Meeting. Further, the Board at its meeting held on November 04, 2016 increased the sitting fees from Rs. 50,000/- to Rs. 1,00,000/- for attending per Board Meeting.

3) The median remuneration of employees of the Company during the financial year 2017-18 was Rs. 6,00,000/-.

4) In the financial year there was no increase in the median remuneration of employees.

5) There were 627 employees on the rolls of Company as on March 31, 2018.

6) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 8% whereas the increase in the managerial remuneration for the same financial year was 9%.

7) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management.

8) Remuneration of Mr. Rajesh Mokashi, MD & CEO for FY 2016-17 included payment towards leave encashment of earlier years as well as perquisite towards exercise of ESOP.

9) Performance Related Pay till his date of retirement i.e. upto August 21, 2016, paid after full year performance of the Company ascertained.

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]

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.

Section A: General Information about the Company			
1.	Corporate Identity Number (CIN) of the Company	:	L67190MH1993PLC071691
2.	Name of the Company	:	CARE Ratings Limited (Formerly know 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		anandghan.bohra@careratings.com
6.	Financial Year reported	:	2017 - 18
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:- a) Number of International Locations b) 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

Section B: Financial Details of the Company			
1.	Paid up Capital:	:	Rs. 29,46,12,140
2.	Total Turnover (Rs):	:	Rs. 3,21,61,00,082
3.	Total Profit after taxes (Rs):	:	Rs. 1,61,02,76,168
4.	Total Spending on Corporate Social Responsibility [CSR] as percentage of average Net Profit of the company for last 3 financial years:	:	0.29%
5.	List of activities in which expenditure in 4 above has been incurred:-	:	Contribution to – 1) Municipal Schools in Mumbai & five Municipal Schools in Ahmedabad provided Water Purifier, Water cooler, Water Storage Tank, Projector and Smart Board 2)Scholarship to students pursuing higher education in finance through CARE Vidyasarathi e-portal initiative

Section C: Other Details			
1.	Company subsidiaries / joint ventures		Subsidiaries • CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Service Private Limited) • CARE Advisory Research and Training Limited • CARE Ratings (Africa) Private Limited • CARE Ratings Nepal Limited
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

Section D: Other Details			
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	

Section D (2) : BR Information										
Principle - wise (as per NVGs) BR Policy/ Policies (YES / NO)										
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)	Y	Y	Y	Y	Y	Y	-	Y	Y
		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. 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 March 2015. These are available at http://www.careratings.com/pdf/aboutus/IOSCOCode12April2017%20(2).pdf								
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?	The following policies are available on the Company's website www.careratings.com 1) CARE's Code of Conduct for Directors, Rating Committee Members and Employees of CARE. (http://www.careratings.com/about-us.aspx#CodeOfConduct) 2) Whistle Blower Policy (http://www.careratings.com/pdf/investor/Whistle%20Blower%20Policy.pdf) 3) Corporate Social Responsibility Policy (http://www.careratings.com/pdf/investor/Corporate%20Social%20Responsibility%20Policy.pdf) 4) Gift policy (http://www.careratings.com/pdf/resources/CAREGiftPolicy.pdf)								
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?	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.								

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? What is the hyperlink for viewing this 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. 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.	

Details of Investor Complaints

Particulars	As on 31.03.2017	Received during 2017 -18	Redressed during 2017-18	As on 31.03.2018
Investor Complaints	NIL	8	8	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 and does not directly involved with the environment being in the services sector where business operations take place in office space. 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).

CARE Ratings also offers a unique proposition called Green Initiative Rating (GIR). GIR is specifically launched to encourage credible roadmap to sustainability effort assessment on a meaningful scale. GIR is basically a risk assessment which in a way enables the various stake holders and the society at large to understand the initiatives undertaken by the company in minimizing the adverse impact caused by its economic activity on the environment.

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 or 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 31.03.2018**
   627

2. **Please indicate the Total number of employees hired on temporary basis / Contractual / casual basis as on 31.03.2018**
   182 Contractual Employees

3. **Please indicate the Number of permanent women employees as on 31.03.2018**
   201

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 received during the year.

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**
(a) Permanent Employees: 24 employees
(b) Permanent Women Employees: 3 women employees
(c) Casual/Temporary/Contractual Employees: Nil
(d) Employees with Disabilities: NA

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 water coolers and projectors to schools which are involved in educating the economically challenged households.

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

   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

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.

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 tram handling the planning and implementation of various schemes.

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.

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

We have a seperate SME division which works closely with SMEs.

The CSR allocations are already mentioned in the relevant section.

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 measureable.

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.

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

NIL

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 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.

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.

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 provisio 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	**CARE Risk Solutions Private Limited (formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd)**	
	Reporting period	**April to March**	
		As on March 31, 2018	**As on March 31, 2017**
	Share Capital	8,01,35,000	8,01,35,000
	Other Equity	-7,38,25,520	-7,76,90,638
	Total Assets (Non-Current Assets + Current Assets)	8,59,31,647	7,89,80,903
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	7,96,22,167	7,65,36,541
	Details of Investments (excluding investments in subsidiary company)	25,03,198	80,01,389
	Revenue from Operations	8,70,40,148	5,63,67,147
	Profit/(Loss) before Tax	26,52,442	-4,03,26,058
	Tax Expenses (Deferred Tax)	9,35,440	(1,60,347)
	Profit/(Loss) for the Year	35,87,882	-4,04,86,405
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	100%	100%

1.	Name of the Subsidiary	**CARE Ratings (Africa) Private Limited**	
	Reporting period	**April to March**	
		As on March 31, 2018	**As on March 31, 2017**
	Share Capital	2,64,13,165	2,22,36,063
	Reserves and Surplus	(1,14,77,257)	(1,21,27,626)
	Total Assets (Non-Current Assets + Current Assets)	1,78,97,296	1,38,92,336
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	29,61,386	13,07,051
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	1,20,94,555	54,40,933
	Profit/(Loss) before Tax	14,84,750	(21,56,357)
	Tax Expenses (Deferred Tax)	-	-
	Profit/(Loss) for the Year	14,84,750	(21,56,357)
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	78%	86.67%

1	Name of the Subsidiary	**CARE Advisory Research And Training Limited**	
	Reporting period	**April to March**	
		As on March 31, 2018	**As on March 31, 2017**
	Share Capital	4,09,54,500	4,09,54,500

	Other Equity	94,30,017	43,85,410
	Total Assets (Non-Current Assets + Current Assets)	5,34,32,658	4,71,42,182
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	30,48,141	18,02,272
	Details of Investments (excluding investments in subsidiary company)	4,71,49,385	4,20,07,294
	Revenue from Operations	1,67,96,225	38,88,616
	Profit/(Loss) before Tax	61,20,564	5,09,052
	Tax Expenses including Deferred Tax	10,75,957	1,69,092
	Profit/(Loss) for the Year	50,44,607	3,39,960
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	100%	100%

1	Name of the Subsidiary	**CARE Ratings Nepal Limited**	
	Reporting period	**July to March**	
		As on March 31, 2018	**As on March 31, 2017**
	Share Capital	3,12,50,000	-
	Other Equity	-11,23,270	-
	Total Assets (Non-Current Assets + Current Assets)	3,22,47,124	-
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	21,20,394	-
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	11,56,250	-
	Profit/(Loss) before Tax	-11,23,270	-
	Tax Expenses including Deferred Tax	-	-
	Profit/(Loss) for the Year	-11,23,270	-
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	51%	-

Part "B" : Associates and Joint Venttures

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

Name of the Asssociate : 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 Asssociate/ 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

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.
Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.
1. Details of contracts or arrangements or transactions not at Arm's length basis:

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2018, which were not at arm's length basis.

Name(s) of the related party	Nature of Relationship	Duration of contract	Salient terms	Dates of Approval by the Board	Amount Rs.	Amount paid as advances, if any
CARE Risk Solutions Private Ltd (formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt. Ltd)	Wholly Owned Subsidiary	One time	Reimbursement of Expenses	June 02, 2017	4,98,701	Nil
		Project Based	Cosultancy fees	June 02, 2017	49,54,392	Nil
CARE Advisory Research and Training Ltd	Wholly Owned Subsidiary	One time	Training fees	June 02, 2017	5,20,500	Nil
		Monthly	Business Support Services	June 02, 2017	10,63,496	Nil
CARE Ratings (Africa) Ltd	Subsidiary	One time	Royalty Income	June 02, 2017	3,66,909	Nil
CARE Ratings Nepal Ltd	Subsidiary	One time	Royalty Income	June 02, 2017	57,813	Nil
		One time	Technical Assistance Fees	June 02, 2017	10,00,000	Nil

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, 2018 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 Seven (7) Directors as on March 31, 2018

1.1 Composition, category of directors and other directorship details as on March 31, 2018 are as follows:

As on March 31, 2018, 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 seven Directors, four of whom are Independent Directors, two of whom are Non-Executive Directors and one is Executive Director. The Board has two woman directors and more than 50 % of the Board consists of Non-Executive Directors. The number of Independent Directors is 57% 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.

Category	*Name of Director*	*DIN*
Non-Executive Directors	Ms. Sadhana Dhamane	01062315
	Mr. V. Chandrasekaran[2]	03126243
Independent Directors	Mr. S. B. Mainak[1]	02531129
	Mr. A. K. Bansal	06752578
	Dr. Ashima Goyal	00233635
	Mr. Milind Sarwate	00109854
	Mr. Adesh Kumar Gupta[3]	00020403
Executive Director	Mr. Rajesh Mokashi - MD & CEO	02781355

Note:

1) Mr. S.B. Mainak was appointed as an Independent on the Board with effect from August 01, 2017.
2) Mr. V. Chandrasekaran (DIN 03126243) was appointed as an Additional Director (Non - Executive) by the Board at its meeting held on November 15, 2017 on the recommendation of the Nomination and Remuneration Committee.
3) Mr. Adesh Kumar Gupta (DIN 00020403) was appointed as an Additional Director (Non - Executive) (Independent) by the Board at its meeting held on May 22, 2018 on the recommendation of the Nomination and Remuneration Committee

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.

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 Ms. Sadhana Dhamane, Non-Executive Director retires by rotation and being eligible, offers herself for re-appointment.

Detailed profile of Ms . Sadhana Dhamane in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting.

Resume of Ms. Sadhana Dhamane

Ms. Sadhana Dhamane is an Non-Executive Director of your Company. She is M.A., and L.L.B. She joined LIC of India as Direct Recruit Officer of 14th batch in the cadre of AAO in November 1985. After training of 6 months she was posted in one of the branches of Mumbai Divisional office. She also worked in Personnel Dept. of the Bombay DO and Central Office of LIC. While posted as Manager (NB) in Pune DO she was transferred to Mumbai in Chairman's Sect. to work as Secretary to Chairman, LIC. After working for 3 years as Secretary to Chairman she was selected in the batch of 25 officers for specialization in Investment. She was trained at IIM, Ahmedabad, JNIDB, Hyderabad in different avenues of financial sector for almost 1 year. She was also sent to World Bank, Washington, D.C. for building expertise in Infrastructure Project Financing. From 2000 to 2008 she headed Project Finance section, set up and headed separate corporate legal section in Investment Dept. She has acquired skills in analysing different financial / investment tools such as Venture Capital Investment, Structured Securitization Products, Asset Restructuring, etc. She has worked as Faculty Member at National Insurance Academy, Pune on deputation from LIC. She has worked as Secretary (Legal) and Secretary (P & GS) and as Chief (Legal) at LIC, Central Office, Mumbai. She lastly held the position of Stressed Asset in Investment department, Central

Office of LIC. She is Nominee Director on the Board of India InfraDebt Company. Her areas of expertise are Investment and Legal.

She is the member of the Stakeholders Relationship Committee and the Nomination and Remuneration Committee of your Company.

1.4 Appointment of Mr. V. Chandrasekaran as Non- Executive Director

Mr. V. Chandrasekaran was appointed as an Additional Director by the Board at its meeting held on November 15, 2017 and his tenure will come to an end at the ensuing Annual General Meeting of the Company. Your Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing the appointment of Mr. V. Chandrasekaran as a Non-Executive Director of the Company along with a deposit of Rs.1,00,000/-

Detailed profile of Mr. V. Chandrasekaran in line with Regulation 36(3) of the Listing Regulation 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 Tata Asset Management Company Ltd., Tamil Nadu Newsprint and Paper Boards Ltd (TNPL), UTI Ventures Company Pvt Ltd, LIC HFL Asset Management Company Ltd and LEI India Ltd.

1.5 Appointment of Mr. Adesh Kumar Gupta as an Independent Director

Mr. Adesh Kumar Gupta is an Additional director (Independent) of your Company appointed with effect from May 22, 2018. Mr. Adesh Kumar Gupta is a member of The Institute of Chartered Accountants of India (ICAI) and is also an Independent Director in Zee Entertainment Enterprise Ltd, Essel Mutual Fund, besides some entities of Aditya Birla Group and other companies.

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. Adesh Kumar Gupta 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. A notice has been received from a member proposing Mr. Adesh Kumar Gupta as a candidate for the office of Director of the Company along with a deposit of Rs. 100,000/-.

Detailed profile of Mr. Adesh Kumar Gupta in line with Regulation 36(3) of the Listing Regulation is forming a part of the Notice of the Annual General Meeting.

Resume of Mr. Adesh Kumar Gupta

Mr. Adesh Kumar Gupta is a Non Executive Independent Director of our Company. He has more than 35 years of experience working exclusively with the Aditya Birla Group out of which last 15-20 years in various senior leadership roles, last one being the Whole time Director and CFO of Grasim and Director – UltraTech. Mr. Gupta is also an Insolvency Professional registered in Insolvency and Bankruptcy Code. Currently he is Managing a business consultancy partnership ProBizAdvisor and Business Excellence LLP and is an Independent Director in Zee Entertainment Enterprise Ltd, Essel Mutual Fund, besides Some Entities of Aditya Birla Group and other companies.

In the opinion of the Board, Mr. Adesh Kumar Gupta 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 till the conclusion of FY 2020-21 AGM.

1.6 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.

1.7 Meetings of the Board

The Board of Directors met 5(Five) times during the financial year 2017-18 on May 16, 2017, June 02, 2017, August 22, 2017, November 15, 2017 and January 30, 2018. 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 August 01, 2017*	*Number of Directorships in other Companies*		*Number of Committee positions held in other Public Companies*	
				Public	*Private*	*Chairperson*	*Member*
Mr. S. B. Mainak	5	5	Yes	6	2	2	2
Mr. A. K. Bansal	5	5	Yes	2	2	1	1
Ms. Ashima Goyal	5	5	No	1	2	-	1
Mr. Milind Sarwate	5	5	Yes	7	3	5	4
Ms. Sadhana Dhamane	4	4	Yes	1	1	-	1
Mr. V. Chandrasekaran	2	2	NA	5	1	-	3
Mr. Rajesh Mokashi	5	5	Yes	1	1	-	1

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.

1.8 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.

1.9 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.

1.10 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.

1.11 Relationships between directors inter-se

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

1.12 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, 2018. A declaration to this effect, signed by the Managing Director & Chief Executive Officer forms part of the certification.

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

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, 2018, comprised of four members i.e. Mr. Milind Sarwate, Dr. Ashima Goyal, Mr. A. K. Bansal and Mr. S. B. Mainak, Independent Directors. The Chairperson of the Committee is an Independent Director.

The previous Annual General Meeting of the Company was held on August 01, 2017 and it was attended by Mr. Milind Sarwate, Chairperson of the Audit Committee (on the date of the Annual General Meeting).

[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:
   a. 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.

   b. Changes, if any, in accounting policies and practices and reasons for the same.

   c. Major accounting entries involving estimates based on the exercise of judgment by management.

   d. Significant adjustments made in the financial statements arising out of audit findings.

   e. Compliance with listing and other legal requirements relating to financial statements.

   f. Disclosure of any related party transactions.

   g. 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 5 (five) times during the year 2017-2018 on May 16, 2017, August 22, 2017, November 15, 2017, December 05, 2017 and January 30, 2018.

Details of attendance		
Name of Directors	***No. of Audit Committee Meetings held***	***No. of Meetings attended***
Mr. Milind Sarwate	05	05
Mr. A. K. Bansal	05	05
Mr. S.B. Mainak	05	05
Dr. Ashima Goyal	05	05

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

2.2. Nomination and Remuneration Committee

[A] Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on March 31, 2018, comprised of four members i.e. Mr. A. K. Bansal, Mr. S. B. Mainak, Dr. Ashima Goyal all Independent Directors 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 4 (four) times during the year 2017-2018 on May 16, 2017, June 02, 2017, August 22, 2017 and November 15, 2017.

Details of attendance		
Name of Directors	***No. of Remuneration Committee Meetings held***	***No. of Meetings attended***
Mr. A. K. Bansal	04	04
Mr. S.B. Mainak	04	04
Dr. Ashima Goyal	04	04
Ms. Sadhana Dhamane*	01	01

* Ms. Sadhana Dhamane was inducted in the Committee at the Board Meeting held on August 22, 2017.

[D] Remuneration Policy

During the year 2017-18, 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)

No.	*Name of Director*	*Remuneration*	*Sitting fees*
1.	Mr. S. B. Mainak	-	11,50,000
2.	Mr. A. K. Bansal	-	11,00,000
3.	Dr. Ashima Goyal	-	11,00,000
4.	Mr. Milind Sarwate	-	9,00,000
5.	Ms. Sadhana Dhamane	-	5,50,000
6.	Mr. V.Chandrasekaran	-	2,00,000
7.	Mr. Rajesh Mokashi	2,47,95,961	-

The details of the remuneration to the Executive Directors is as follows: **(Amount in Rupees)**

Particulars	*Mr. Rajesh Mokashi, Managing Director & CEO*
Salary & Allowance	1,69,86,302
Variable Pay	50,00,000
Provident Fund Contribution	15,24,973
Perquisite Value – ESOP *	-
Leave Encashment	12,84,686
Gratuity	-
Total	**2,47,95,961**

Details of Stock Options during Financial Year 2017-18.

Particulars	*Mr. Rajesh Mokashi, Managing Director & CEO*
Options Vested (Total)	29,903
Options Exercised in 2015-16	5,000
Options Exercised in 2016-17	24,903
Options Exercised in 2017-18	Nil
Value of Options (Rs. 617/-)	-
Perquisite Value	Nil

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

[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:

Mr. Milind Sarwate, Independent Director holds 20 shares in the Company. Further, the other Non-Executive and Independent Directors do not hold any shares of 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, 2018 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 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 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 2017-2018 on May 09, 2017, August 16, 2017, November 07, 2017 and January 22, 2018.

Details of attendance		
Name of Directors	***No. of Stakeholders Committee Meeting held***	***No. of Meetings attended***
Mr. S.B. Mainak	04	04
Ms. Sadhana Dhamane	02	02
Rajesh Mokashi	04	04

* Ms. Sadhana Dhamane was inducted in the Committee at the Board Meeting held on August 22, 2017.

[D] Details of shareholders complaints for FY ended 31.03.2018 are as follows:

No	*Description*	*Complaints received*	*Complaints Attended*	*Complaints pending*
1.	Non-receipt of refund order	Nil	Nil	Nil
2.	Non-receipt of Annual Report	2	2	Nil
3.	Non-receipt of dividend	6	6	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
	TOTAL	**8**	**8**	**Nil**

2.4 Corporate Social Responsibility Committee

[A] Composition of Corporate Social Responsibility Committee

The Committee as on March 31, 2018, comprised of four members i.e. Mr. A. K. Bansal, Dr. Ashima Goyal, Mr. Milind Sarwate, Independent Directors 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 twice during the year 2017-2018 on May 16, 2017 and December 05, 2017.

Details of attendance		
Name of Directors	***No. of CSR Meetings held***	***No. of Meetings attended***
Mr. A. K. Bansal	**02**	**02**
Dr. Ashima Goyal	**02**	**02**
Mr. Milind Sarwate	**02**	**02**
Mr. Rajesh Mokashi	**02**	**02**

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 as its Chairman and Ms. Sadhana Dhamane and Shri Rajesh Mokashi, MD & CEO, as its members.

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.
During the financial year 2017-18, there was no meeting of the HR Committee.

2.6 Risk Management Committee

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into effect from December 01, 2015, the applicability of constituting the Risk Management Committee is applicable to top 100 listed entities, determined on the basis of market capitalisation, as at the end of immediate previous financial year. The Company was not in the list of top 100 and hence, the Board at its meeting held on May 26, 2016 dissolved the Risk Management Committee and incorporated the functions of Risk Management Committee in the terms of reference of the Audit Committee.

2.7 Independent Directors Meeting

At present the company has four independent directors – Mr. A. K. Bansal, Dr. Ashima Goyal, Mr. Milind Sarwate and Mr. S. B. Mainak on its Board. During the financial year 2017-2018, one meeting of the Independent directors was held on May 16, 2017. The meeting was attended by Mr. A. K. Bansal, Dr. Ashima Goyal and Mr. Milind Sarwate (Mr. S. B. Mainak was appointed as Independent Director on August 01, 2017) 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.

2.8 Company Secretary and Compliance Officer

Mr. Mahendra Naik, Company Secretary and Compliance Officer resigned from the services of the Company from the close of business hours on May 22, 2018. Further, Mr. Anandghan Bohra was appointed as the Company Secretary and Compliance Officer of the Company with effect from May 22, 2018.

3 General Meetings

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

Venue		***Date***	***Time***	***No of special resolutions passed***
a)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	August 01, 2017 Annual General Meeting)	3.30 p.m.	3
b)	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)	3.00 p.m.	2
c)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	September 29, 2015 (Annual General Meeting)	4.00 p.m.	Nil

4. Postal Ballot

During FY 2017-2018, one 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 2017-18 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.

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

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

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 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. 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 2017-18, 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. 37/- per share subject to the approval of the shareholders at the ensuing Annual General Meeting.

Section 205A of the Companies Act, 1956 & 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 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 is annexed and forms part of 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 has 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. 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.

18. All mandatory requirements as per the Chapter IV of the listing Regulations have been Complied with the company.

19. General Shareholders Information

a)	**Annual General Meeting**	September 24, 2018
	Time	03:30 p.m.
	Venue	Jasubhai Conventional Hall Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022
b)	**Financial Year**	April 01 , 2017 to March 31, 2018
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2018	On or before August 14, 2018
	Financial reporting for the quarter ending September 30, 2018	On or before December 14, 2018
	Financial reporting for the quarter ending December 31, 2018	On or before February 14, 2019
	Financial reporting for the quarter and year ending March 31, 2019	On or before May 30, 2019
c)	**Dates of Book Closure**	Thursday, September 20, 2018 to Monday, September 24, 2018 (both days inclussive)

d)	**Dividend Payment Date**	Final dividend on equity shares for the year ended March 31, 2018 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before October 23, 2018.
e)	**Listing on Stock Exchange**	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 2018-19 have been paid to BSE Limited and The National Stock Exchange of India Limited.
f)	**Stock Code**	Bombay Stock Exchange Limited: **534804** National Stock Exchange of India Limited: **CARERATING** ISIN: **INE752H01013**
g)	**Registrar and Share Transfer Agent**	Karvy Computershare 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
h)	**Share Transfer System**	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 Computershare 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 documentation is submitted.

i) Market Price Data HIGH/LOW during each month from April 2017 to March 2018.

	BSE		***NSE***	
PERIOD – 2017-18	***HIGH***	***LOW***	***HIGH***	***LOW***
April 2017	1694.95	1530.00	1,697.90	1,526.05
May 2017	1620.00	1380.00	1625.00	1380.00
June 2017	1668.65	1399.95	1670.00	1396.90

July 2017	1800.00	1551.75	1725.00	1573.25
August 2017	1641.70	1437.00	1640.00	1433.70
September 2017	1534.30	1293.00	1535.00	1285.05
October 2017	1520.00	1365.00	1524.00	1365.00
November 2017	1559.20	1351.00	1610.00	1351.00
December 2017	1399.00	1315.20	1389.95	1282.60
January 2018	1434.40	1319.95	1430.00	1319.00
February 2018	1440.00	1227.50	1424.85	1276.00
March 2018	1380.00	1202.25	1368.95	1202.10

J) Distribution Schedule and Shareholding Pattern as on March 31, 2018

Sr. No	*Category*	*Cases*	*% of Cases*	*Amount*	*% Amount*
1	upto 1 - 5000	46276	97.15	21449570.00	7.28
2	5001 - 10000	650	1.36	4797040.00	1.63
3	10001 - 20000	321	0.67	4603380.00	1.56
4	20001 - 30000	100	0.21	2493680.00	0.85
5	30001 - 40000	46	0.10	1586880.00	0.54
6	40001 - 50000	35	0.07	1600620.00	0.54
7	50001 - 100000	65	0.14	4690880.00	1.59
8	100001 & ABOVE	140	0.29	253390090.00	86.01
	Total:	**47633**	**100.00**	**294612140.00**	**100.00**

k) Shareholding Pattern

Sr. No	*Category*	*No. of Shares Held*	*Percentage (%)*
I	PROMOTERS	-----	-----
II	NON-PROMOTERS		
a)	Foreign Portfolio Investors	12619225	42.83
b)	Mutual Funds	3875566	13.15
c)	Bodies Corporates	5295713	17.98
d)	Indian Financial Institutions	3079596	10.45
e)	Resident Individuals	3503872	11.89
f)	Banks	29227	0.10
g)	Foreign Institutional Investor	-	-
h)	NBFC	558322	1.90
i)	Non Resident Indians	161756	0.55
j)	H U F	138069	0.47

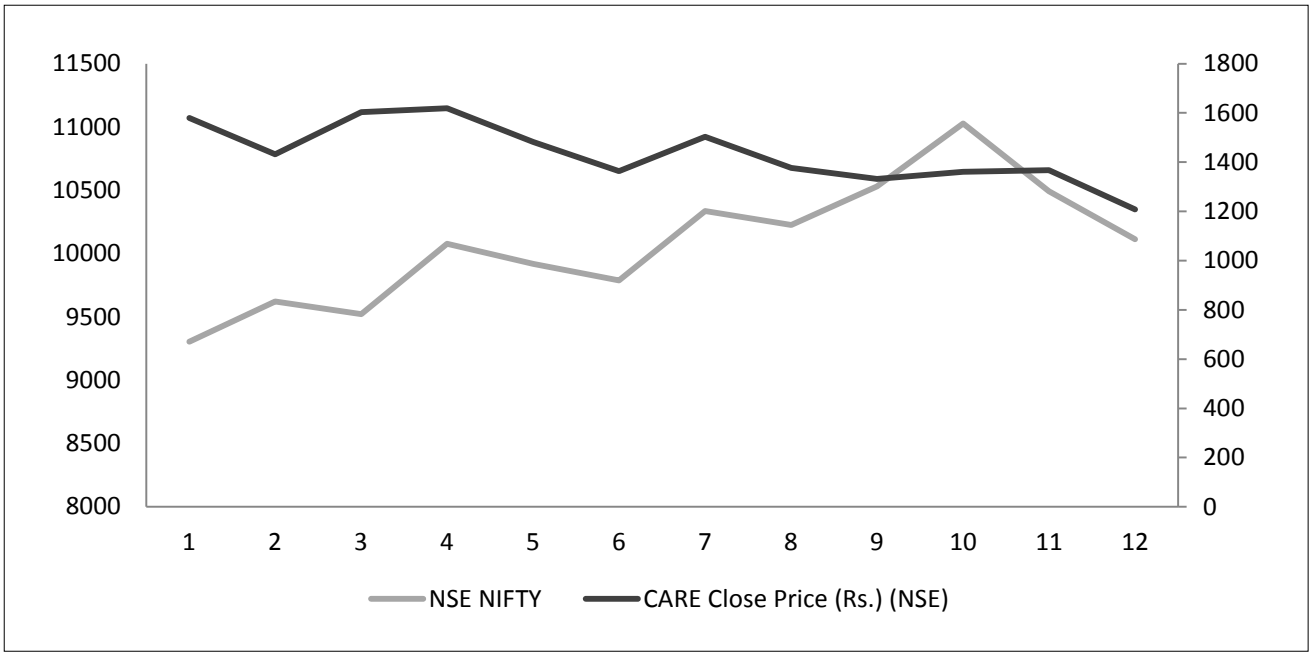
k)	Directors	76721	0.26
l)	Clearing Members	33297	0.11
m)	NRI Non-Repatriation	72852	0.25
n)	Alternative Investment Fund	14666	0.05
o)	Trusts	2332	0.01
	TOTAL	**29461214**	**100.00**

l)	**Dematerialisation of Shares and Liquidity**	2,94,61,214 equity shares which constitutes 99.99% of the paid up capital as on March 31, 2018 of your Company are held in electronic mode.
m)	**Registered Office & Address for Correspondence**	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
n)	**Plant location**	In view of the nature of the Company's business viz. providing rating services, the company operates from the following mentioned offices in India.
	Ahmedabad 32, Titanium, Prahaladnagar Corporate Road, Opp. AUDA Garden, Satellite, Ahmedabad – 380 015 Tel: 079 – 40265656	**Bengaluru** Unit No. 1101-1102, 11th Floor, Prestige Meridian 2 No. 30, M. G. Road, Bangaluru – 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
o)	**Email**	care@careratings.com
p)	**Investor Complaints ID**	investor.relations@careratings.com

q)	**Website**	www.careratings.com
r)	**Compliance Officer**	Anandghan Bohra 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
s)	**Green Initiative**	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. To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2018 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.

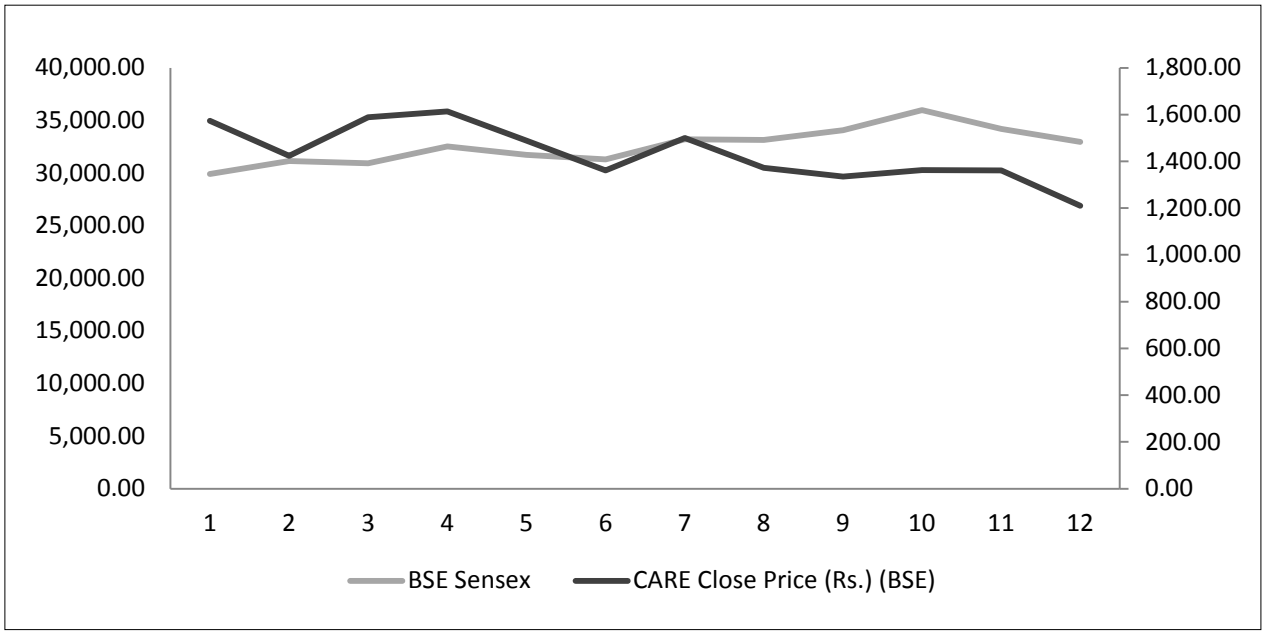
t) CARE share price vs. NSE NIFTY

Month	*CARE Close Price (Rs.) (NSE)*	*NSE NIFTY*
April 2017	1578.95	9304.35
May 2017	1432.25	9621.25
June 2017	1603.35	9520.9
July 2017	1618.55	10077.1
August 2017	1482.55	9917.9
September 2017	1362.8	9788.6
October 2017	1503	10335.3
November 2017	1376.1	10226.55
December 2017	1332.35	10530.7
January 2018	1361.15	11027.7
February 2018	1367.2	10492.85
March 2018	1208.7	10113.7


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12
NSE NIFTY
CARE Close Price (Rs.) (NSE)

CARE share price vs. BSE Sensex

Month	*CARE Close Price (Rs.) (BSE)*	*BSE Sensex*
April 2017	1,573.15	29,918.40
May 2017	1,423.85	31,145.80
June 2017	1,588.40	30,921.61
July 2017	1,613.15	32,514.94
August 2017	1,488.50	31,730.49
September 2017	1,361.10	31,283.72
October 2017	1,500.10	33,213.13
November 2017	1,372.90	33,149.35
December 2017	1,335.05	34,056.83
January 2018	1,363.00	35,965.02
February 2018	1,360.70	34,184.04
March 2018	1,210.65	32,968.68



CEO AND CFO CERTIFICATION

To
The Board of Directors
CARE RATINGS LIMITED
(Formerly known as Credit Analysis And Research Limited)
Mumbai

We, Mr. Rajesh Mokashi, Managing Director & Chief Executive Officer and Mr. Chandresh Shah, 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, 2018 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

CHANDRESH SHAH
CHIEF FINANCIAL OFFICER

Place: Mumbai
Date: May 22, 2018

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.

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, 2018.

For CARE RATINGS LIMITED
(Formerly known as Credit Analysis and Research Limited)

RAJESH MOKASHI
MANAGING DIRECTOR & CEO

Place: Mumbai
Date: May 22, 2018

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, 2018, 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.**
Chartered Accountants
Firm's Registration No: 105146W

Gautam Shah
Partner (F-117348)

Mumbai
May 22, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited')

Report on the Standalone Ind AS Financial Statements
We have audited the accompanying standalone Ind AS 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, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility 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 standalone Ind AS 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure 1" a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. 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 Company so far as appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report;

   (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 Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27 to the standalone Ind AS financial statements

   (ii) The Company had 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 28 to the standalone 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 Company; and

   (iv) The disclosure requirement in the standalone Ind AS financial statements as envisaged in Notification G.S.R 308(E) dated March 30, 2017 as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 is relating to F.Y 2016-17 and hence no disclosure on the same has been given - Refer Note 44 to the financial statements.

For Khimji Kunverji & Co
Chartered Accountants
ICAI FRN–105146W

Gautam V Shah
Partner (F–117348)

Place: Mumbai
Date: May 22, 2018

INDEPENDENT AUDITOR'S REPORT

Annexure 1 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited').

1. (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.

2. 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.

3. 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.

4. 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.

5. The Company has not accepted any deposits from the public.

6. 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.

7. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, Goods and Services tax, value added tax and other material statutory dues applicable to it.

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, Goods and Services tax, value added tax and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

   As informed, the Company is not liable to pay sales-tax, duty of custom, duty of excise and cess during the year.

   (c) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, value added tax and other material statutory dues that have not been deposited with the appropriate authorities on account of any dispute 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	Income Tax Appellate Tribunal, Mumbai
The Income Tax Act, 1961	Income tax	3,49,24,835	AY 2013-14	Dy. Commissioner of Income–Tax 6(2) (1), Mumbai
The Income Tax Act, 1961	Income tax	1,71,97,990	AY 2014-15	Dy. Commissioner of Income-Tax 6(2) (1), Mumbai

INDEPENDENT AUDITOR'S REPORT

8. 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.

9. According to the information and explanations given to us, the Company has not raised any term loans during the year. Accordingly, the provision of clause 3(ix) of the Order is not applicable to the Company.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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
Chartered Accountants
ICAI FRN–105146W

Gautam V Shah
Partner (F–117348)

Place: Mumbai
Date: May 22, 2018

INDEPENDENT AUDITOR'S REPORT

Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited').

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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"). 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 the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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

c) 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 financial statements.

INDEPENDENT AUDITOR'S REPORT

Inherent Limitations of Internal Financial Controls over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting 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 ICAI.

For Khimji Kunverji & Co
Chartered Accountants
ICAI FRN–105146W

Gautam V Shah
Partner (F–117348)

Place: Mumbai
Date: May 22, 2018

IND AS Restatement

BALANCE SHEET

as at March 31, 2018

(Amount Rs)

Particulars	*Note Number*	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
ASSETS				
Non Current Assets				
Property Plant and Equipment	2	50,86,72,300	52,37,33,994	54,96,00,574
Intangible Assets	2	87,70,515	27,65,369	16,86,047
Captial Work in Progress	2	-	7,45,804	-
Financial Assets				
Investments	3	2,79,21,34,815	1,03,33,27,926	2,44,86,06,364
Loans	4	74,86,602	1,55,87,650	1,54,46,786
Other Non Current Financial Assets	5	9,72,219	10,25,523	8,21,118
Other Non-Current Assets	6	11,36,970	19,58,436	29,64,055
Total Non-Current Assets		**3,31,91,73,421**	**1,57,91,44,702**	**3,01,91,24,944**
Current Assets				
Financial Assets				
Investments	7	2,57,87,93,275	3,80,21,68,148	1,80,23,50,414
Trade Receivables	8	37,18,09,714	23,19,07,837	22,23,55,117
Cash and Cash Equivalents	9	23,58,67,066	11,26,50,179	11,75,58,868
Bank Balances other than Cash and Cash Equivalents	10	50,64,488	54,41,343	48,63,287
Loans	11	1,26,63,818	40,38,259	1,80,43,080
Other Current Financial Assets	12	1,74,28,797	1,15,32,615	1,17,16,874
Current Tax Assets (Net)	13	-	7,53,23,359	5,97,40,679
Other Current Assets	14	1,77,41,858	3,49,51,793	6,29,92,914
Total Current Assets		**3,23,93,69,016**	**4,27,80,13,533**	**2,29,96,21,233**
Total Assets		**6,55,85,42,437**	**5,85,71,58,235**	**5,31,87,46,177**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	15	29,46,12,140	29,45,12,010	29,40,10,960
Other Equity	16	5,69,85,54,182	4,94,74,26,725	4,39,80,00,428
LIABILITIES				
Non-Current Liabilities				
Provisions	17	4,49,12,118	3,82,24,165	5,47,74,274
Deferred Tax Liabilites (Net)	18	5,31,73,544	11,42,98,012	10,40,39,175
Total Non-Current Liabilities		**9,80,85,662**	**15,25,22,177**	**15,88,13,449**

IND AS Restatement

BALANCE SHEET

as at March 31, 2018

(Amount Rs)

Particulars	*Note Number*	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Current Liabilities				
Financial Liabilities				
Other Current Financial Liabilities	19	9,66,43,332	9,69,19,336	9,38,38,919
Other Current Liabilities	20	29,72,68,747	34,74,92,292	32,67,92,492
Provisions	21	4,21,63,661	1,82,85,695	4,72,89,929
Current Tax Liability (Net)	22	3,12,14,713	-	-
Total Current Liabilities		**46,72,90,453**	**46,26,97,323**	**46,79,21,340**
Total Equity and Liabilities		**6,55,85,42,437**	**5,85,71,58,235**	**5,31,87,46,177**

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.**

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]

Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of

CARE Ratings Limited

(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]

Chairman
DIN No-02531129

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Mahendra Naik]

Company Secretary
ACS 20230

IND AS Restatement

PROFIT & LOSS

as at March 31, 2018

(Amount Rs)

Particulars	*Note Number*	*Year Ended March 31, 2018*	*Year Ended March 31, 2017*
Income			
Revenue From Operations	23	3,21,61,00,082	2,80,47,95,808
Other Income	24	25,27,23,496	34,08,32,924
Total Revenue		**3,46,88,23,578**	**3,14,56,28,732**
Expenses			
Employee Benefits Expense	25	82,21,28,605	66,93,81,884
Depreciation and Ammortization Expense	2	2,96,13,805	3,14,18,807
Other Expenses	26	29,95,45,014	27,42,17,954
Total Expenses		**1,15,12,87,424**	**97,50,18,645**
Profit before Tax		**2,31,75,36,154**	**2,17,06,10,088**
Tax Expense			
Current Tax		78,06,63,016	63,45,40,850
Deferred Tax Expense		(7,34,03,972)	1,35,60,845
Add /(Less) : Income tax adjustment for earlier years		-	-
Total Tax Expense		**70,72,59,044**	**64,81,01,695**
Profit after Tax		**1,61,02,77,110**	**1,52,25,08,392**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit & Loss		5,32,88,534	(1,45,75,417)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1,22,79,503)	33,02,007
B (i) Items that will be reclassified to profit & Loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other Comprehensive Income for the year		**4,10,09,031**	**(1,12,73,410)**
Total Comprehensive Income for the year		**1,65,12,86,141**	**1,51,12,34,982**

IND AS Restatement

PROFIT & LOSS

as at March 31, 2018

(Amount Rs)

Particulars	*Note Number*	*Year Ended March 31, 2018*	*Year Ended March 31, 2017*
Earning Per Share (Face Value Rs.10/- each)			
- Basic	**32**	**54.10**	**51.73**
- Diluted	**32**	**54.10**	**51.70**

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.**

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of

CARE Ratings Limited
(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

CASH FLOW STATEMENT

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*For the Year ended March 31, 2018*	*For the Year ended March 31, 2017*
Profit before tax	**2,31,75,36,154**	**2,17,06,10,088**
Adjustments for		
Income from investments	(23,15,45,880)	(33,78,81,362)
Unrealised Foreign Exchange (Gain) / Loss	(1,51,468)	64,288
Provision for Dimunition in value of Investment	-	52,26,000
Provision for Compensated Absence	1,13,23,010	(3,12,91,444)
Provision for Gratuity	1,73,30,977	(4,96,783)
Provision for Leave Travel Allowance	19,11,932	1,03,57,050
Provision for Bad Debts	-	4,09,342
Loss on Sale of Fixed Assets	1,31,653	-
ESOP Expense	8,64,89,983	-
Depreciation	2,96,13,805	3,14,18,807
Operating Profit before working capital changes	**2,23,26,40,165**	**1,84,84,15,986**
Movements in working capital		
Decrease/(Increase) in Financial Assets	(14,58,92,412)	(75,75,174)
Decrease/(Increase) in Other Assets	1,92,61,478	3,13,14,763
Decrease/(Increase) in Financial Liabilities	(2,76,004)	1,86,16,925
Decrease/(Increase) in Other Liabilities	(5,02,23,545)	(80,78,903)
Total Movements in working capital	**(17,71,30,482)**	**3,42,77,611**
Taxes paid	(67,41,24,943)	(65,01,23,530)
Net cash from operating activities	**1,38,13,84,740**	**1,23,25,70,067**
Cash flows from Investing Activities		
Income from investments	16,97,16,476	32,74,63,978
Investment in Company	(1,59,90,561)	(10,86,23,537)
Sale of fixed assets	4,38,441	11,28,357
Purchase of fixed assets	(2,03,81,547)	(89,15,052)
Purchase of investments	(4,71,43,78,559)	(2,80,92,59,424)
Redemption of investments	4,30,89,76,433	2,32,20,34,557
Net cash from investing activities	**(27,16,19,317)**	**(27,61,71,121)**
Cash flows from Financing Activities		
Proceeds from issue of equity shares	61,78,021	3,09,14,785
Dividend and Dividend Tax paid	(99,27,26,558)	(99,22,22,420)
Net cash from financing activities	**(98,65,48,537)**	**(96,13,07,635)**
Net increase / (decrease) in cash and cash equivalents	**12,32,16,887**	**(49,08,689)**
Cash And Cash Equivalents At The Beginning	**11,26,50,179**	**11,75,58,868**
Cash And Cash Equivalents At The End	**23,58,67,066**	**11,26,50,179**

CASH FLOW STATEMENT

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*For the Year ended March 31, 2018*	*For the Year ended March 31, 2017*
Cash and cash equivalents comprise of: (Refer note 9)		
Cash on hand	35,503	55,584
Cheques in hand	-	-
Other Bank balances		
On Current Account	72,70,733	5,40,81,412
Deposit Accounts	22,85,60,830	5,85,13,183
Total	**23,58,67,066**	**11,26,50,179**

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements.

For **Khimji Kunverji & Co.**

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]

Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of

CARE Ratings Limited
(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]

Chairman
DIN No-02531129

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Mahendra Naik]

Company Secretary
ACS 20230

IND AS Restatement

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

A. Equity Share Capital ***(Amount Rs.)***

For the year ended March 31, 2018

Balance as at April, 01, 2017	*Changes in Equity Share Capital during the year*	*Balance as at March 31, 2018*
29,45,12,010	1,00,130	29,46,12,140

For the year ended March 31, 2017

Balance as at April, 01, 2016	*Changes in Equity Share Capital during the year*	*Balance as at March 31, 2017*
29,40,10,960	5,01,050	29,45,12,010

B. Other Equity

For the year ended March 31, 2018 ***(Amount Rs.)***

Particulars	*Reserves & Suplus*					*Total Equity*
	Share Option Outstanding Reserve	*Capital Redemption Reserve*	*Securities Premium*	*General Reserve*	*Retained Earnings*	
Balance as at April 01, 2017	**22,88,185**	**22,50,000**	**64,33,96,886**	**1,79,77,59,516**	**2,50,17,32,138**	**4,94,74,26,725**
Profit for the year (1)	-	-	-	-	1,61,02,77,110	1,61,02,77,110
Other Comprehensive Income/(loss) for the year						
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	(1,22,718)	(1,22,718)
Other Comprehensive Income/(loss) for the year (3)	-	-	-	-	4,11,31,749	4,11,31,749
Total Comprehensive Income/(loss) for the year (1+2+3)	**-**	**-**	**-**	**-**	**1,65,12,86,141**	**1,65,12,86,141**
Contribution by and Distribution to Owners						
Premium on allotment of ESOP	-	-	60,77,891	-	-	60,77,891

IND AS Restatement

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*Reserves & Suplus*					*Total Equity*
	Share Option Outstanding Reserve	*Capital Redemption Reserve*	*Securities Premium*	*General Reserve*	*Retained Earnings*	
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
Balance as at March 31, 2018	**8,64,89,983**	**22,50,000**	**65,17,62,962**	**1,94,77,59,516**	**3,01,02,91,721**	**5,69,85,54,182**

For the year ended March 31, 2017

(Amount Rs.)

Particulars	*Reserves & Suplus*					*Total Equity*
	Share Option Outstanding Reserve	*Capital Redemption Reserve*	*Securities Premium*	*General Reserve*	*Retained Earnings*	
Balance as at April 01, 2016	1,37,41,687	22,50,000	60,15,29,649	1,64,77,59,516	2,13,27,19,576	4,39,80,00,428
Profit for the year (1)	-	-	-	-	1,52,25,08,392	1,52,25,08,392
Other Comprehensive Income/(loss) for the year						
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	(5,24,622)	(5,24,622)
Other Comprehensive Income/(loss) for the year (3)	-	-	-	-	(1,07,48,788)	(1,07,48,788)

IND AS Restatement

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*Reserves & Suplus*					*Total Equity*
	Share Option Outstanding Reserve	*Capital Redemption Reserve*	*Securities Premium*	*General Reserve*	*Retained Earnings*	
Total Comprehensive Income/(loss) for the year (1+2+3)	**-**	**-**	**-**	**-**	**1,51,12,34,982**	**1,51,12,34,982**
Contribution by and Distribution to Owners						
Premium on allotment of ESOP	-	-	3,04,13,735	-	-	3,04,13,735
Transferred from Deferred Employees Compensation	-	-	1,14,53,502	-	-	1,14,53,502
Dividends	-	-	-	-	(82,43,94,994)	(82,43,94,994)
Dividend distribution tax					(16,78,27,426)	(16,78,27,426)
Transfer (to) / from Retained Earnings	-	-	-	15,00,00,000	(15,00,00,000)	-
Employee Stock Option Exercised	(1,14,53,502)	-	-	-	-	(1,14,53,502)
Employee Stock Option Granted	-	-	-	-	-	-
Balance as at March 31, 2017	**22,88,185**	**22,50,000**	**64,33,96,886**	**1,79,77,59,516**	**2,50,17,32,138**	**4,94,74,26,725**

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 34 for further details of this plan.

IND AS Restatement

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

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.

In terms of our report attached.

For Khimji Kunverji & Co.

Firm Registration No. 105146W
Chartered Accountants

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors

CARE Ratings Limited
(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, 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 financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Accordingly, the Company has prepared an Opening Ind AS Balance Sheet as on April 1, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 46.

The Standalone financial statements were approved for issue by the Board of Directors on May 22, 2018

b) Basis of preparation of Accounts

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

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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.

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.

FVTPL

A financial asset which is not classified in any of the 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:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 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, 2018

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, 2018

Re-measurement (comprising acturial 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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.

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 aganst which the temporary diffference 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, 2018

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 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:

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 considerations of inputs such as liquidity risk, credit risk and volatility.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 is 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 34.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 2: Property, Plant and Equipment **(Amount Rs.)**

Description of Assets	*Gross Block*				*Depreciation*				*Net Block*
	As at 1-Apr-17	*Additions during the year*	*Deductions during the year*	*As at 31-Mar-18*	*As at 1-Apr-17*	*For the year*	*On deletions / disposals during the year*	*As at 31-Mar-18*	*As at 31-Mar-18*
Tangible Assets									
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
Total Tangible	**55,37,93,799**	**1,29,74,156**	**10,78,224**	**56,56,89,731**	**3,00,59,805**	**2,74,65,756**	**5,08,130**	**5,70,17,431**	**50,86,72,300**
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
Total Intangible	**38,32,799**	**81,53,195**	**-**	**1,19,85,994**	**10,67,430**	**21,48,049**	**-**	**32,15,479**	**87,70,515**
Capital Work in Progress	7,45,804	-	7,45,804	-	-	-	-	-	-
Total	**55,83,72,402**	**2,11,27,351**	**18,24,028**	**57,76,75,725**	**3,11,27,235**	**2,96,13,805**	**5,08,130**	**6,02,32,910**	**51,74,42,815**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

(Amount Rs.)

Description of Assets	Gross Block				Depreciation				Net Block
	As at 1-Apr-16	Additions during the year	Deductions during the year	As at 31-Mar-17	As at 1-Apr-16	For the year	On deletions / disposals during the year	As at 31-Mar-17	As at 31-Mar-17
Tangible Assets									
Furniture & Fixtures	1,76,89,058	25,983	-	1,77,15,041	-	34,79,106	-	34,79,106	1,42,35,935
Office Equipments	2,01,94,137	1,59,750	-	2,03,53,887	-	1,02,19,079	-	1,02,19,079	1,01,34,808
Computers	1,37,25,275	58,36,763	6,195	1,95,55,843	-	61,12,153	2,237	61,09,916	1,34,45,927
Vehicles	29,00,558	-	18,23,076	10,77,482	-	5,59,445	2,89,335	2,70,110	8,07,372
Electrical Installations	62,28,610	-	-	62,28,610	-	9,95,679	-	9,95,679	52,32,931
Buildings	48,88,62,936	-	-	48,88,62,936	-	89,85,915	-	89,85,915	47,98,77,021
Total Tangible	**54,96,00,574**	**60,22,496**	**18,29,271**	**55,37,93,799**	**-**	**3,03,51,377**	**2,91,572**	**3,00,59,805**	**52,37,33,994**
Intangible Assets									
Computer Software	16,86,047	21,46,752	-	38,32,799	-	10,67,430	-	10,67,430	27,65,369
Total Intangible	**16,86,047**	**21,46,752**	**-**	**38,32,799**	**-**	**10,67,430**	**-**	**10,67,430**	**27,65,369**
Capital Work in Progress	-	7,45,804	-	7,45,804		-	-	-	7,45,804
Total	**55,12,86,621**	**89,15,052**	**18,29,271**	**55,83,72,402**	**-**	**3,14,18,807**	**2,91,572**	**3,11,27,235**	**52,72,45,167**

2(a) - Details of Gross Block and Accumulated Depreciation as per IGAAP as at April 01, 2016:

Particulars	Gross Block as Per IGAAP	Accumulated Depreciation	Net block considered for Deemed Cost	Ind AS Adjustment	Deemed Cost as Per Ind AS
Tangible Assets					
Furniture & Fixtures	4,84,40,154	3,07,51,096	1,76,89,058	-	1,76,89,058
Office Equipments	5,88,34,440	3,86,40,303	2,01,94,137	-	2,01,94,137
Computers	7,74,78,657	6,37,53,382	1,37,25,275	-	1,37,25,275
Vehicles	51,32,921	22,32,363	29,00,558	-	29,00,558
Electrical Installations	1,06,85,376	44,56,766	62,28,610	-	62,28,610
Buildings	53,96,43,556	5,07,80,620	48,88,62,936	-	48,88,62,936
Total Tangible	**74,02,15,104**	**19,06,14,530**	**54,96,00,574**	**-**	**54,96,00,574**
Intangible Assets					
Computer Software	3,57,81,101	3,40,95,054	16,86,047	-	16,86,047
Total Intangible	**3,57,81,101**	**3,40,95,054**	**16,86,047**	**-**	**16,86,047**
Total	**77,59,96,205**	**22,47,09,584**	**55,12,86,621**	**-**	**55,12,86,621**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 3: Investments - Non Current **(Amount Rs)**

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Nos	*Amt*	*Nos*	*Amt*	*Nos*	*Amt*
Unquoted:						
Investments measured at cost						
Equity Instruments:						
Subsidiaries						
Face value of Rs. 10 each fully paid:						
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	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	-	-
Face value of NPR 100 each fully paid:						
Care Ratings Nepal Limited	2,25,000	1,59,90,561	-	-	-	-
Face value of USD 1 each fully paid:						
CARE Ratings (Africa) Private Limited	3,12,001	2,05,15,287	3,12,001	2,05,15,287	1,08,000	68,91,700
Investment measured at Fair vaue through Other Comprehensive Income						
Face value of USD 22,600 each fully paid:						
ARC Ratings Holdings Limited	20	3,52,54,543	20	1,43,86,097	-	-
Face value of USD 10 each fully paid:						
ARC Ratings Holdings PTE Limited	-	-	-	-	53,000	1,67,49,057
Face value of RM 1 each fully paid:						
Malaysian Rating Corporation Berhard	20,00,000	11,44,57,128	20,00,000	8,19,14,322	20,00,000	9,46,51,401

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Nos	*Amt*	*Nos*	*Amt*	*Nos*	*Amt*
Investment measured at Fair value through Profit & Loss						
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	5,80,15,550	50,00,000	5,38,20,601	-	-
Investment in Various Debt Mutual Funds Schemes		17,67,08,046		16,91,76,147		41,95,33,230
Total Unquoted Investments		**57,17,24,719**		**49,05,96,058**		**64,36,09,042**
Quoted:						
Investment measured at Amortised Cost						
Tax free Bonds		37,10,84,796		37,27,89,003		40,44,93,210
Investment measured at Fair value through Profit & Loss						
Investment in Gold ETF	-	-	-	-		9,28,94,641
Investment in Various Debt Mutual Funds Schemes		1,84,93,25,300		16,99,42,865		1,30,76,09,471
Total Quoted Investments		**2,22,04,10,096**		**54,27,31,868**		**1,80,49,97,322**
Total Invetsments		**2,79,21,34,815**		**1,03,33,27,926**		**2,44,86,06,364**
Aggregate amount of Quoted Investments		2,22,04,10,096		54,27,31,868		1,80,49,97,322
Market Value of Quoted Investments		2,25,83,04,300		57,70,72,365		1,91,35,94,235
Aggregate amount of Unquoted Investments		57,17,24,719		49,05,96,058		64,36,09,042
Aggregate amount of impairment in value of Investment		-		-		-

Note 4

Loans - Non Current

(Amount Rs.)

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unsecured and Considered Good			
Loans to Employees	37,37,936	45,92,130	52,35,717
Security Deposits	37,48,666	1,09,95,520	1,02,11,069
Total	**74,86,602**	**1,55,87,650**	**1,54,46,786**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 5

Other Non Current Financial Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Accrued Interest on Loans to Employees	9,72,219	10,25,523	8,21,118
Total	**9,72,219**	**10,25,523**	**8,21,118**

Note 6

Other Non-Current Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unsecured, considered Good			
Capital Advances	6,149	-	4,31,375
Others	11,30,821	19,58,436	25,32,680
Total	**1,136,970**	**19,58,436**	**29,64,055**

Note 7

Investments - Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unquoted:			
Investment measured at Fair value through Profit & Loss:			
Investment in Various Open - Ended Debt Mutual Funds	2,39,66,51,765	2,34,04,60,133	67,75,35,218
Total Unquoted Investments	**2,39,66,51,765**	**2,34,04,60,133**	**67,75,35,218**
Quoted:			
Investment measured at Amortised Cost:			
Tax Free Bonds	-	3,00,00,000	-
Investment measured at Fair value through Profit & Loss:			
Investment in Various Fixed Maturity Plans of Debt Mutual Funds	18,21,41,510	1,43,17,08,015	1,12,48,15,196
Total Quoted Investments	**18,21,41,510**	**1,46,17,08,015**	**1,12,48,15,196**
Total Current Investments	**2,57,87,93,275**	**3,80,21,68,148**	**1,80,23,50,414**
Aggregate amount of Quoted Investments	18,21,41,510	1,46,17,08,015	1,12,48,15,196
Market Value of Quoted Investments	18,21,41,510	1,46,17,08,015	1,12,48,15,196
Aggregate amount of Unquoted Investments	2,39,66,51,764	2,34,04,60,134	67,75,35,217
Aggregate amount of impairment in value of Investment	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 8

Trade Receivables **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unsecured, Considered Good	37,18,09,714	23,19,07,837	22,23,55,117
Unsecured, Considered Doubtful	1,64,59,943	4,06,12,209	2,79,70,895
Total Debtors	38,82,69,657	27,25,20,046	25,03,26,012
Less: Allowances for Credit Losses	1,64,59,943	4,06,12,209	2,79,70,895
Total	**37,18,09,714**	**23,19,07,837**	**22,23,55,117**

Note 9

Cash and Cash Equivalents **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Cash and cash equivalents			
Cash on hand	35,503	55,584	76,113
Balances with Banks			
On Current Account	72,70,733	5,40,81,412	9,26,99,195
Other Bank Balances			
Deposit Accounts	22,85,60,830	5,85,13,183	2,47,83,560
Total	**23,58,67,066**	**11,26,50,179**	**11,75,58,868**

Note 10

Bank Balances other than Cash and Cash Equivalents **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unclaimed Dividend Account	38,72,804	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,36,684	7,50,000
Lienmarked Deposit	4,55,000	8,37,407	7,24,523
Total	**50,64,488**	**54,41,343**	**48,63,287**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 11

Loans - Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unsecured and Considered Good			
Loan to Employees	34,96,012	28,38,259	43,70,292
Security Deposits	91,67,806	12,00,000	1,36,72,788
Total	**1,26,63,818**	**40,38,259**	**1,80,43,080**

Note 12

Other Current Financial Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Interest Accrued on Investments	1,03,43,634	1,14,19,466	1,02,65,237
Interest Accrued on Loans to Employees	3,08,992	1,13,149	1,24,837
Unbilled Revenue	67,76,171	-	-
Share Application Money	-	-	13,26,800
Total	**1,74,28,797**	**1,15,32,615**	**1,17,16,874**

Note 13

Current Tax Assets - Net **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Advance Payment of Taxes (Net of Provision for Tax Rs. Nil (March 31, 2017 Rs.4,252,194,620) (April 1, 2016 Rs. 3,625,417,435)	-	7,53,23,359	5,97,40,679
Total	**-**	**7,53,23,359**	**5,97,40,679**

Note 14

Other Current Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Prepaid Expenses	85,73,945	79,61,043	1,18,60,748
GST, Service Tax, VAT, Other taxes and Statutory Deposits	-	2,23,20,273	1,22,65,669
Other Advances	24,21,590	13,29,517	9,23,469
Others	67,46,323	33,40,960	3,79,43,028
Total	**1,77,41,858**	**3,49,51,793**	**6,29,92,914**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 15

Equity Share Capital **(Amount Rs.)**

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Number	*Amt*	*Number*	*Amt*	*Number*	*Amt*
Authorised						
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	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	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960
Total	**2,94,61,214**	**29,46,12,140**	**2,94,51,201**	**29,45,12,010**	**2,94,01,096**	**29,40,10,960**

15(a): List of shareholders holding more than 5% of Paid Up Equity Share Capital

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Nos.	*% Holding*	*Nos.*	*% Holding*	*Nos.*	*% Holding*
Life Insurance Corporation of India	29,02,136	9.85%	28,82,136	9.79%	28,82,136	9.80%
Canara Bank	-	0.00%	26,22,430	8.90%	27,29,765	9.28%
Franklin Templeton Investment Funds	17,49,165	5.94%	17,49,165	5.94%	17,53,834	5.97%
IDBI Bank Limited	-	0.00%	-	0.00%	14,92,097	5.07%
Crisil Limited	26,22,431	8.90%	-	0.00%	-	0.00%

15(b): The reconciliation of the number of shares outstanding is set out below:

Particulars	*As at 31-Mar-18*	*As at 31-Mar-17*	*As at 1-Apr-16*
	Nos.	*Nos.*	*Nos.*
Equity Shares at the beginning of the year	2,94,51,201	2,94,01,096	2,89,99,122
Add: Shares issued under Employee Stock Options Scheme (ESOS)	10,013	50,105	4,01,974
Equity Shares at the end of the year	**2,94,61,214**	**2,94,51,201**	**2,94,01,096**

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 34

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, 2018

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.

15(f): Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	*As at 31-Mar-18*	*As at 31-Mar-17*	*As at 1-Apr-16*
	Nos.	*Nos.*	*Nos.*
Equity Shares allotted as fully paid up bonus shares (issued in year ended March 31, 2012)	2,04,85,869	2,04,85,869	2,04,85,869

Note 16

Other Equity **(Amount Rs.)**

Particulars	*As at*	*As at*	*As at*
	March 31, 2018	*March 31, 2017*	*April 1, 2016*
Capital Redemption Reserve	22,50,000	22,50,000	22,50,000
Securities Premium Reserve	65,17,62,962	64,33,96,886	60,15,29,649
Employees Stock Options Outstanding Reserve	8,64,89,983	22,88,185	1,37,41,687
General Reserve	1,94,77,59,516	1,79,77,59,516	1,64,77,59,516
Retained Earnings	3,01,02,91,721	2,50,17,32,138	2,13,27,19,576
Total Other Equity	**5,69,85,54,182**	**4,94,74,26,725**	**4,39,80,00,428**

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 34 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 17

Provisions - Non Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Provision for Employee Benefits	-	-	-
Provision for Compensated Absence	4,49,12,118	3,82,24,165	5,47,74,274
Total	**4,49,12,118**	**3,82,24,165**	**5,47,74,274**

Note 18

Deferred Tax Liabilites - Net **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Deferred Tax Liability	**10,39,98,575**	**14,60,36,621**	**14,26,60,003**
Depreciation on Fixed Assets	7,46,77,378	7,19,71,246	6,69,91,463
Fair Valuation of Investments	2,93,21,197	7,40,65,375	7,56,68,540
Deferred Tax Asset	**5,08,25,031**	**3,17,38,609**	**3,86,20,828**
Provisions	5,05,20,092	3,16,58,136	3,84,66,192
Others	3,04,939	80,473	1,54,636
Total	**5,31,73,544**	**11,42,98,012**	**10,40,39,175**

Note 19

Other Current Financial Liabilities **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Sundry Creditors for Expenses	1,21,25,662	1,18,52,322	1,43,99,290
Unclaimed Dividend	38,72,804	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,36,684	7,50,000
Provision for Salary, Performance Related Pay & Commission	7,99,08,182	8,04,63,078	7,53,00,865
Total	**9,66,43,332**	**9,69,19,336**	**9,38,38,919**

Refer Note 41 for due to Micro, Small and Medium Enterprises.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 20

Other Current Liabilities **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unearned Revenue	7,35,77,244	24,77,94,035	22,88,65,436
Advance from customers	12,48,14,498	7,34,89,201	8,45,82,292
Statutory Dues	9,06,96,594	2,62,09,056	1,33,44,764
Others	81,80,411	-	-
Total	**29,72,68,747**	**34,74,92,292**	**32,67,92,492**

Note 21

Provisions - Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Provision for Employee Benefits			
Provision for Compensated Absence	86,44,877	40,09,820	1,87,51,155
Provision for Gratuity	2,59,61,136	86,30,159	96,51,942
Provision for Leave Travel Allowance	75,57,648	56,45,716	1,88,86,832
Total	**4,21,63,661**	**1,82,85,695**	**4,72,89,929**

Note 22

Current Tax Liablity - Net **(Amount Rs.)**

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Provision for Income Tax (Net of Advance Tax Rs.5,00,16,42,924)	3,12,14,713	-	-
Total	**3,12,14,713**	**-**	**-**

Note 23

Revenue From Operations **(Amount Rs.)**

Particulars	*Year ended March 31, 2018*	*Year ended March 31, 2017*
Sale of Services		
Rating Income (including Surveillance)	3,18,25,35,769	2,77,90,00,146
Sale of Publications / Information Services	3,35,64,313	2,57,95,662
Total	**3,21,61,00,082**	**2,80,47,95,808**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 24

Other Income **(Amount Rs.)**

Particulars	*Year ended March 31, 2018*	*Year ended March 31, 2017*
Income from Investments	16,76,77,663	10,28,12,015
Interest Income on Bank and Other Accounts	20,38,813	25,19,427
Gain on Fair Valuation of Investments through Profit and Loss	6,07,50,797	14,42,88,170
Profit on Redemption / Sale of investments (Net)	1,62,01,331	8,93,94,348
Miscellaneous Income	60,54,892	18,18,964
Total	**25,27,23,496**	**34,08,32,924**

Note 25

Employee Benefits Expense **(Amount Rs.)**

Particulars	*Year ended March 31, 2018*	*Year ended March 31, 2017*
Salaries and Other Allowances	65,92,96,024	61,18,94,988
Contribution to Provident, Gratuity & Other Funds (Refer Note 29)	5,49,84,269	3,74,37,020
Expense on Employee Stock Option Scheme (Refer Note 34)	8,64,89,983	-
Staff Welfare Expenses	2,13,58,329	2,00,49,876
Total	**82,21,28,605**	**66,93,81,884**

Note 26

Other Expenses **(Amount Rs.)**

Particulars	*Year ended March 31, 2018*		*For the year ended March 31, 2017*	
Electricity Charges		1,17,58,123		1,11,71,589
Postage & Telephone Charges		98,35,290		1,21,78,919
Rent		2,77,20,130		2,97,10,480
Travelling & Conveyance Expenses		2,37,95,592		1,96,78,388
Directors' Sitting Fees		50,08,500		30,50,000
Sitting Fees to Rating Committee		-		67,53,600
Insurance Premium		4,78,105		3,56,965
Legal Expenses		47,32,853		13,90,910
Professional Fees		2,47,15,082		2,59,03,016
Business Development Associate Fees		5,88,66,384		3,80,64,422
Rates & Taxes		5,26,47,127		2,43,79,778
Repairs & Maintenance				
- Buildings		80,00,582		73,93,512
- Others		1,40,37,963		1,98,84,895

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 26

Other Expenses **(Amount Rs.)**

Particulars	*Year ended*		*For the year ended*	
	March 31, 2018		*March 31, 2017*	
Loss on Sale of Fixed Assets		-		4,09,342
Advertisement and Sponsorship Expenses		88,17,007		5,21,513
Security, Housekeeping & Office Supplies		1,48,66,875		1,29,15,331
Membership & Subscription		83,25,427		64,66,823
Provision for Bad and Doubtful Debts		-		1,03,57,050
Bad Debts written off		-		2,27,88,891
Auditors Remuneration				
- Audit Fees (including Limited Review Fees)	18,57,750		21,60,750	
- Tax Audit Fees	1,00,000		1,00,500	
- Other Services	3,15,750		4,22,100	
- Reimbursement to Auditors	71,062	23,44,562	54,689	27,38,039
Corporate Social Responsibility (Refer Note 42)		41,48,717		50,00,000
Miscellaneous Expenses		1,94,46,695		1,31,04,491
Total		**29,95,45,014**		**27,42,17,954**

Note 27: Contingent Liabilities (Ind AS 37)

(A) Claims against the Company not acknowledged as debts (to the extent not provided for):

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Contingent Liability on account of Income Tax	1,78,82,765	13,45,11,918	7,96,25,408

(B) In one case of rating given by the Company during one of the earlier financial year, there is an inquiry / investigation being carried out by a government agency. The matter is still under investigation / inquiry and the Company has not received any order from the government with respect to the said matter.

(C) Guarantees given by Bank on behalf of the Company in respect of lien marked Deposits is Nil (March 31, 2017 - ₹ 2,96,850) (April 1, 2016 - Nil)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 28: Capital and Other Commitments

There are no amounts pending on account of contracts remaining to be executed on capital account, not provided for (net of advances) is Nil (March 31, 2017 - Nil) (April 1, 2016 - 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 29: 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.

Statement of Assets and Liabilities for Defined Benefit Obligation as on April 1, 2016: **(Amount Rs.)**

Particulars	*Gratuity (Funded)*
Defined Benefit Obligation	4,35,45,816
Fair Value of Assets	3,38,93,874

Particulars	*Gratuity (Funded)*	
	As at March 31, 2018	*As at March 31, 2017*
(i) Change in Present value of Obligations:		
Opening Defined Benefit Obligation	4,32,17,212	4,35,45,816
Current Service Cost	98,95,987	92,09,762
Interest Cost	33,32,047	34,61,892
Past Service Cost	1,29,18,461	-
Actuarial (Gain)/Loss on Obligations Due to change in Financial Assumptions	(12,29,849)	12,94,115
Actuarial (Gain)/Loss on Obligations Due to Experience	9,25,545	(22,66,097)
Benefits Paid	(74,78,462)	(1,20,28,276)
Closing Defined Benefit Obligations	**6,15,80,941**	**4,32,17,212**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

(Amount Rs.)

Particulars	*Gratuity (Funded)*	
	As at March 31, 2018	*As at March 31, 2017*
(ii) Change in Fair Value of Plan Assets:		
Opening Fair Value of the Plan Assets	3,45,87,053	3,38,93,874
Interest income	26,66,662	26,94,563
Expected Return on Plan Assets	(4,27,022)	(4,47,360)
Actuarial Gain/(Loss)	-	-
Contribution by the Employer	62,71,574	1,04,74,252
Benefits Paid	(74,78,462)	(1,20,28,276)
Closing Fair Value of the Plan Assets	**3,56,19,805**	**3,45,87,053**
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(6,15,80,941)	(4,32,17,212)
Fair Value of Plan Assets	3,56,19,805	3,45,87,053
Net Asset / (Liability)	**(2,59,61,136)**	**(86,30,159)**
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	98,95,987	92,09,762
Interest on Defined Benefit Obligations	6,65,385	7,67,329
Past Service Cost	1,29,18,461	-
Expected Return on Plan Assets	-	-
Amount recognized in Statement of Profit and Loss	**2,34,79,833**	**99,77,091**
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Actuarial (Gains)/Losses on Obligation For the Period)	(3,04,304)	(9,71,982)
Changes in Financial Assumptions	-	-
Changes in Demographic Assumptions	-	-
Experience Adjustments	-	-
Expected Return on Plan Assets	4,27,022	4,47,360
Amount recognized in Other Comprehensive Income(OCI)	**1,22,718**	**(5,24,622)**
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	19,69,534	14,46,411
Between 1 and 5 years	1,20,97,045	86,46,148
Between 5 and 10 years	2,05,84,906	1,41,64,819
10 Years and above	17,50,28,848	12,66,67,591

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*Gratuity (Funded)*	
	As at March 31, 2018	*As at March 31, 2017*
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	6,15,80,941	4,32,17,212
1% increase in discount rate	(69,24,744)	(3,45,86,824)
1% decrease in discount rate	83,23,072	(3,17,64,684)
1% increase in salary escalation rate	63,76,896	(3,17,36,763)
1% decrease in salary escalation rate	(57,50,090)	(3,46,27,432)
1% increase in employee turnover rate	29,97,077	(3,30,91,571)
1% decrease in employee turnover rate	(34,09,211)	(3,36,29,832)

(viii) The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	100%	100%

(ix) Actuarial Assumptions:		
Discount Rate (p.a.)	7.87%	7.71%
Expected Return on Plan Assets (p.a.)	7.87%	7.71%
Turnover Rate	2.00%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate (p.a.)	5.00%	5.00%
Retirement age	60 years	60 years
(x) Weighted Average duration of Defined benefit obligation	**14**	**15**

* 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.

(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 ₹ 1,61,15,072

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

(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 ₹ 45,831,370 (March 31, 2017 - ₹ 58,756,247)"

(C) Defined Contribution Plans:
Amount recognized as an expense and included in Note 25 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is ₹ 2,21,51,442 (March 31, 2017 - ₹ 2,05,65,397)

(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 25 under the head "Contribution to Provident and other Funds" is ₹ 4,287,890 (March 31, 2017 - ₹ 47,03,252)"

Note 30: 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 31: 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, 2018	*As at March 31, 2017*	*As at April 01, 2016*
Related party where control exists				
CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd)	Wholly Owned Subsidiary	100.00%	100.00%	100.00%
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	100.00%	100.00%	100.00%
CARE Ratings (Africa) Private Limited	Subsidiary	78.00%	78.00%	100.00%
CARE Ratings (Nepal) Limited	Subsidiary	51.00%	-	-

(B) Other Related Parties with whom there were transactions during the year:

Name of Related Parties	*Nature of Relationship*
Key Management Personnel:	
Mr. S. B Mainak	Chairman
Mr. Rajesh Mokashi (w.e.f August 22, 2016)	Managing Director & CEO
Mr. D. R Dogra (Upto August 21, 2016)	Managing Director & CEO
Mr. T. N. Arun Kumar	Executive Director
Mr. Mehul Pandya	Executive Director
Mr. Milind Sarwate	Independent Director
Mr. A. K.Bansal	Independent Director
Dr. Ashima Goyal	Independent Director
Ms. Sadhana Dhamane (w.e.f June 2, 2017)	Non Executive Director
Mr. V. Chandrasekaran (w.e.f November 15, 2017)	Non Executive Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

(C) Following transactions were carried out with the related parties in the ordinary course of business: **(Amount Rs.)**

Name of the Related Party	*Relationship*	*Nature of Transactions*	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd)	Wholly Owned Subsidiary	Advance given & repaid	-	35,00,000	-
		Loan given and recovered	-	1,00,00,000	-
		Interest on Loan received	-	4,31,013	-
		Reimbursement of Expenses received	4,98,071	97,90,904	1,64,24,671
		Professional fees	49,54,392	11,05,250	-
		Investment in Preference Shares	-	5,00,00,000	-
		Sale of fixed asset	-	-	33,750
CARE Ratings (Africa) Private Limited	Subsidiary	Additional Investment	-	1,22,96,787	32,55,600
		Share Application Money	-	-	13,26,800
		Royalty income	3,66,909	1,68,525	-
		Reimbursement of Expenses	-	5,74,177	20,74,071
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Investment	-	4,49,99,950	-
		Training Fees paid	5,20,500	-	-
		Business Support Services	10,63,496	-	-
		Reimbursement of Expenses	-	15,47,765	-
		Consultancy services rendered for DISCOM Assignment fees	-	4,00,000	-
CARE Ratings Nepal Limited	Subsidiary	Technical assistance fees receivable	10,00,000	-	-
		Royalty income	57,813	-	-

(D) Outstanding balances:

Name of the Related Party	*Relationship*	*Nature of Transactions*	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd)	Wholly Owned Subsidiary	Receivable	-	-	3,30,64,672
		Investments	15,57,83,654	15,57,83,654	10,57,83,654
		Consultancy Fees Payable	15,48,180	1,46,931	-
CARE Ratings (Africa) Private Limited	Subsidiary	Share application money	-	-	13,26,800
		Investments	2,05,15,287	2,05,15,287	68,91,700
		Royalty Receivable	5,35,434	1,68,525	-
		Reimbursement of Expenses	-	-	20,74,071
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Investments	4,49,99,950	4,49,99,950	-
		Receivables	-	10,98,363	-
CARE Ratings Nepal Limited	Subsidiary	Investments	1,59,90,561	-	-
		Receivable	10,57,813	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

No amount in respect of the related parties have been written off/back are provided for during the year. Related party relationship have 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	*As at March 31, 2018*	*As at March 31, 2017*
Short Term Employee Benefits	4,00,36,141	3,30,90,371
Other Long Terms Benefits	21,52,194	1,35,38,105
Share Based Payments *	1,46,71,881	-
Directors' Sitting Fees	50,08,500	30,50,000
Total Compensation	**5,68,60,216**	**4,66,28,476**

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 32: Earnings per Share (EPS) (Ind AS 33):

Particulars	*Year Ended March 31, 2018*	*Year Ended March 31, 2017*
A) Basic EPS		
(i) Net Profit attributable to Equity Shareholders (Amount Rs.)	**1,61,02,77,110**	**1,52,25,08,392**
(ii) Weighted average number of Equity shares outstanding(Nos.)	**2,97,63,131**	**2,94,29,060**
Basic Earnings Per Share (i)/(ii)	**54.10**	**51.73**
B) Diluted EPS		
(i) Weighted average number of Equity shares outstanding(Nos.)	**2,97,63,131**	**2,94,29,060**
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	**4,359**	**18,130**
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS	**2,97,67,490**	**2,94,47,190**
Diluted EPS {(A)(i)/(B)(iii)}	**54.10**	**51.70**

Note 33: Income Taxes (Ind AS 12):

(A) Income tax recognised in Statement of Profit and Loss:

Particulars	*As at March 31, 2018*	*As at March 31, 2017*
Current Tax	78,06,63,016	63,45,40,850
Deferred Tax	(7,34,03,972)	1,35,60,845
Total	**70,72,59,044**	**64,81,01,695**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

(B) Reconciliation of Effective Tax Rate:

Particulars	*As at March 31, 2018*	*As at March 31, 2017*
Applicable Tax Rate	34.61%	34.61%
Tax Effect of Tax Exempt Income	-1.66%	-5.07%
Tax Effect of Non Deductible Expenses	-0.85%	2.73%
Tax Effect of Allowances for Tax Purpose	-1.58%	-2.41%
Effective Tax Rate	**30.52%**	**29.86%**

Note 34: Share Based Payments (Ind AS 102):

The Company has granted 5,37,908 options to its eligible employees in as per the ESOS Schemes, details are as under:

(A) Employees Stock Option Scheme (ESOS 2017):

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 01,2019	2 years from the date of grant i.e. January 01,2016
Exercise Period	2 years after the vesting period i.e. September 01,2021	2 years after the vesting period i.e. January 01,2018
Grant Date	September 01,2017	January 01,2014
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

(B) Movement of Options granted:

Particulars	*As at March 31, 2018*		*As at March 31, 2017*
	ESOS (2017)	*ESOS (2013)*	*ESOS (2013)*
Options Outstanding at beginning of the year	-	10,013	60,115
Granted during the year	5,37,908	-	-
Exercised during the year	-	10,013	50,102
Lapsed during the year	13,800	-	-
Options Outstanding at the end of the year	5,24,108	-	10,013
Options unvested at the end of year	5,24,108	-	-
Options exercisable at the end of the year	-	-	-
Weighted Average exercise price	1,139	617	617

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

i) ESOS 2017: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.42 years (Previous Year: Nil)

ii) ESOS 2013: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is Nil years (Previous Year: 0.76 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. 8,64,89,983 (Previous Year Nil) 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:

Particular	*ESOS 2017*	*ESOS 2013*
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.1506.65	Rs.228.59

(D) Details of the liabilities arising from the Share based payments were as follows: **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Total Carrying Amount	8,64,89,983	22,88,185	1,37,41,687

Note 35: Financial Instruments: Disclosure (Ind AS 107):

(A) Classification of Financial Assets and Liabilities (Ind AS 107): **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Financial assets at Amortized cost:			
Investment (Non Current)	37,10,84,796	37,27,89,003	40,44,93,210
Investment (Current)	-	3,00,00,000	-
Loans (Non Current)	74,86,602	1,55,87,650	1,54,46,786
Loans (Current)	1,26,63,818	40,38,259	1,80,43,080
Trade Receivables	37,18,09,714	23,19,07,837	22,23,55,117
Cash and Cash Equivalents	23,58,67,066	11,26,50,179	11,75,58,868
Other Bank Balances	50,64,488	54,41,343	48,63,287
Other Non Current Financial Assets	9,72,219	10,25,523	8,21,118
Other Current Financial Assets	1,74,28,797	1,15,32,615	1,17,16,874

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

(Amount Rs.)

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Financial assets at Fair Value through P&L:			
Investment (Non Current)	2,08,40,48,897	39,29,39,614	1,82,00,37,342
Investment (Current)	2,57,87,93,275	3,77,21,68,148	1,80,23,50,414
Financial assets at Fair Value through OCI:			
Investment (Non Current)	14,97,11,671	9,63,00,419	11,14,00,458
Total	**5,83,49,31,343**	**5,04,63,80,590**	**4,52,90,86,554**
Financial liabilities at Amortized cost:			
Other Current Financial Liability	9,66,43,332	9,69,19,336	9,38,38,919
Total	**9,66,43,332**	**9,69,19,336**	**9,38,38,919**

(B) Investments in equity instruments designated at Fair Value through Other Comprehensive Income

As on April 01, 2016, the Company was holding 53,000 Equity Shares of USD 10 each of ARC Ratings Holdings PTE Limited. In FY 2016-17, pursuant to internal structuring, the Company received 20 Equity Shares of USD 22,600 each of ARC Ratings Holdings Limited in lieu of its existing investment in ARC Ratings Holdings PTE Limited.

As on March 31, 2017 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 Berhard. The Company has opted to designate these investment 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:

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Financial assets at Fair Value through OCI:			
- Malaysian Rating Corporation Berhard	**11,44,57,128**	**8,19,14,322**	**9,46,51,401**
- ARC Ratings Holdings Limited	3,52,54,543	1,43,86,097	-
- ARC Ratings Holdings PTE Limited	-	-	1,67,49,057
Total	**14,97,11,671**	**9,63,00,419**	**11,14,00,458**

The Company has received ₹ 37,17,089 (Previous Year ₹ 49,98,709) as Dividend and has recognized in the Statement of Profit & Loss under Note 24 - Other Income. There has been no transfer in investment during any period.

Note 36: 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 Berhard 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:

(Amount Rs.)

Particulars	*Level 1*	*Level 2*	*Level 3*
As at March 31, 2018			
Investments measured at			
Fair Value through OCI:	-	-	14,97,11,671
Fair Value through Profit and Loss:	-	4,60,48,26,622	5,80,15,550
As at March 31, 2017			
Investments measured at			
Fair Value through OCI:	-	-	9,63,00,419
Fair Value through Profit and Loss:	-	4,11,12,87,161	5,38,20,601
As at April 1, 2016			
Investments measured at			
Fair Value through OCI:	-	-	11,14,00,458
Fair Value through Profit and Loss:	-	3,62,23,87,756	-

The Company has utilized the expertise of the in-house team to value the investments in ARC Ratings Holdings Limited & Malaysian Rating Corporation Berhard. 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 external valuer. The auditors have relied upon the reports provided by the said valuers.

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

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for the year ended March 31, 2018

The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2018, March 31, 2017 and April 01, 2016 are as shown below:

Particulars	***Valuation Technique***	***Significant unobservable inputs***	***Discounting Rate***	***Sensitivity of the input to fair value***
Malaysian Rating Corporation Berhard	Net Asset Method / Discounted Cash Flow Method	Cost of Equity	10.67%	March 2018 0.5% Increase - Decrease in Fair Value by Rs. 3,226,686 0.5% Decrease - Increase in Fair Value by Rs. 4,068,415
ARC Ratings Holdings Limited	Net Asset Method / Discounted Cash Flow Method	Cost of Equity	8.19%	March 2018 0.5% Increase - Decrease in Fair Value by Rs. 6,906,602 0.5% Decrease - Increase in Fair Value by Rs. 7,818,203
Prefrence share investment in CARE Risk Solutions Private Limited (Formerly known as CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd.)	Discounted Cash Flow Method - Valuation of Preference Shares Black & Scholes Model - Valuation of Option	Market Coupon Rate and Volatility	March 31, 2018: 8.00% March 31, 2017: 7.50%	March 2017 0.5% Increase - Decrease in Fair Value by Rs. 907,199 0.5% Decrease - Increase in Fair Value by Rs. 907,199 March 2018 0.5% Increase - Decrease in Fair Value by Rs. 5,246,031 0.5% Decrease - Increase in Fair Value by Rs. 5,246,031

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

The Company had adopted Net Asset Method for Valuation of Investments in MARC Malaysia and ARC Ratings Holdings Ltd. as on April 01, 2016 and March 31, 2017.

Accordingly, there are no significant unobservable inputs.

For Valuation as on March 31, 2018, the Company has adopted Discounted Cash Flow Method.

Reconciliation of Level 3 Fair Value Measurements: **(Amount Rs.)**

Particulars	*Amount*
Balance as at April 1, 2016	**11,14,00,458**
Add: Changes in Value of Investments measured at FVOCI	(1,51,00,040)
Add: Investment measured at FVTPL	5,38,20,601
Balance as at March 31, 2017	**15,01,21,019**
Add: Changes in Value of Investments measured at FVOCI	5,34,11,252
Add: Changes in Value of Investments measured at FVTPL	41,94,949
Balance as at March 31, 2018	**20,77,27,221**

Note 37: 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

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, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
		Amount in FC	*Amount in INR*	*Amount in FC*	*Amount in INR*	*Amount in FC*	*Amount in INR*
Other Receivable	MUR	2,83,273	5,35,434	95,444	1,68,525	15,713	11,34,858
Trade Receivables	USD	22,448	14,84,767	-	-	11	756
Trade Receivables	MRF	45,000	1,85,475	45,000	1,85,474	80,744	1,73,003
Trade Receivables	GBP	-	-	-	-	1,07,758	1,03,05,000
Share Application Money	USD	-	-	-	-	20,000	13,26,800
Investments							
Malaysian Rating Corporation Berhard	RM	50,68,000	11,44,57,128	50,68,000	8,19,14,322	50,68,000	9,46,51,401
ARC Ratings Holdings Pte Limited	USD	-	-	-	-	5,30,000	1,67,49,057
ARC Ratings Holdings Limited	USD	4,52,000	3,52,54,543	4,52,000	1,43,86,097	-	-
CARE Ratings (Africa) Pvt Limited	USD	3,12,001	2,05,15,287	3,12,001	2,05,15,287	1,08,000	68,91,700
Bank Balances							
SBI Maldives - MRF account	MRF	46,641	1,92,238	46,641	1,92,238	3,241	14,047
SBI Maldives - USD account	USD	633	40,985	633	40,985	933	61,659

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, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
MUR	5,354	1,685	-
USD	5,72,956	3,49,424	2,61,648
MRF	3,777	3,777	1,870
RM	11,44,571	8,19,143	9,46,514
GBP	-	-	1,03,050

Note: If the rate is decreased by 100 bps profit will increase by an equal amount

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

(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 as on March 31, 2018 is ₹ 371,809,714 (March 31, 2017 - ₹ 231,907,837) (April 01, 2016 - ₹ 222,355,117)

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 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.)

Particulars	*As at March 31, 2018*	*As at March 31, 2017*
Opening Provision	4,06,12,209	2,79,70,895
Add: Provided during the Year	-	1,26,41,314
Less: Utilized during the Year	(2,41,52,266)	-
Closing Provision	1,64,59,943	4,06,12,209

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 based on contractual undiscounted payments.

(Amount Rs.)

As at March 31, 2018	*Less than 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Statutory Dues Payable	9,06,96,594	-	-	9,06,96,594
Other Financial Liabilities	7,99,08,182	-	-	7,99,08,182
Total	**17,06,04,776**	**-**	**-**	**17,06,04,776**
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
Total	**2,80,73,54,105**	**2,20,92,00,247**	**18,79,17,896**	**5,20,44,72,248**

As at March 31, 2017	*Less than 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Statutory Dues Payable	2,62,09,056	-	-	2,62,09,056
Other Financial Liabilities	8,04,63,078	-	-	8,04,63,078
Total	**10,66,72,134**	**-**	**-**	**10,66,72,134**
Investments in Mutual Funds	3,77,21,68,148	33,91,19,013	-	4,11,12,87,161
Investments in Government Securities	3,00,00,000	18,39,82,592	18,88,06,410	40,27,89,003
Deposits with Banks	5,85,13,183	-	-	5,85,13,183
Total	**3,86,06,81,331**	**52,31,01,605**	**18,88,06,410**	**4,57,25,89,347**

As at April 01, 2016	*Less than 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Statutory Dues Payable	1,33,44,764	-	-	1,33,44,764
Other Financial Liabilities	7,53,00,865	-	-	7,53,00,865
Total	**8,86,45,629**	**-**	**-**	**8,86,45,629**
Investments in Mutual Funds	1,80,23,50,414	1,72,71,42,701	-	3,52,94,93,115
Investments in Gold ETF	-	9,28,94,641	-	9,28,94,641
Investments in Government Securities	-	3,00,00,000	37,44,93,210	40,44,93,210
Deposits with Banks	2,47,83,560	-	-	2,47,83,560
Total	**1,82,71,33,974**	**1,85,00,37,342**	**37,44,93,210**	**4,05,16,64,526**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 38: Distribution made and proposed (Ind AS 1):

Particulars	*Year Ended 31st March, 2018*	*Year Ended 31st March, 2017*
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on 31st March, 2017:₹ 10/- per share	29,45,12,010	29,44,03,540
(31st March, 2016: ₹.10/- per share)		
DDT on final dividend	5,99,55,716	5,99,33,634
Total Dividend paid	**35,44,67,726**	**35,43,37,174**
Proposed dividends on Equity shares:		
Final dividend for the year ended on 31st March , 2018: ₹37/- Per share.	1,09,00,64,918	29,45,12,010
(31st March, 2017: ₹10/-per share)		
DDT on proposed dividend	22,19,11,056	5,99,55,716
Total dividend proposed	**1,31,19,75,974**	**35,44,67,726**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including Divided Distribution Tax thereon) as at March 31 of respective year.

Note 39: 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.

Note 40: 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 ₹ 26,730,960 (March 31, 2017 - ₹ 27,815,415)

The lease payments are recognized in the Statement of Profit and Loss under rent in Note 26 - Other Expenses.

The future minimum lease payments under operating lease is given below:

(Amount Rs.)

Particulars	*For the year ended March 31, 2018*	*For the year ended March 31, 2017*
Not later than one year	**1,81,05,822**	**2,61,28,659**
Later than one year and not later than five years	**1,01,50,597**	**2,16,16,088**
More than five years	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

c. General Description of Leasing Agreements:

- Office Building taken on lease: Bengaluru, Chandigarh, Chennai, Delhi, Kolkata & Kochi
- 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 are generally non-cancellable and ranges between 11months and 5 years

Note 41: Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

(Amount Rs.)

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	-	-	-
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.			

Note 42: Corporate Social Responsibility

Gross Amount required to be spent by the Company during the year is ₹ 2,86,52,836/- (Previous Year ₹3,95,02,885/-)

Amount spent during the year on the following:

(Amount Rs.)

Particulars	***In cash (Rs.)***	***Yet to be paid in cash (Rs.)***	***Total (Rs.)***
CARE Ratings Vidyasarthi Scholarship Programme	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	16,48,717	-	16,48,717
Total	**41,48,717**	**-**	**41,48,717**

During Previous Year, the Company has spent an amount of ₹ 50,00,000/- by way of contribution to Swachh Bharat Kosh and Prime Minister's National Relief Fund of ₹ 25,00,000/- each

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 43: Disclosure as per Section 186(4) of the Companies Act, 2013

a. Details of Inter-Corporate Loans / Guarantees granted during the year as below:

There is no transaction in the nature of inter-Corporate Loans/Grarantee granted during the year.

During the year FY 16-17, 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) and the same was repaid duging FY 17-18

b. Details of Investment made during the year as below:

Name of the Company	*Holding / Subsidiary / Associate*	*Year Ended 31st March, 2018*	*Year Ended 31st March, 2017*
CARE Ratings (Nepal) Limited	Subsidiary	1,59,90,561	-
Care Ratings (Africa) Private Limited	Subsidiary	-	1,36,23,587
Credit Advisory Research & Training Limited	Subsidiary	-	4,49,99,950

Note 44 : Details of Specified Bank Notes (SBN) held and transacted during the period 08 Nov, 2016 to 30 Dec, 2016.[Refer Statutory requirement under notification no G.S.R 308 (E) of MCA dated 30th March, 2017.

The above provisions are not applicable for the financial year 2017-18.

The details for the FY 2016-17 are as follows:

Particulars	*SBN's*	*Other Denomination*	*Total*
Closing cash in hand as on 08 Nov, 2016	25,000	42,395	67,395
Add : Permitted receipts	-	4,52,910	4,52,910
Less: Permitted Payments	-	4,32,382	4,32,382
Less: Amount deposited in Banks	25,000	-	25,000
Closing cash in hand as on 30 Dec, 2016	**-**	**62,923**	**62,923**

Note 45: Ind AS 115: Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers', which replaces Ind AS 18 'Revenue'. Based on the preliminary assessment carried out by the management, except for the disclosure requirements, the application of new standard may not have any significant impact the Company's financial statements. The amendment will come into force from April 01, 2018.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 46: First Time Adoption of Ind AS (Ind AS 101):

As stated in Note 1, these financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (IGAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemption Availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

1. Deemed cost for PPE and Intangible Assets:

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets as recognized as of April 01, 2016 measured as per the IGAAP and use that carrying value as its deemed cost as of the transition date.

2. Share-Based Payments:

The Company has opted not to apply Ind AS 102, Share based payment to equity instruments that vested before date of transition to Ind AS and to liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS.

3. Investment in Subsidiary, Joint ventures and Associates:

The Company has elected to carry its investment in subsidiary, joint venture and associates at deemed cost which is its IGAAP carrying amount at the date of transition to Ind AS

4. Fair Value of Financials Assets and Liabilities:

As per Ind AS exemption the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards

a. Reconciliation of Equity

Particulars	*Note*	*As at March 31, 2017*				*As at April 01, 2016*			
		Indian GAAP	*Reclassification*	*Adjustments*	*Ind AS*	*Indian GAAP*	*Reclassification*	*Adjustments*	*Ind AS*
ASSETS									
Non Current Assets									
Property Plant and Equipment		52,37,33,994	-	-	52,37,33,994	54,96,00,574	-	-	54,96,00,574
Intangible Assets		27,65,369	-	-	27,65,369	16,86,047	-	-	16,86,047
Capital Work in Progress		7,45,804	-	-	7,45,804	-	-	-	-
Financial Assets									
Investments	a	1,01,43,79,572	-	1,89,48,355	1,03,33,27,926	2,31,86,66,513	-	12,99,39,851	2,44,86,06,364
Loans	b, f	-	1,76,59,860	(20,72,210)	1,55,87,650	-	1,77,71,097	(23,24,311)	1,54,46,786
Other Non Current Financial Assets	f	-	10,25,523	-	10,25,523	-	8,21,118	-	8,21,118
Other Non-Current Assets	b, f	9,41,27,496	(9,40,08,742)	18,39,682	19,58,436	8,05,44,181	(7,96,59,694)	20,79,568	29,64,055
Current Assets									
Financial Assets									
Investments	a	3,49,65,58,806	-	30,56,09,342	3,80,21,68,148	1,60,16,36,145	-	20,07,14,269	1,80,23,50,414
Trade Receivables		23,19,07,837	-	-	23,19,07,837	22,23,55,117	-	-	22,23,55,117
Cash and Cash Equivalents	f	11,80,91,522	(54,41,343)	-	11,26,50,179	12,24,22,156	(48,63,287)	-	11,75,58,869
Bank Balances other than Cash and Cash Equivalents	f	-	54,41,343	-	54,41,343	-	48,63,287	-	48,63,287
Loans	f	3,56,49,092	(3,16,10,833)	-	40,38,259	4,34,87,124	(2,50,49,886)	(3,94,158)	1,80,43,080
Other Current Financial Assets	f	-	1,15,32,615	-	1,15,32,615	-	1,17,16,874	-	1,17,16,874
Current Tax Assets (Net)	f	-	7,53,23,359	-	7,53,23,359	-	5,97,40,679	-	5,97,40,679
Other Current Assets	f	1,48,73,574	2,00,78,218	-	3,49,51,793	4,79,94,250	1,46,59,812	3,38,852	6,29,92,914
Total Assets		**5,53,28,33,066**	**-**	**32,43,25,169**	**5,85,71,58,235**	**4,98,83,92,107**	**-**	**33,03,54,070**	**5,31,87,46,177**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

Particulars	*Note*	*As at March 31, 2017*				*As at April 01, 2016*			
		Indian GAAP	*Reclassification*	*Adjustments*	*Ind AS*	*Indian GAAP*	*Reclassification*	*Adjustments*	*Ind AS*
EQUITY AND LIABILITIES									
Equity									
Equity Share Capital		29,45,12,010	-	-	29,45,12,010	29,40,10,960	-	-	29,40,10,960
Other Equity	a,b, c,d,e	4,69,56,33,140	-	25,17,93,585	4,94,74,26,725	3,78,84,79,461	-	60,95,20,967	4,39,80,00,428
Liabilities		-	-	-	-	-	-	-	-
Non-Current Liabilities		-	-	-	-	-	-	-	-
Provisions		3,82,24,165	-	-	3,82,24,165	5,47,74,274	-	-	5,47,74,274
Deferred Tax Liabilities (Net)	d	3,88,75,009	-	7,54,23,003	11,42,98,012	2,57,52,900	-	7,82,86,275	10,40,39,175
Current Liabilities									
Financial Liabilities									
Other Current Financial Liabilities	c, f	-	9,98,10,754	(28,91,418)	9,69,19,336	-	9,74,27,416	(35,88,497)	9,38,38,919
Other Current Liabilities	f	36,68,39,968	(1,93,47,676)	-	34,74,92,292	34,89,19,044	(2,21,26,551)	(1)	32,67,92,492
Provisions	f	9,87,48,773	(8,04,63,078)	-	1,82,85,695	47,64,55,468	(7,53,00,865)	(35,38,64,674)	4,72,89,929
Total Equity and Liabilities		**5,53,28,33,065**	**-**	**32,43,25,170**	**5,85,71,58,235**	**4,98,83,92,107**	**-**	**33,03,54,070**	**5,31,87,46,177**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

b. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

Particulars	*Note*	*IGAAP*	*Adjustments*	*Ind AS*
Revenue				
Revenue from Operations		2,80,47,95,808	-	2,80,47,95,808
Other Income	a, b	32,88,59,592	1,19,73,331	34,08,32,924
Total Income		**3,13,36,55,400**	**1,19,73,331**	**3,14,56,28,732**
Expenses				
Employee Benefit Expense	e	66,88,57,262	5,24,622	66,93,81,884
Depreciation & Amortization Expense		3,14,18,807	-	3,14,18,807
Other Expenses	a, b, c	27,06,18,682	35,99,272	27,42,17,954
Total Expenses		**97,08,94,751**	**41,23,894**	**97,50,18,645**
Profit Before Tax expenses		2,16,27,60,649	78,49,439	2,17,06,10,088
Tax Expenses:				
Current Tax		63,45,40,850	-	63,45,40,850
Deferred Tax		1,31,22,109	-	1,35,60,845
Total		**64,76,62,959**	**-**	**64,81,01,695**
Profit for the Year		1,51,50,97,690	78,49,439	1,52,25,08,392
Other Comprehensive Income				
Items that will not be reclassified to profit & loss	a, e	-	(1,45,75,417)	(1,45,75,417)
Income Tax relating to items that will not be reclassified to profit & loss	d	-	33,02,007	33,02,007
Items that will be reclassified to Profit & Loss		-	-	-
Income Tax relating to items that will be reclassified to profit & loss		-	-	-
Other Comprehensive Income for the Year		-	(1,12,73,410)	(1,12,73,410)
Total Comprehensive Income for the year		**1,51,50,97,690**	**(34,23,972)**	**1,51,12,34,982**

c. Reconciliation of Statement of Cash flow for the year ended March 31, 2017

Particulars	*IGAAP*	*+/-*	*Ind AS*
Net Cash flow from Operating Activities	**1,23,25,70,067**	**-**	**1,23,25,70,067**
Net Cash flow from Investing Activities	(27,61,71,121)	-	(27,61,71,121)
Net Cash flow from Financing Activities	(96,13,07,635)	-	(96,13,07,635)
Net Increase/(Decrease) in Cash & Cash equivalents	(49,08,689)	-	(49,08,689)
Cash & Cash equivalents as at April 1, 2016	**11,75,58,868**	**-**	**11,75,58,868**
Cash & Cash equivalents as at March 31, 2017	**11,26,50,179**	**-**	**11,26,50,179**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Notes to the Reconciliation of equity as at April 1, 2016 and March 31, 2017 and Total Comprehensive Income for the year ended March 31, 2018:

(a) Investments:

The Company has measured investments other than investment in subsidaries at Fair Value and has classified the same at Fair Value through Profit and Loss (FVTPL) and Fair value through Other Comprehensive Income (FVOCI). The Company has also designated certain investment in equity instruments at FVOCI. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2017.Refer note 35 and Note 36 for detailed disclosure regarding measurement of Investments.

The Company carries certain Tax free bonds for which the Company had paid premium. Such premium has been ammortised over the life of the bonds and same has been charged to Statement of Profit and Loss.

(b) Fair Valuation of Security Deposit

Interest-free deposits have been fair valued and are discounted using an appropriate current market rate. The difference between the nominal value and the fair value of the deposit under the lease is considered as Prepaid Rent, which is unwinded on a straight line basis over the period of the lease. The company also recognizes interest expense using the discounting rate, over the life of the deposit. These adjustments are reflected in retained earnings as at the date of transition and subsequently in the statement of profit or loss.

(c) Lease Straightlining

Under IGAAP, lease rent under an operating lease were being recognised as an expense on a straight-line basis over the lease term. Under Ind AS 17, straight lining of operating lease is not required, if the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Since the lease rentals as per the agreement fulfil this condition, straightlining of rent expense has not been carried out and the impact of the same given under IGAAP has been reversed.

(d) Deferred Tax

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred Tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or profit and loss respectively.

(e) Acturial Gain/Loss

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

Under IGAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements (comprising of actual gains and lossses, the effect of the asset celling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts including in net interest on the net benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(f) Reclassifications

Reclassification and regrouping has been done basis the requirement of particular Ind AS and Division II of Schedule III of the Companies Act, 2013 providing the framework for the preparation and presentation of Financial Statements in accordance with Ind ASs.

As per our attached Report of even date

For Khimji Kunverji & Co.
Chartered Accountants
FRN: 105146 W

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors
CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

INDEPENDENT AUDITOR'S REPORT

To the Members of
CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited')

Report on the Consolidated Ind AS Financial Statements
We have audited the accompanying Consolidated Ind AS 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"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements
The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated financial position, Consolidated financial performance (including other comprehensive income), Consolidated statement of changes in equity and Consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and its joint venture 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We are aso eresponsible to conclude on te appropriateness of managemst'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 signigicant doubt on the ability of Group to continue as agoing concern. If we conclude that a material uncertainty exists, we ar required to draw attention in the auditor's report to th related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate. to modify our opinion.

INDEPENDENT AUDITOR'S REPORT

Our conclusions are bsed on the audit evidence obratined up to the date of our audito's report. However, future events or condition s may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on, the consideration of reports of the other auditors on financial statements of the subsidiaries, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at March 31, 2018, their Consolidated performance (including other comprehensive income), their Consolidated cash flows and Consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of CARE Advisory Research & Training Limited, a subsidiary whose financial statements reflect total assets of Rs. 53,432,658 as at March 31, 2018, total revenues of Rs. 18,916,268 and net cash outflow of Rs. 16,966,761 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 aforesaid subsidiary is based solely on the reports of the other auditors.

We did not audit the financial statements of CARE Ratings (Africa) Private Limited and CARE Ratings (Nepal) Limited, subsidiary companies incorporated in Mauritius & Nepal respectively whose financial statements reflect total assets of Rs. 50,144,419 as at March 31, 2018, total revenues of Rs. 14,689,833 and net cash inflows of Rs. 6,354,503 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 auditor as per the requirement of the applicable reporting standards of that country and have been converted as per the requirements of Ind AS by the management. Our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditors and management certified financial statements and adjustments thereto.

Our opinion above on the Consolidated Ind AS 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

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors of subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 purpose of our audit of the aforesaid Consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on March 31, 2018 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 A' to this report which is based on the auditor's report of the Holding Company and its subsidiaries incorporated in India;

INDEPENDENT AUDITOR'S REPORT

(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 28 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 29 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 and

iv. The disclosure requirement in the Consolidated Ind AS financial statements as envisaged in Notification G.S.R 308(E) dated March 30, 2017 as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 is relating to F.Y 2016-17 and hence no disclosure on the same has been given - Refer Note 42 to the financial statements.

For Khimji Kunverji & Co.
Chartered Accountants
ICAI FRN: 105146W

Gautam V shah
Partner (F-117348)

Mumbai
Date: May 22, 2018

INDEPENDENT AUDITOR'S REPORT

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Management and Board of Directors of the Holding Company and its subsidiaries incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective entities 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 ("ICAI"). 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 respective 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiaries, which are companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and in terms of other auditor's report referred to in paragraph of the Other Matters below, the audit evidence obtained by them, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(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 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 financial statements.

INDEPENDENT AUDITOR'S REPORT

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, to the best of our information and according to the explanations given to us and based on consideration of reporting of the other auditors as mentioned in the Other Matter paragraph, the Holding Company and its subsidiaries company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective entities considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter
Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary which is incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For Khimji Kunverji & Co.
Chartered Accountants
ICAI FRN: 105146W

Gautam V shah
Partner (F-117348)

Mumbai
Date: May 22, 2018

BALANCE SHEET
as at March 31, 2018

(Amount Rs.)

Particulars	*Note Number*	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
ASSETS				
Non Current Assets				
Property Plant and Equipment	2	51,09,38,000	52,64,52,912	55,34,92,791
Intangible Assets	2	1,16,24,058	34,92,800	24,82,354
Goodwill on consolidation		7,95,03,151	7,95,03,151	7,95,03,151
Capital Work in Progress	2	-	7,45,804	-
Financial Assets				
Investments	3	2,55,48,45,364	80,92,58,434	2,33,59,31,010
Loans	4	85,36,602	1,55,87,650	1,64,96,787
Other Non Current Financial Assets	5	9,72,219	10,25,523	8,21,118
Deferred Tax Assets (Net)	6	93,21,074	85,24,132	84,18,335
Other Non-Current Assets	7	12,06,262	19,58,436	29,64,055
Current Assets				
Financial Assets				
Investments (Current)	8	2,62,84,45,857	3,85,21,76,831	1,80,23,50,413
Trade Receivables	9	39,24,01,463	25,30,04,957	23,61,15,321
Cash and Cash Equivalents	10	28,56,90,192	13,47,32,080	12,28,52,233
Bank Balances other than Cash and Cash Equivalents	11	59,91,488	62,41,343	48,63,287
Loans	12	1,31,47,957	41,57,444	1,84,99,985
Other Current Financial Assets	13	5,62,99,596	3,44,73,582	1,03,98,065
Current Tax Assets (Net)	14	50,31,574	7,90,51,175	6,87,46,418
Other Current Assets	15	2,21,92,833	3,97,57,347	9,25,39,201
Total Assets		**6,58,61,47,689**	**5,85,01,43,601**	**5,35,64,74,524**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	16	29,46,12,140	29,45,12,010	29,40,10,960
Other Equity	17	5,67,37,22,893	4,90,58,04,141	4,40,28,29,510
Minority Interest		2,11,57,318	48,86,413	-
LIABILITIES				
Non-Current Liabilities				
Provisions	18	4,73,38,649	4,00,52,456	5,65,19,317
Deferred Tax Liabilities (Net)	19	5,31,73,544	11,42,98,011	10,40,39,175
Borrowings		-	-	-

BALANCE SHEET
as at March 31, 2018

(Amount Rs.)

Particulars	*Note Number*	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Current Liabilities				
Financial Liabilities				
Other Current Financial Liabilities	20	11,48,79,675	9,74,09,904	10,62,96,918
Other Current Liabilities	21	30,58,33,412	37,39,10,052	34,48,77,748
Provisions	22	4,27,01,246	1,92,70,614	4,79,00,896
Current Tax Liability (Net)	23	3,27,28,813	-	-
Total Equity and Liabilities		**6,58,61,47,689**	**5,85,01,43,601**	**5,35,64,74,524**

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.**

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of

CARE Ratings Limited
(Formerly known as Credit Analysis and Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

PROFIT AND LOSS

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*Note*	*For the year ended March 31, 2018*	*For the year ended March 31, 2017*
Income			
Revenue From Operations	24	3,32,68,40,596	2,87,43,19,315
Other Income	25	25,46,65,671	33,67,01,453
Total Income		**3,58,15,06,267**	**3,21,10,20,768**
Expenses			
Employee Benefits Expense	26	88,90,95,791	72,60,36,566
Depreciation and Amortization Expense	2	3,14,90,647	3,39,34,476
Other Expenses	27	33,01,26,785	32,61,87,309
Total Expenses		**1,25,07,13,223**	**1,08,61,58,351**
Profit before Exceptional Item and Tax		**2,33,07,93,044**	**2,12,48,62,417**
Exceptional Items		-	-
Profit before Tax Expense		2,33,07,93,044	2,12,48,62,417
Tax Expense			
Current Tax		**78,16,00,475**	**63,49,76,085**
Deferred Tax Expense		(7,42,00,913)	1,37,21,192
Total Tax Expense		**70,73,99,562**	**64,86,97,277**
Profit after Tax		**1,62,33,93,482**	**1,47,61,65,140**
Profit for the period attributable to:			
Non-Controlling interest		(7,13,757)	(2,58,763)
Owners of the Parent		1,62,41,07,239	1,47,64,23,903
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit & Loss		5,35,65,770	(1,46,57,519)
(ii) Income Tax Relating to Items that will not be reclassified to profit & Loss		(1,22,79,503)	33,02,007
B (i) Items that will be reclassified to profit & Loss		-	-
(ii) Income Tax Relating to Items that will be reclassified to profit & Loss		-	-
Other Comprehensive Income for the period		**4,12,86,267**	**(1,13,55,512)**
Other Comprehensive Income for the period attributable to:			
Non-Controlling interest		-	-
Owners of the Parent		4,12,86,267	(1,13,55,512)
Total Comprehensive Income for the period		**1,66,46,79,749**	**1,46,48,09,628**

PROFIT AND LOSS

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*Note*	*For the year ended March 31, 2018*	*For the year ended March 31, 2017*
Total Comprehensive Income for the period attributable to:			
Non-Controlling interest		(7,13,757)	(2,58,763)
Owners of the Parent		1,66,53,93,506	1,46,50,68,391
Earning Per Share (Face Value Rs.10/- each)	33		
- Basic		54.54	50.16
- Diluted		54.54	50.13

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

For **Khimji Kunverji & Co.**

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of
CARE Ratings Limited
(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

CASH FLOW STATEMENT

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*For the Year ended* March 31, 2018	*For the Year ended* March 31, 2017
Cash flows from Operating Activities		
Profit before tax	2,33,07,93,044	2,12,48,62,417
Adjustments for		
Income from investments	(16,98,21,562)	(32,85,00,055
Notional Income on Fair Value of Security Deposits	(10,78,608)	(12,65,508)
Unrealized Gain on Fair Valuation of Investments through Profit & Loss	(6,07,50,797	(16,61,222)
Unrealised Foreign Exchange (Gain) / Loss	-	6,27,034
Provision for Bad Debts	4,58,723	1,17,18,216
Deferred Lease Expense	9,89,170	11,97,986
Loss on Sale of Fixed Assets	1,31,653	4,09,342
ESOP Expense	8,64,89,983	-
Amortization of Premium	17,04,207	17,04,207
Depreciation	3,14,90,647	3,39,34,476
Operating Profit before working capital changes	2,22,04,06,461	1,84,30,26,893
Movements in working capital		
Decrease/(Increase) in Trade Receivables	(13,98,55,229)	(2,91,51,434)
Decrease/(Increase) in Non Financial Assets	2,10,00,617	7,45,65,686
Decrease/(Increase) in Financial Assets	(2,33,72,882)	1,23,34,596
Decrease/(Increase) in Non Financial Liabilities	(6,80,76,640)	(2,19,29,919)
Decrease/(Increase) in Financial Liabilities	1,74,69,771	(48,08,088
Increase/(Decrease) in Provisions	3,05,94,107	(3,14,08,787)
Total Movements in working capital	(16,22,40,256)	(3,97,946)
Taxes paid	(67,48,52,060)	(65,26,66,747)
Net cash from operating activities	1,38,33,14,145	1,18,99,62,200
Cash flows from Investing Activities		
Income from investments	16,98,21,562	32,71,53,109
Sale of fixed assets	4,38,442	11,28,357
Purchase of fixed assets	(2,39,31,283	(1,01,91,213)
Purchase of investments	(4,72,05,12,650	(2,86,00,68,108)
Sale of investments	4,32,83,76,434	2,32,20,34,563
Net cash from investing activities	(24,58,07,495	(21,99,43,292)

CASH FLOW STATEMENT

for the year ended March 31, 2018

(Amount Rs.)

Particulars	*For the Year ended* March 31, 2018	*For the Year ended* March 31, 2017
Cash flows from Financing Activities		
Proceeds from issue of equity shares	1,00,130	3,41,34,216
Premium on allotment of ESOPS	60,77,891	-
Dividend and Dividend Tax paid	(99,27,26,558	(99,22,22,420)
Net cash from financing activities	**(98,65,48,537)**	**(95,80,88,204)**
Effects of Unrealised Exchange gain on Cash & Cash Equivalents	-	(50,857)
Net increase / (decrease) in cash and cash equivalents	**15,09,58,112**	**1,19,30,704**
Cash And Cash Equivalents At The Beginning	**13,47,32,080**	**12,28,52,233**
Cash And Cash Equivalents At The End	**28,56,90,192**	**13,47,32,080**
Cash and cash equivalents comprise of: (Refer note 10)		
Cash on hand	48,387	66,990
Cheques in hand	-	
Other Bank balances		
On Current Account	2,86,38,688	7,16,50,016
Deposit Accounts	25,70,03,117	6,30,15,074
Total	**28,56,90,192**	**13,47,32,080**

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.**

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]

Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of

CARE Ratings Limited
(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]

Chairman
DIN No-02531129

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Mahendra Naik]

Company Secretary
ACS 20230

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

A. Equity Share Capital *(Amount Rs.)*

For the year ended March 31, 2018

Balance as at April, 01, 2017	*Changes in Equity Share Capital during the year*	*Balance as at March 31, 2018*
29,45,12,010	1,00,130	29,46,12,140

For the year ended March 31, 2017

Balance as at April, 01, 2016	*Changes in Equity Share Capital during the year*	*Balance as at March 31, 2017*
29,40,10,960	5,01,050	29,45,12,010

B. Other Equity

For the year ended March 31, 2018 *(Amount Rs.)*

Particulars	*Reserves & Surplus*						*Total Equity*
	Share Option Outstanding Reserve	*Capital Redemption Reserve*	*Securities Premium*	*General Reserve*	*Foreign Currency Translation Reserve*	*Retained Earnings*	
Balance as at April 01, 2017	22,88,185	22,50,000	64,33,96,886	1,79,75,35,419	(5,60,508)	2,46,08,94,159	4,90,58,04,141
Profit for the year (1)	-	-	-	-	-	1,62,41,07,239	1,62,41,07,239
Other Comprehensive Income/(loss) for the year							
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	-	(1,22,718)	(1,22,718)
Other Comprehensive Income/(loss) for the year (3)	-	-	-	-	26,83,930	4,14,08,985	4,40,92,915
Total Comprehensive Income/ (loss) for the year (1+2+3)	-	-	-	-	26,83,930	1,66,53,93,506	1,66,80,77,436
Contribution by and Distribution to Owners							
Premium on allotment of ESOP	-	-	60,77,891	-	-	-	60,77,891

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

Particulars	Reserves & Surplus						Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings	
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
Balance as at March 31, 2018	8,64,89,983	22,50,000	65,17,62,962	1,94,75,35,419	21,23,422	2,98,35,61,107	5,67,37,22,893

For the year ended March 31, 2017 *(Amount Rs.)*

Particulars	Reserves & Surplus						Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings	
Balance as at April 01, 2016	1,37,41,687	22,50,000	60,15,29,649	1,64,75,35,419	(2,75,433)	2,13,80,48,188	4,40,28,29,510
Profit for the year (1)	-	-	-	-	-	1,47,64,23,904	1,47,64,23,904
Other Comprehensive Income/(loss) for the year							
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-		4,42,520	4,42,520
Other Comprehensive Income/(loss) for the year (3)	-	-	-	-	(2,85,075)	(1,17,98,032)	(1,20,83,107)

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

Particulars	*Reserves & Surplus*						*Total Equity*
	Share Option Outstanding Reserve	*Capital Redemption Reserve*	*Securities Premium*	*General Reserve*	*Foreign Currency Translation Reserve*	*Retained Earnings*	
Total Comprehensive Income/ (loss) for the year (1+2+3)	-	-	-	-	(2,85,075)	1,46,50,68,392	1,46,47,83,317
Contribution by and Distribution to Owners							
Premium on allotment of ESOP	-	-	3,04,13,735	-		-	3,04,13,735
Transferred from Deferred Employees Compensation	-	-	1,14,53,502	-		-	1,14,53,502
Dividends	-	-	-	-		(82,43,94,994)	(82,43,94,994)
Dividend distribution tax						(16,78,27,426)	(16,78,27,426)
Transfer (to) / from Retained Earnings	-	-	-	15,00,00,000		(15,00,00,000)	-
Employee Stock Option Exercised	(1,14,53,502)	-	-	-		-	(1,14,53,502)
Employee Stock Option Granted	-	-	-	-		-	-
Balance as at March 31, 2017	**22,88,185**	**22,50,000**	**64,33,96,886**	**1,79,75,35,419**	**(5,60,508)**	**2,46,08,94,159**	**4,90,58,04,141**

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 34 for further details of this plan.

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

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.

In terms of our report attached.

For Khimji Kunverji & Co.

Firm Registration No. 105146W
Chartered Accountants

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors

CARE Ratings Limited
(Fomerly known as Credit Analysis & Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

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 athe carious credi ratings that the corporates to raise capital for their various requirements and assosts the investors to form in 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, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, Pune.

The details of subsidiaries are as under:

Name of the Company :	**CARE Risk Solutions ("CRSPL") (formerly known as Care Kalypto Risk Technologies and Advisory Services Pvt. Ltd. ("CARE KRTPL")**
Country of Incorporation:	**India**
Ownership in % either directly or through Subsidiaries:	**100%**

The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company:	**CARE Ratings (Africa) Private Limited ("CRAF")**
Country of Incorporation:	**Mauritius**
Ownership in % either directly or through Subsidiaries:	**78%**

The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company:	**CARE Advisory Research & Training LTD ("CART")**
Country of Incorporation:	**Mumbai**
Ownership in % either directly or through Subsidiaries:	**100%**

The Financial year for the above subsidiary company is uniform and ends on March 31 every year.

Name of the Company:	**CARE Ratings Nepal Ltd.**
Country of Incorporation:	**Nepal**
Ownership in % either directly or through Subsidiaries:	**51%**

The Financial year for the above subsidiary company is 16th July to 15th July , however the accounts for the purpose of consolidation are prepared from April 2017 to March 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Accordingly, the Company has prepared an Opening Ind AS Balance Sheet as on April 1, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 46.

The Consolidated Financial Statements were aproved for issue by the by the Board of Directors on May 22, 2018.

b) Basis of preparation of Accounts

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

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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.

Depreciation on fixed assets in CRSPL an indian subsidiary is 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. 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 is 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 is amortized over the period of 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 recognised 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 recognised based on percentage complete method. Major portion of Initial and surveillance rating fees will be recognised on the date rating based on efforts and balance portion of it is over the 12 months from the date of rating.

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 recognised 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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.

i) 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 following of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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.

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.

FVTPL:

A financial asset which is not classified in any of the above categories are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 (including trade and other payables) 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 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 recognised 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.

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.

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.

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. 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 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.

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 recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 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 recognised 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 rocognised as an asset in accordance with the recommendations contained in Guidance Note issued by the insititue of Chartered Accounteants 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 convining evidence to the effect theat Company will pay normal income tax during the specified period.

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.

Defreed tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liablity 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.

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 asset abd 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 utillised. 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 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.

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 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. 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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 Judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, 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 judgements 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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.

Accordingly, the revenue recognized for the year ended on March 31, 2018 is higher by Rs. 186,186,612.

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, 2018

Note 2

(Amount Rs.)

	Gross Block				*Depreciation*				*Net Block*
Description of Assets	*As at April 1, 2017*	*Additions during the year*	*Deductions during the year*	*As at March 31, 2018*	*Upto April 1, 2017*	*For the year*	*On deletions / disposals during the year*	*As at March 31, 2018*	*As at March 31, 2018*
Tangible Assets									
Furniture & Fixtures	1,90,16,513	24,44,309	-	2,14,60,822	38,14,857	38,11,207	-	76,26,064	1,38,34,758
Office Equipments	2,10,71,311	29,13,908	-	2,39,85,219	1,05,26,927	80,84,941	-	1,86,11,868	53,73,351
Computers	2,05,00,522	39,17,452	-	2,44,17,974	66,03,773	61,70,278	-	1,27,74,051	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	68,057	41,59,444
Electrical Installations	70,36,224	1,02,263	-	71,38,487	12,04,734	11,33,537	-	23,38,271	48,00,216
Buildings	48,88,62,936	-	-	48,88,62,936	89,85,915	89,10,886	-	1,78,96,801	47,09,66,135
Leasehold Improvements	5,40,524	-	-	5,40,524	2,46,284	1,34,067	-	3,80,351	1,60,173
Total Tangible	**55,81,05,512**	**1,36,06,175**	**10,78,224**	**57,06,33,463**	**3,16,52,600**	**2,85,50,993**	**5,08,130**	**5,96,95,463**	**51,09,38,000**
Intangible Assets									
Computer Software	54,83,104	1,10,70,912	-	1,65,54,016	19,90,304	29,39,654	-	49,29,958	1,16,24,058
Total Intangible	**54,83,104**	**1,10,70,912**	**-**	**1,65,54,016**	**19,90,304**	**29,39,654**	**-**	**49,29,958**	**1,16,24,058**
Capital Work in Progress	7,45,804	-	7,45,804	-	-	-	-	-	-
Total	**56,43,34,420**	**2,46,77,087**	**18,24,028**	**58,71,87,479**	**3,36,42,904**	**3,14,90,647**	**5,08,130**	**6,46,25,421**	**52,25,62,058**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 2 *(Amount Rs.)*

	Gross Block				*Depreciation*				*Net Block*
Description of Assets	*Deemed Cost As at April 1, 2016*	*Additions during the year*	*Deductions during the year*	*As at March 31, 2017*	*Upto April 1, 2016*	*For the year*	*On deletions / disposals during the year*	*As at March 31, 2017*	*As at March 31, 2017*
Tangible Assets									
Furniture & Fixtures	1,89,90,525	25,988	-	1,90,16,513	-	38,14,857	-	38,14,857	1,52,01,656
Office Equipments	2,08,61,317	2,09,994	-	2,10,71,311	-	1,05,26,927	-	1,05,26,927	1,05,44,384
Computers	1,43,00,707	62,06,010	6,195	2,05,00,522	-	66,06,010	2,237	66,03,773	1,38,96,749
Vehicles	29,00,558	-	18,23,076	10,77,482	-	5,59,445	2,89,335	2,70,110	8,07,372
Electrical Installations	70,36,224	-	-	70,36,224	-	12,04,734	-	12,04,734	58,31,490
Buildings	48,88,62,936	-	-	48,88,62,936	-	89,85,915	-	89,85,915	47,98,77,021
Leasehold Improvements	5,40,524	-	-	5,40,524	-	2,46,284	-	2,46,284	2,94,240
Total Tangible	**55,34,92,791**	**64,41,992**	**18,29,271**	**55,81,05,512**	**-**	**3,19,44,172**	**2,91,572**	**3,16,52,600**	**52,64,52,912**
Intangible Assets									
Computer Software	24,82,354	30,00,750	-	54,83,104	-	19,90,304	-	19,90,304	34,92,800
Software Development									
Total Intangible	**24,82,354**	**30,00,750**	**-**	**54,83,104**	**-**	**19,90,304**	**-**	**19,90,304**	**34,92,800**
Capital Work in Progress	-	7,45,804	-	7,45,804	-	-	-	-	7,45,804
Total	**55,59,75,145**	**1,01,88,546**	**18,29,271**	**56,43,34,420**	**-**	**3,39,34,476**	**2,91,572**	**3,36,42,904**	**53,06,91,516**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

2(a) - Details of Gross Block and Accumulated Depreciation as per IGAAP as at April 01, 2016: *(Amount Rs.)*

Particulars	*Gross Block as Per IGAAP*	*Accumulated Depreciation*	*Net block considered for Deemed Cost*	*Ind AS Adjustment*	*Deemed Cost as Per Ind AS*
Tangible Assets					
Furniture & Fixtures	5,03,38,804	3,13,48,279	1,89,90,525	-	1,89,90,525
Office Equipments	6,00,17,275	3,91,55,958	2,08,61,317	-	2,08,61,317
Computers	8,07,17,860	6,64,17,153	1,43,00,707	-	1,43,00,707
Vehicles	51,32,921	22,32,363	29,00,558	-	29,00,558
Electrical Installations	1,18,25,151	47,88,927	70,36,224	-	70,36,224
Buildings	53,96,43,556	5,07,80,620	48,88,62,936	-	48,88,62,936
Leasehold Improvements	10,76,250	5,35,726	5,40,524		5,40,524
Total Tangible	**74,87,51,817**	**19,52,59,026**	**55,34,92,791**	**-**	**55,34,92,791**
Intangible Assets					
Computer Software	3,72,69,166	3,47,86,812	24,82,354	-	24,82,354
Software Development	3,02,05,295	3,02,05,295	-	-	-
Total Intangible	**6,74,74,461**	**6,49,92,107**	**24,82,354**	**-**	**24,82,354**
Total	**81,62,26,278**	**26,02,51,133**	**55,59,75,145**	**-**	**55,59,75,145**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 3: Investments - Non Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Nos	*Amt*	*Nos*	*Amt*	*Nos*	*Amt*
Unquoted:						
Equity Instruments:						
Investment measured at Fair value through Other Comprehensive Income						
Face value of USD 22,600 each fully paid:						
ARC Ratings Holdings Limited	20	3,52,54,543	20	1,43,86,097	-	-
Face value of USD 10 each fully paid:						
ARC Ratings Holdings PTE Limited	-	-	-	-	53,000	1,67,49,057
Face value of RM 1 each fully paid:						
Malaysian Rating Corporation Berhard	20,00,000	11,44,57,128	4,31,375	8,19,14,322	20,00,000	9,46,51,401
Investment measured at Fair value through Profit & Loss						
Investment in various Mutual Fund Schemes - Duration Products		17,67,08,047		17,02,26,148		41,95,33,230
Total Unquoted Investments		**32,64,19,718**		**26,65,26,567**		**53,09,33,688**
Quoted:						
Investment measured at Amortised Cost						
Tax free Bonds		37,10,84,796		37,27,89,003		40,44,93,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 3: Investments - Non Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Nos	*Amt*	*Nos*	*Amt*	*Nos*	*Amt*
Investment measured at Fair value through Profit & Loss		-		-		-
Investment in Gold ETF		-		-		9,28,94,641
Investment in Various Fixed Maturity Plans of Debt Mutual Funds		1,85,73,40,850		16,99,42,865		1,30,76,09,471
Total Quoted Investments		**2,22,84,25,646**		**54,27,31,868**		**1,80,49,97,322**
Total Investments		**2,55,48,45,364**		**80,92,58,435**		**2,33,59,31,010**
Aggregate amount of Quoted Investments		2,22,84,25,646		54,27,31,868		1,80,49,97,322
Market Value of Quoted Investments		2,63,74,04,646		94,98,61,368		2,31,80,87,445
Aggregate amount of Unquoted Investments		32,64,19,718		26,65,26,567		53,09,33,688
Aggregate amount of impairment in value of Investment		-		-		-

Note 4 : Loans

(Unsecured and Considered Good) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Loan to Employees	37,37,936	45,92,130	52,35,717
Security Deposits	47,98,666	1,09,95,520	1,12,61,070
Total	**85,36,602**	**1,55,87,650**	**1,64,96,787**

Note 5

Other Non Current Financial Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Accrued Interest on Loans to Employees	9,72,219	10,25,523	8,21,118
Total	**9,72,219**	**10,25,523**	**8,21,118**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 6

Deferred Tax Asset (Net) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Deferred Tax Asset	**93,78,649**	**85,24,132**	**84,18,335**
MAT Credit Entitlement	52,18,700	52,18,700	52,18,700
Fixed Assets	14,68,362	15,13,121	16,14,883
Provisions allowed under tax on payment basis	24,25,444	14,04,077	15,78,450
Others	2,66,143	3,88,234	6,302
Deferred Tax Liability	**57,575**	**-**	**-**
Others	57,575	-	-
Total	**93,21,074**	**85,24,132**	**84,18,335**

Note 7 : Other Non-Current Assets

(Unsecured, considered good) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Capital Advances	6,149	-	4,31,375
Prepaid Rent	2,51,029	18,39,682	20,79,568
Prepaid Expenses	9,49,084	1,18,754	4,53,112
Total	**12,06,262**	**19,58,436**	**29,64,055**

Note 8: Investments - Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unquoted			
Investment measured at Fair value through Profit & Loss:			
Investment in Various Open - Ended Debt Mutual Funds	2,44,63,04,347	2,39,04,68,816	67,75,35,217
Total Unquoted Investments	**2,44,63,04,347**	**2,39,04,68,816**	**67,75,35,217**
Quoted:			
Investment measured at Amortised Cost:			
Tax Free Bonds	-	3,00,00,000	-
Investment measured at Fair value through Profit & Loss:			
Investment in Various Fixed Maturity Plans of Debt Mutual Funds	18,21,41,510	1,43,17,08,015	1,12,48,15,196
Total Quoted Investments	**18,21,41,510**	**1,46,17,08,015**	**1,12,48,15,196**
Total Current Invetsments	**2,62,84,45,857**	**3,85,21,76,831**	**1,80,23,50,413**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 8: Investments - Current **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Aggregate amount of Quoted Investments	18,21,41,510	1,46,17,08,015	1,12,48,15,196
Market Value of Quoted Investments	18,21,41,510	1,46,47,08,015	1,12,48,15,196
Aggregate amount of Unquoted Investments	2,44,63,04,347	2,39,04,68,816	67,75,35,217
Aggregate amount of impairment in value of Investment	-	-	-

Note 9 : Trade Receivables

(Unsecured) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Considered Good	39,24,01,463	25,30,04,957	23,61,15,321
Considered Doubtful	2,06,04,146	4,42,90,253	3,06,26,062
Total Debtors	41,30,05,609	29,72,95,210	26,67,41,383
Less: Provision for doubtful debts	2,06,04,146	4,42,90,253	3,06,26,062
Total	**39,24,01,463**	**25,30,04,957**	**23,61,15,321**

Note 10 : Cash and Cash Equivalents

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Cash and cash equivalents			
Cash on hand	48,387	66,990	2,10,421
Balances with Banks			
On Current Account	2,86,38,688	7,16,50,016	9,39,92,662
Other Bank Balances			
Deposit Accounts	25,70,03,117	6,30,15,074	2,86,49,150
Total	**28,56,90,192**	**13,47,32,080**	**12,28,52,233**

Note 11 : Bank Balances other than Cash and Cash Equivalents **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unclaimed Dividend Account	38,72,804	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,36,684	7,50,000
Lienmarked Deposit	13,82,000	16,37,407	7,24,523
Total	**59,91,488**	**62,41,343**	**48,63,287**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 12 Loans

(Unsecured and Considered Good) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Loans to Employees.	36,21,012	28,38,259	43,70,292
Security Deposits	95,26,945	13,19,185	1,41,29,693
Total	**1,31,47,957**	**41,57,444**	**1,84,99,985**

Note 13 : Other Current Financial Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Interest Accrued on Investments	1,10,42,463	1,14,31,351	1,02,73,228
Interest Accrued on Loans to Employees	3,08,992	1,13,149	1,24,837
Unbilled Revenue	4,46,82,965	2,26,61,282	-
Others	2,65,176	2,67,800	-
Total	**5,62,99,596**	**3,44,73,582**	**1,03,98,065**

Note 14 Current Tax Assets (Net) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Advance payment of taxes	50,31,574	7,90,51,175	6,87,46,418
(Net of Provision for Tax Rs.7,407,517 (PY Rs. 4,259,099,883))	-	-	-
Total	**50,31,574**	**7,90,51,175**	**6,87,46,418**

Note 15 : Other Current Assets **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Unbilled Revenue	-	-	6,02,16,581
Prepaid Expenses	98,53,055	83,91,364	1,20,28,011
Service Tax, VAT, Other taxes and Statutory Deposits	50,49,115	2,75,74,908	1,62,86,354
Advances to Suppliers	21,10,887	18,05,217	11,99,469
Others	51,79,776	19,85,858	28,08,786
Total	**2,21,92,833**	**3,97,57,347**	**9,25,39,201**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 16: Equity Share Capital **(Amount Rs.)**

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Number	*Amt*	*Number*	*Amt*	*Number*	*Amt*
Authorised Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	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	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960
Total	**2,94,61,214**	**29,46,12,140**	**2,94,51,201**	**29,45,12,010**	**2,94,01,096**	**29,40,10,960**

16(a): List of shareholders holding more than 5% of Paid Up Equity Share Capital **(Amount Rs.)**

Particulars	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
	Nos	*% Holding*	*Nos*	*% Holding*	*Nos*	*% Holding*
Life Insurance Corporation of India	29,02,136	9.85%	28,82,136	9.79%	28,82,136	9.80%
Canara Bank	-	0.00%	26,22,430	8.90%	27,29,765	9.28%
Franklin Templeton Investment Funds	17,49,165	5.94%	17,49,165	5.94%	17,53,834	5.97%
IDBI Bank Limited	-	0.00%	-	0.00%	14,92,097	5.07%
Crisil Limited	26,22,431	8.90%	-	0.00%	-	0.00%

16(b): The reconciliation of the number of shares outstanding is set out below:

Particulars	*As at March 31, 2018 Nos.*	*As at March 31, 2017 Nos.*	*As at April 1, 2016 Nos.*
Equity Shares at the begining of the year	2,94,51,201	2,94,01,096	2,89,99,122
Add: Shares issued under Employees Stock Options Shceame (ESOS)	10,013	50,105	4,01,974
Equity Shares at the end of the year	**2,94,61,214**	**2,94,51,201**	**2,94,01,096**

16(c): The Company does not have a Holding Company

16(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 34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

16(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.

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 17 : Other Equity

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Capital Redemption Reserve	22,50,000	22,50,000	22,50,000
Securities Premium Reserve	65,17,62,962	64,33,96,886	60,15,29,649
Employees Stock Options Outstanding Reserve	8,64,89,983	22,88,185	1,37,41,687
General Reserve	1,94,75,35,419	1,79,75,35,419	1,64,75,35,419
Retained Earnings	2,98,35,61,107	2,46,08,94,159	2,13,80,48,188
Foreign Currency Translation Reserve	21,23,422	(5,60,508)	(2,75,433)
Total Other Equity	**5,67,37,22,893**	**4,90,58,04,141**	**4,40,28,29,510**

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 34 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 18 : Provisions **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Provision for Employee Benefits	-	-	-
Provision for Compensated Absence	4,49,12,118	3,82,24,165	5,47,74,274
Provision for Gratuity	24,26,531	18,28,291	17,45,043
Total	**4,73,38,649**	**4,00,52,456**	**5,65,19,317**

Note 19 : Deferred Tax Liabilities (Net) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Deferred Tax Liability	**10,39,98,575**	**14,60,36,622**	**14,26,60,003**
Depreciation on Fixed Assets	7,46,77,378	7,19,71,246	6,69,91,463
Fair Valuation of Investments	2,93,21,197	7,40,65,376	7,56,68,540
Others	-	-	-
Deferred Tax Asset	**5,08,25,031**	**3,17,38,611**	**3,86,20,828**
Fair Valuation of Investments	-	1,46,17,182	2,54,47,151
Provision for Compensated Absence	1,85,35,005	1,40,55,042	96,79,256
Provision for Gratuity	89,84,630	29,86,725	33,40,344
Provision for Doubtful Debts	2,30,00,457	-	-
Others	3,04,939	-	-
Rent Equilisation	-	79,662	1,54,097
Total	**5,31,73,544**	**11,42,98,011**	**10,40,39,175**

Note 20 : Other Current Financial Liabilities **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Sundry Creditors for Expenses	2,67,45,160	1,17,04,115	2,50,45,289
Other Liabilities	35,862	-	-
Unclaimed Dividend	38,72,804	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,36,684	7,50,000
Provision for Salary, Performance Related Pay & Commission	8,34,89,165	8,11,01,853	7,71,12,865
Total	**11,48,79,675**	**9,74,09,904**	**10,62,96,918**

Refer Note 41 due to Micro, small and Medium Enterprises

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 21 : Other Current Liabilities **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Sundry Creditors for Expenses	-	-	-
Unearned Revenue	8,45,07,358	25,89,12,190	23,78,02,266
Advance from customers	11,32,96,343	7,44,69,441	8,47,22,293
GST, Service Tax, VAT, Other taxes and Statutory Deposits	9,14,79,942	-	-
Statutory Dues	2,96,505	2,74,15,719	1,51,07,624
Provision for Expenses	1,62,53,264	1,31,12,702	72,45,565
Total	**30,58,33,412**	**37,39,10,052**	**34,48,77,748**

Note 22 : Provisions **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Provision for Employee Benefits	-	-	-
Provision for Compensated Absence	90,72,308	48,39,374	1,92,24,280
Provision for Gratuity	2,60,71,290	87,85,524	97,89,784
Provision for Leave Travel Allowance	75,57,648	56,45,716	1,88,86,832
Total	**4,27,01,246**	**1,92,70,614**	**4,79,00,896**

Note 23 : Current Tax Liability (Net) **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
-Provision for Income Tax	3,27,28,813	-	-
(Net of Provision for Tax Rs.5,032,857,636)	-	-	-
Total	**3,27,28,813**	**-**	**-**

Note 24 : Revenue From Operations **(Amount Rs.)**

Particulars	*For the year ended March 31, 2018*	*For the year ended March 31, 2017*
Sale of Services		
Rating Income (including Surveillance)	3,19,57,86,575	2,78,42,72,554
Fee for Consultancy Services	1,37,08,301	1,09,98,039
Fees for License & implementation fees	8,27,15,545	5,32,53,060
Sale of Publications / Information Services	3,35,64,313	2,57,95,662
Training Fees	10,16,451	-
Other Operating Revenue	49,411	-
Total	**3,32,68,40,596**	**2,87,43,19,315**

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for the year ended March 31, 2018

Note 25 : Other Income **(Amount Rs.)**

Particulars	*For the year ended March 31, 2018*	*For the year ended March 31, 2017*
Income from Investments	16,98,21,562	10,28,12,015
Interest Income on Bank and Other Accounts	36,30,307	22,08,558
Profit on Redemption / Sale of investments (Net)	1,62,01,331	8,55,73,747
Gain on Fair Valuation of Investments through Profit and Loss	6,07,50,797	14,42,88,170
Miscellaneous Income	42,61,674	18,18,963
Total	**25,46,65,671**	**33,67,01,453**

Note 26 : Employee Benefits Expense **(Amount Rs.)**

Particulars	*For the year ended March 31, 2018*	*For the year ended March 1, 2017*
Salaries and Other Allowances	72,26,49,603	66,52,79,659
Contribution to Provident, Gratuity & Other Funds (Refer Note 30)	5,82,56,547	4,02,33,291
Expense on Employee Stock Option Scheme (Refer Note 34)	8,64,89,983	-
Staff Welfare Expenses	2,16,99,658	2,05,23,616
Total	**88,90,95,791**	**72,60,36,566**

Note 27 : Other Expenses **(Amount Rs.)**

Particulars	*For the year ended March 31, 2018*	*For the year ended March 1, 2017*
Electricity Charges	1,23,39,195	1,17,86,847
Postage & Telephone Charges	1,07,29,263	1,34,69,531
Rent	3,10,76,471	3,30,80,490
Travelling & Conveyance Expenses	3,76,25,570	3,56,05,537
Directors' Sitting Fees	50,48,550	30,95,225
Sitting Fees to Rating Committee	-	67,53,600
Insurance Premium	7,39,164	11,41,950
Legal Expenses	48,47,803	13,90,910
Professional Fees	2,50,10,040	3,02,74,686
Business Development Associate Fees	5,88,66,384	3,80,64,422
Rates & Taxes	5,69,78,122	1,43,49,090
Repairs & Maintenance		
Buildings	80,00,582	73,93,512
Others	1,45,33,005	2,03,74,400
Exchange Gain / (Loss) (Net)	10,09,805	9,80,522
Loss on Sale of Fixed Assets	-	4,09,342
Advertisement and Sponsorship Expenses	96,04,431	13,82,954

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for the year ended March 31, 2018

Note 27 : Other Expenses **(Amount Rs.)**

Particulars	*For the year ended March 31, 2018*	*For the year ended March 1, 2017*
Security, Housekeeping & Office Supplies	1,55,13,908	1,29,15,331
Membership & Subscription	83,25,427	64,66,823
Corporate Training Expenses	6,72,722	-
Provision for Bad and Doubtful Debts	4,58,723	1,17,18,216
Bad Debts written off	-	2,27,88,891
Commission	-	61,72,938
Auditors Remuneration	30,42,959	33,73,311
Corporate Social Responsibility	41,48,717	50,00,000
Miscellaneous Expenses	2,15,55,944	3,81,98,781
Total	**33,01,26,785**	**32,61,87,309**

Note 28: Contingent Liabilities (Ind AS 37)

(A) Claims against the Group not acknowledged as debts (to the extent not provided for): **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 1, 2016*
Contingent Liability on account of Income Tax	1,78,82,765	13,51,76,513	8,79,83,515

(B) In one case of rating given by the Company during one of the earlier financial year, there is an inquiry / investigation being carried out by a government agency. The matter is still under investigation / inquiry and the Company has not received any order from the government with respect to the said matter.

(C) Guarantees given by Bank on behalf of the Group in respect of lienmarked Deposits for Rs. 8,31,020/- (Previous Year Rs. 9,61,445) (April 01, 2016- Nil)

Note 29: Capital and Other Commitments

There are no amounts pending on account of contracts remaining to be executed on capital account, not provided for (net of advances) is Nil (March 31, 2017 - Nil) (April 1, 2016 - 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

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 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 recognised based on actuarial valuation however the gratuity is unfunded. There are no employee benefits in the nature of defined benefit plan in respect of CARE Ratings (Nepal) Ltd and CRAF."

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.

Statement of Assets and Liabilities for Defined Benefit Obligation as on April 1, 2016: **(Amount Rs.)**

Particulars	*Gratuity*
Defined Benefit Obligation	4,54,28,702
Fair Value of Assets	3,38,93,874

Particulars	*Gratuity*	
	As at March 31, 2018	*As at March 31, 2017*
Change in Present value of Obligations:		
Opening Defined Benefit Obligation	4,51,87,868	4,54,28,701
Current Service Cost	1,05,84,842	98,85,110
Interest Cost	34,84,093	35,71,064
Past Service Cost	1,29,18,461	-
Actuarial (Gain)/Loss		
Actuarial (Gain)/Loss on Obligations Due to change in Financial Assumptions	(14,01,506)	14,36,558
Actuarial (Gain)/Loss on Obligations Due to Experience	8,19,267	(23,26,438)
Benefits Paid	(75,75,385)	(1,28,07,127)
Closing Defined Benefit Obligations	**6,40,17,640**	**4,51,87,868**
Change in Fair Value of Plan Assets:		
Opening Fair Value of the Plan Assets	3,45,87,053	3,38,93,874
Interest income	26,66,662	26,94,563
Expected Return on Plan Assets	(4,27,022)	(4,47,360)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Particulars	*Gratuity*	
	As at March 31, 2018	*March 31, 2017*
Actuarial Gain/(Loss)	-	-
Contribution by the Employer	63,68,497	1,12,53,103
Benefits Paid	(73,81,539)	(1,28,07,127)
Closing Fair Value of the Plan Assets	**3,58,13,651**	**3,45,87,053**
Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(6,40,17,640)	(4,51,87,868)
Fair Value of Plan Assets	3,58,13,651	3,45,87,053
Net Asset / (Liability)	**(2,82,03,989)**	**(1,06,00,815)**
Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	1,05,84,842	98,85,110
Interest on Defined Benefit Obligations	6,65,385	7,67,329
Past Service Cost	1,29,18,461	-
Expected Return on Plan Assets	-	-
Amount recognized in Statement of Profit and Loss	**2,41,68,688**	**1,06,52,439**
Re-measurements recognized in Other Comprehensive Income(OCI):		
Actuarial (Gains)/Losses on Obligation For the Period)		
Changes in Financial Assumptions	(14,01,506)	14,36,558
Changes in Demographic Assumptions	9,25,545	(22,66,097)
Experience Adjustments	(1,06,278)	(60,341)
Expected Return on Plan Assets	4,27,022	4,47,360
Amount recognized in Other Comprehensive Income(OCI)	**(1,55,217)**	**(4,42,520)**
Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	20,79,688	15,14,970
Between 1 and 5 years	1,24,99,839	88,82,690
Between 5 and 10 years	2,10,90,756	1,46,01,831
10 Years and above	17,64,75,747	12,78,96,134
"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	(47,37,327)	(3,28,24,236)
1% decrease in discount rate	1,10,56,489	(2,95,58,009)
1% increase in salary escalation rate	90,63,161	(2,95,75,969)
1% decrease in salary escalation rate	(35,56,651)	(3,28,35,537)
1% increase in employee turnover rate	54,54,237	(3,10,89,779)
1% decrease in employee turnover rate	(9,98,334)	(3,16,70,872)
The major categories of plan assets as a percentage of total plan		

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for the year ended March 31, 2018

Particulars	Gratuity	
	As at March 31, 2018	As at *March 31, 2017*
Insurer Managed Funds	100%	100%
Actuarial Assumptions:		
Discount Rate (p.a.)	7.87%-7.91%	7.31%-7.71%
Expected Return on Plan Assets (p.a.)	7.87%	7.71%
Turnover Rate	2%-5%	2%-5%
Mortality tables	"Indian Assured Lives Mortality (2006-08)"	"Indian Assured Lives Mortality (2006-08)"
Salary Escalation Rate (p.a.)	5%-6%	5%-6%
Retirement age	60 years	60 years
Weighted Average duration of Defined benefit obligation	14-14.49	15-25.66

* 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.

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. 1,61,15,072/-

(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. 45,831,370 (March 31, 2017 - Rs. 58,756,247)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

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. 2,54,23,720/- (Previous Year Rs. 2,25,77,148/-)

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. 4,287,890/- (Previous Year Rs.47,03,252/-)

Note 31: Related Party Disclosures (Ind AS 24):

(A) Related Parties with whom there were transactions during the year:

Name of Related Parties	*Nature of Relationship*
Key Management Personnel:	
Mr. S.B Mainak	Chairman
Mr. Rajesh Mokashi (w.e.f August 22, 2016)	Managing Director & CEO
Mr. D. R. Dogra (upto August 21, 2016)	Managing Director & CEO
Mr. Mehul Pandya	Executive Director
Mr. T. N.Arun Kumar	Executive Director
Mr. Milind Sarwate	Independent Director
Mr. A. K.Bansal	Independent Director
Dr. Ashima Goyal	Independent Director
Ms. Sadhana Dhamane (w.e.f June 22, 2017)	Non Executive Director
Mr. V. Chandrasekaran (w.e.f November 15, 2017)	Non Executive Director
Mr. Puneet Talwar (upto May 12, 2017)	CEO - CRSPL
Mr. Umesh Ikhe (w.e. f. May 13, 2017)	CEO - CRSPL
Mr. Sanjeet Kumar	CEO - CART
Mr. Saurav Chatterjee	CEO - CRAF
Mr. Sajan Goyal	CEO - CRNL

(B) Compensation of Key Management Personnel of the Company:

Nature of Transaction/Relationship	*As at March 31, 2018*	*As at March 31, 2017*
Short Term Employee Benefits	6,13,94,586	4,40,84,190
Other Long Terms Benefits	24,64,830	1,35,38,105
Share Based Payments *	1,46,71,881	-
Directors Sitting Fees	50,08,500	30,50,000
Total Compensation	**8,35,39,798**	**6,06,72,295**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

*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 32: Income Taxes (Ind AS 12)

(A) Income tax recognised in Statement of Profit and Loss: **(Amount Rs.)**

Particulars	*As at March 31, 2018*	*As at March 31, 2017*
Current Tax	78,16,00,475	63,49,76,085
Deferred Tax	(7,42,00,913)	1,37,21,192
Total	**70,73,99,562**	**64,86,97,277**

(B) Reconciliation of Effective Tax Rate:

Particulars	*Year ended March 31, 2018*	*Year ended March 31, 2017*
Applicable Tax Rate	34.61%	34.61%
Tax Effect of Tax Exempt Income	-1.66%	-5.07%
Tax Effect of Non Deductible Expenses	-0.85%	2.73%
Tax Effect of Allowances for Tax Purpose	-1.58%	-2.41%
Others	-0.17%	0.67%
Effective Tax Rate	**30.35%**	**30.53%**

(C) The Company has announced a final dividend of Rs. 37 per share and accordingly, the dividend distribution tax on account of the same amounting to Rs. 221,911,056/- shall be recognized once the dividend is paid.

Note 33: Earnings per Share (EPS) (Ind AS 33):

Particulars	*Year ended March 31, 2018*	*Year ended March 31, 2017*
A) Basic EPS		
(i) Net Profit attributable to Equity Shareholders (Amount Rs.)	**1,62,41,07,239**	**1,47,64,23,903**
(ii) Weighted average number of Equity shares outstanding (Nos.)	**2,97,63,131**	**2,94,29,060**
Basic Earnings Per Share (i)/(ii)	**54.54**	**50.16**
B) Diluted EPS		
(i) Weighted average number of Equity shares outstanding (Nos.)	**2,97,63,131**	**2,94,29,060**
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	**4,359**	**18,130**
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS	**2,97,67,490**	**2,94,47,190**
Diluted EPS {(A)(i)/(B)(iii)}	**54.54**	**50.13**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 34: Share Based Payments (Ind AS 102)

The Group has granted 5,37,908 options to its eligible employees in as per the ESOS Schemes, details are as under:

(A) Employees Stock Option Scheme (ESOS 2017):

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 01,2019	2 years from the date of grant i.e. January 01,2016
Exercise Period	2 years after the vesting period i.e. September 01,2021	2 years after the vesting period i.e. January 01,2018
Grant Date	September 01,2017	January 01,2014
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

(B) Movement of Options granted:

Particulars	***As at March 31, 2018***		***As at March 31, 2017***
	ESOS (2017)	***ESOS (2013)***	***ESOS (2013)***
Options Outstanding at beginning of the year	**-**	**10,013**	**60,115**
Granted during the year	5,37,908	-	-
Exercised during the year	-	10,013	50,102
Lapsed during the year	13,800	-	-
Options Outstanding at the end of the year	**5,24,108**	**-**	**10,013**
Options unvested at the end of year	5,24,108	-	-
Options exercisable at the end of the year	-	-	-
Weighted Average exercise price	1,139	617	617

i) ESOS 2017: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.42 years (Previous Year: Nil)

ii) ESOS 2013: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is Nil years (Previous Year: 0.76 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. 8,64,89,983 (Previous Year Nil) 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.

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for the year ended March 31, 2018

(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:

Particular	*ESOS 2017*	*ESOS 2013*
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.1506.65	Rs.228.59

(D) Details of the liabilities arising from the Share based payments were as follows: **(Amount Rs.)**

Particular	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Total Carrying Amount	8,64,89,983	22,88,185	1,37,41,687

Note 35: Financial Instruments: Disclosure (Ind AS 107):

(A) Classification of Financial Assets and Liabilities (Ind AS 107): **(Amount Rs.)**

Particular	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Financial assets at Amortized cost:			
Investment (Non Current)	37,10,84,796	37,27,89,003	40,44,93,210
Investment (Current)	-	3,00,00,000	-
Loans (Non Current)	85,36,602	1,55,87,650	1,64,96,787
Loans (Current)	1,31,47,957	41,57,444	1,84,99,985
Trade Receivables	39,24,01,463	25,30,04,957	23,61,15,321
Cash and Cash Equivalents	28,56,90,192	13,47,32,080	12,28,52,233
Other Bank Balances	59,91,488	62,41,343	48,63,287
Other Non Current Financial Assets	9,72,219	10,25,523	8,21,118
Other Current Financial Assets	5,62,99,596	3,44,73,582	1,03,98,065
Financial assets at Fair Value through P&L:			
Investment (Non Current)	2,03,40,48,897	34,01,69,013	1,82,00,37,342
Investment (Current)	2,62,84,45,858	3,82,21,76,831	1,80,23,50,413
Financial assets at Fair Value through OCI:			
Investment (Non Current)	14,97,11,671	9,63,00,419	11,14,00,458
Total	**5,94,63,30,738**	**5,11,06,57,844**	**4,54,83,28,220**
Financial liabilities at Amortized cost:			
Other Current Financial Liability	9,91,44,524	9,74,09,904	11,37,41,923
Total	**9,91,44,524**	**9,74,09,904**	**11,37,41,923**

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(B) Investments in equity instruments designated at Fair Value through Other Comprehensive Income

As on April 01, 2016, the Company was holding 53,000 Equity Shares of USD 10 each of ARC Ratings Holdings PTE Limited. In FY 2016-17, pursuant to internal structuring, the Company received 20 Equity Shares of USD 22,600 each of ARC Ratings Holdings Limited in lieu of its existing investment in ARC Ratings Holdings PTE Limited.

As on March 31, 2017 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 Berhard. The Company has opted to designate these investment 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 Rs.)**

Particular	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Financial assets at Fair Value through OCI:			
- Malaysian Rating Corporation Berhard	11,44,57,128	8,19,14,322	9,46,51,401
- ARC Ratings Holdings Limited	3,52,54,543	1,43,86,097	-
- ARC Ratings Holdings PTE Limited	-	-	1,67,49,057
Total	**14,97,11,671**	**9,63,00,419**	**11,14,00,458**

The Group has received Rs. 37,17,089 (Previous Year Rs. 49,98,709) 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 36: 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 and investment in Preference share of CARE Risk Solutions Pvt. Ltd. (formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd) is classified under Level 3. The details are given in the table below:

(Amount Rs.)

Particular	*Level 1*	*Level 2*	*Level 3*
As at March 31, 2018			
Investments measured at			
Fair Value through OCI:	-	-	14,97,11,671
Fair Value through Profit and Loss:	-	4,66,24,94,755	-
As at March 31, 2017			
Investments measured at			
Fair Value through OCI:	**-**	**-**	**9,63,00,419**
Fair Value through Profit and Loss:	**-**	**4,16,23,45,844**	**-**
As at April 1, 2016			
Investments measured at			
Fair Value through OCI:	**-**	**-**	**11,14,00,458**
Fair Value through Profit and Loss:	**-**	**3,62,23,87,755**	**-**

The Company has utilized the expertise of the in-house rating team to value the investments in ARC Ratings Holdings Limited & Malaysian Rating Corporation Berhard. For investment in Preference Shares of CARE Risk Solutions Pvt. Ltd. (formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd), the Company has availed services of external valuer. The auditors have relied upon the reports provided by the said valuers.

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

The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

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The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2018, March 31, 2017 and April 01, 2016 are as shown below:

Discreption of Significant unobservable inputs to valuation:

Particulars	*Valuation Technique*	*Significant unobservable inputs*	*Discounting Rate*	*Sensitivity of the input to fair value*
Malaysian Rating Corporation Berhard	Net Asset Method / Discounted Cash Flow Method	Cost of Equity	10.67%	**March 2018** 0.5% Increase - Decrease in Fair Value by Rs. 3,226,686 0.5% Decrease - Increase in Fair Value by Rs. 4,068,415
ARC Ratings Holdings Limited	Net Asset Method / Discounted Cash Flow Method	Cost of Equity	8.19%	**March 2018** 0.5% Increase - Decrease in Fair Value by Rs. 6,906,602 0.5% Decrease - Increase in Fair Value by Rs. 7,818,203

The Group had adopted Net Asset Method for Valuation of Investments in MARC Malaysia and ARC Ratings Holdings Ltd. as on April 01, 2016 and March 31, 2017.

Accordingly, there are no significant unobservable inputs.

For Valuation as on March 31, 2018, the Company has adopted Discounted Cash Flow Method.

Reconciliation of Level 3 Fair Value Measurements:

Particulars	*Amount Rs.*
Balance as at April 1, 2016	**11,14,00,458**
Add: Changes in Value of Investments measured at FVOCI	(1,51,00,039)
Balance as at March 31, 2017	**9,63,00,419**
Add: Changes in Value of Investments measured at FVOCI	5,34,11,252
Balance as at March 31, 2018	**14,97,11,671**

Note 37: 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, 2018

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 exposure 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, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
		Amount in FC	*Amount Rs.*	*Amount in FC*	*Amount Rs.*	*Amount in FC*	*Amount Rs.*
Trade Receivables	USD	1,94,941	1,26,76,899	1,38,787	89,98,394	2,07,328	1,37,13,262
Trade Receivables	LKR	98,85,233	41,03,360	3,66,13,220	1,54,18,925	-	-
Unbilled Revenue	USD	3,54,979	2,31,39,513	52,105	33,78,820	71,666	47,40,218
Unbilled Revenue	LKR	3,55,39,852	1,47,67,164	4,07,91,633	1,71,78,580	11,20,66,500	4,89,26,976
Cash in Hand	USD	-	-	-	-	1,995	1,22,673
Investments							
Malaysian Rating Corporation Berhard	RM	50,68,000	11,44,57,128	50,68,000	8,19,14,322	50,68,000	9,46,51,401
ARC Ratings Holdings Pte Limited	USD	-	-	-	-	5,30,000	1,67,49,057
ARC Ratings Holdings Limited	USD	4,52,000	3,52,54,543	4,52,000	1,43,86,097	-	-
Bank Balances		-	-	-	-	-	-
SBI Maldives - USD account	USD	633	40,985	633	40,985	933	61,659

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Particulars	*Currency*	*As at March 31, 2018*		*As at March 31, 2017*		*As at April 1, 2016*	
		Amount in FC	*Amount Rs.*	*Amount in FC*	*Amount Rs.*	*Amount in FC*	*Amount Rs.*
IDBI - USD Account	USD	-	-	6,352	4,11,822	2,637	1,74,385
SBI Maldives - MRF account	MRF	46,641	1,92,238	46,641	1,92,238	3,241	14,047

Foreign Currency Sensitivity on unhedged exposure:

1% increase in foreign exchange rate will have the following impact on profit before tax: **(Amount Rs.)**

Particular	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
USD	7,11,119	2,72,161	2,67,646
MRF	1,922	1,922	140
LKR	1,88,705	3,25,975	4,89,630
RM	11,44,571	8,19,143	9,46,514

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, 2018 is Rs. 392,401,463 (March 31, 2017 - Rs. 253,004,957) (April 01, 2016 - Rs. 236,115,321)

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.

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(Amount Rs.)

Particular	*As at March 31, 2018*	*As at March 31, 2017*
Opening Provision	28,04,05,574	26,67,41,383
Add: Provided during the Year	-	1,36,64,191
Less: Utilized during the Year	(2,36,86,107)	-
Closing Provision	25,67,19,467	28,04,05,574

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 summerized the maturity profile of the Group's financial liabilities & Investments based on contracual undiscounted payments

(Amount Rs.)

As at March 31, 2018	*Less than 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Statutory Dues Payable	9,17,76,446	-	-	9,17,76,446
Other Financial Liabilities	9,91,44,524	-	-	9,91,44,524
Total	19,09,20,970	-	-	19,09,20,970
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
Total	**2,29,10,52,014**	**2,81,16,12,758**	**18,79,17,896**	**5,29,05,82,668**

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for the year ended March 31, 2018

As at March 31, 2017	*Less than 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Statutory Dues Payable	2,74,15,719	-	-	2,74,15,719
Other Financial Liabilities	9,74,09,904	-	-	9,74,09,904
Total	12,48,25,623	-	-	12,48,25,623
Investments in Mutual Funds	34,01,69,013	3,82,21,76,831	-	4,16,23,45,844
Investments in Government Securities	3,00,00,000	18,39,82,592	18,88,06,410	40,27,89,003
Deposits with Banks	6,30,15,074			6,30,15,074
Total	**43,31,84,087**	**4,00,61,59,423**	**18,88,06,410**	**4,62,81,49,920**

As at April 01, 2016	*Less than 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Statutory Dues Payable	1,51,07,624	-	-	1,51,07,624
Other Financial Liabilities	11,37,41,923	-	-	11,37,41,923
Total	12,88,49,547	-	-	12,88,49,547
Investments in Mutual Funds	1,72,71,42,701	1,80,23,50,413	-	3,52,94,93,114
Investments in Gold ETF	-	9,28,94,641	-	9,28,94,641
Investments in Government Securities	-	3,00,00,000	37,44,93,210	40,44,93,210
Deposits with Banks	2,86,49,150	-	-	2,86,49,150
Total	**1,75,57,91,851**	**1,92,52,45,055**	**37,44,93,210**	**4,05,55,30,116**

Note 38: Distribution made and proposed (Ind AS 1): **(Amount Rs.)**

Particular	*Year Ended March 31, 2018*	*Year Ended March 31, 2017*
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on 31st March, 2017:Rs. 10/- per share	29,45,12,010	29,44,03,540
(31st March, 2016: Rs..10 per share)		
DDT on final dividend	5,99,55,716	5,99,33,634
Total Dividend paid	**35,44,67,726**	**35,43,37,174**
Proposed dividends on Equity shares:		
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 proposed dividend	22,19,11,056	5,99,55,716
Total dividend proposed	**1,31,19,75,974**	**35,44,67,726**

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognized as a liability (including Divided Distribution Tax thereon) as at March 31 of respective year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 39: Capital Management (Ind AS 1):

The Group's objectives when managing capital are to (a) maximise 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,2018 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 40: 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.31,076,471 (March 31, 2017 - Rs. 3,30,80,490)

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:

Particular	*Year Ended March 31, 2018*	*Year Ended March 31, 2017*
Not later than one year	2,05,63,086	2,83,07,409
Later than one year and not later than five years	1,01,50,597	2,16,16,088
More than five years	-	-

c. General Description of Leasing Agreements:

- Office Building taken on lease: Bengaluru, Chandigarh, Chennai, Delhi, Kolkata,Kochi, Airoli and Kathmandu.
- 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 agreemet
- Lease agreements are generally non-cancellable and ranges between 11months and 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 41: Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

Particular	*As at March 31, 2018*	*As at March 31, 2017*	*As at April 01, 2016*
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	-	-	-
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.

Note 42: Details of Specified Bank Notes (SBN) held and transacted during the period 08 Nov, 2016 to 30 Dec, 2016.[Refer Statutory requirement under notification no G.S.R 308 (E) of MCA dated 30th March, 2017.

The above provisions are not applicable for the financial year 2017-18.

The details for the FY 2016-17 are as follows:

Particulars	*SBN's*	*Other Denomination*	*Total*
Closing cash in hand as on 08 November, 2016	29,000	46,769	75,769
Add : Permitted receipts	-	5,63,241	5,63,241
Less: Permitted Payments	-	5,31,589	5,31,589
Less: Amount deposited in Banks	29,000	331	29,331
Closing cash in hand as on 30 December, 2016	-	78,090	78,090

Note 43: Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers', which replaces Ind AS 18 'Revenue'. Based on the preliminary assessment carried out by the management, except for the disclosure requirements, the application of new standard may not have any significant impact the Group's financial statements. The amendment will come into force from April 01, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Note 44: 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, 2018*			
	Ratings and related services	*Others*	*Unallocable*	*Total*
Segment Revenue				
Revenue from Services	3,19,57,86,575	13,10,54,021	-	3,32,68,40,596
Total Revenue (A)	**3,19,57,86,575**	**13,10,54,021**	**-**	**3,32,68,40,596**
Less: Inter Segment Revenue if any (B)	-	-	-	-
Total Segment Revenue (C = A-B)	**3,19,57,86,575**	**13,10,54,021**	**-**	**3,32,68,40,596**
Segment Results (Profit Before Interest, Depreciation & Tax)	**2,09,19,63,494**	**1,56,54,526**	**-**	**2,10,76,18,020**
Less: Depreciation & Amortization	(2,97,31,140)	(17,59,507)	-	(3,14,90,647)
Total Segment Result (D)	**2,06,22,32,353**	**1,38,95,019**	**-**	**2,07,61,27,373**
Less: Finance Costs	-	-	-	-
Less : Other unallocable corporate expenses	-	-	-	-
Add: Other Income	-	-	25,46,65,671	25,46,65,671
Profit Before Exceptional Item & Tax	**2,06,22,32,353**	**1,38,95,019**	**25,46,65,671**	**2,33,07,93,044**
Exceptional Items - Income/Expenses	-	-	-	-
Profit Before Tax	**2,06,22,32,353**	**1,38,95,019**	**25,46,65,671**	**2,33,07,93,044**
Tax Expenses				
- Current Tax	-	-	78,16,00,475	78,16,00,475
- Deferred Tax Charge/(Credit)	-	-	(7,42,00,913)	(7,42,00,913)
Profit for the year				**1,62,33,93,482**
Segment Assets	**1,23,77,58,754**	**8,55,94,204**	**-**	**1,32,33,52,958**
Unallocable Assets	-	-	5,26,27,94,331	5,26,27,94,731
Total Assets	**1,23,77,58,754**	**8,55,94,204**	**5,26,27,94,331**	**6,58,61,47,689**
Segment Liabilities	57,14,57,794	2,51,97,544	-	59,66,55,338
Unallocable Liabilities	-	-	-	-
Total Liabilities	**57,14,57,794**	**2,51,97,544**	**-**	**59,66,55,338**
Capital Employed	**-**	**-**	**-**	**5,98,94,92,351**
Capital Expenditure	2,14,32,495	32,47,956		2,46,80,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Particulars	*For the year Ended March 31, 2017*			
	Ratings and related services	*Others*	*Unallocable*	*Total*
Segment Revenue				
Revenue from Services	2,78,42,72,554	9,00,46,761	-	2,87,43,19,315
Total Revenue (A)	**2,78,42,72,554**	**9,00,46,761**	**-**	**2,87,43,19,315**
Less: Inter Segment Revenue if any (B)	-	-	-	-
Total Segment Revenue (C = A-B)	**2,78,42,72,554**	**9,00,46,761**	**-**	**2,87,43,19,315**
Segment Results (Profit Before Interest, Depreciation & Tax)	**1,86,35,25,627**	**(3,71,40,157)**	**-**	**1,82,63,85,470**
Less: Depreciation & Amortization	(3,14,70,054)	(24,64,422)	-	(3,39,34,476)
Total Segment Result (D)	**1,83,20,55,573**	**(3,96,04,581)**	**-**	**1,79,24,50,992**
Less: Finance Costs	-	-	-	-
Less : Other unallocable corporate expenses	-	-	-	-
Add: Other Income	-	-	33,67,01,453	33,67,01,453
Profit Before Exceptional Item & Tax	**1,83,20,55,573**	**(3,96,04,581)**	**33,67,01,453**	**2,12,48,62,417**
Exceptional Items - Income/Expenses	-	-	-	-
Profit Before Tax	**1,83,20,55,573**	**(3,96,04,581)**	**33,24,11,425**	**2,12,48,62,417**
Tax Expenses				
- Current Tax	-	-	63,49,76,085	63,49,76,085
- Deferred Tax Charge/(Credit)	-	-	1,37,21,192	1,37,21,192
Profit for the year	1,83,20,55,573	(3,96,04,581)	(31,62,85,852)	1,47,61,65,140
Segment Assets	**1,03,42,93,472**	**7,59,61,953**	**-**	**1,11,02,55,425**
Unallocable Assets	-	-	4,73,98,84,813	4,73,98,88,176
Total Assets	**1,03,42,93,472**	**7,59,61,953**	**4,73,98,88,176**	**5850143601**
Segment Liabilities	**61,52,57,585**	**2,96,86,817**	**-**	**64,49,44,402**
Unallocable Liabilities	-	-	-	-
Total Liabilities	**61,52,57,585**	**2,96,86,817**	**-**	**64,49,44,402**
Capital Employed	**-**	**-**	**-**	**5,20,51,99,199**
Capital Expenditure	**89,30,522**	**12,54,660**	**-**	**1,01,85,182**

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for the year ended March 31, 2018

Note 45: 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 Consolidated Net Assets	*Amount*	*As a % of Consolidated Profit / Loss*	*Amount*	*As a % of Other Comprehensive Income*	*Amount*	*As a % of Total Comprehensive Income*	*Amount*
Holding:								
CARE Ratings Limited (Fomerly known as Credit Analysis & Research Limited)	98.36%	5,87,06,70,623	99.49%	1,61,51,22,277	99.33%	4,10,09,031	99.49%	1,65,61,31,308
Subsidiaries:								
Indian:								
CARE Risk Solutions Private Limited (formerly known as CARE Kalypto Risk Technologies and Advisory Services Private Limited)	0.11%	65,86,715	0.24%	38,65,118	0.67%	2,77,236	0.25%	41,42,354
CARE Advisory Research & Training Limited	0.84%	5,03,84,517	0.31%	50,44,607	-	-	0.30%	50,44,607
Foreign:								
CARE Ratings (Africa) Private Limited	0.19%	1,15,66,447	0.09%	14,84,751	-	-	0.09%	14,84,751
CARE Ratings Nepal Limited	0.49%	2,91,26,730	-0.13%	(21,23,270)	-	-	-0.13%	(21,23,270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

Note 46: First Time Adoption of Ind AS (Ind AS 101):

As stated in Note 1, these financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (IGAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemption Availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

1. Deemed cost for PPE and Intangible Assets:

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets as recognized as of April 01, 2016 measured as per the IGAAP and use that carrying value as its deemed cost as of the transition date.

2. Share-Based Payments:

The Company has opted not to apply Ind AS 102, Share Based Payments to equity instruments that vested before date of transition to Ind AS and to liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS.

3. Investment in Subsidiary:

The Company has elected to carry its investment in subsidiary at deemed cost which is its IGAAP carrying amount at the date of transition to Ind AS.

4. Fair Value of Financials Assets and Liabilities:

As per Ind AS exemption the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

a. Reconciliation of Equity

Particulars	*Note*	*As at March 31, 2017*				*As at April 01, 2016*			
		IGAAP	*Reclassification*	*Adjustments*	*Ind AS*	*IGAAP*	*Reclassification*	*Adjustments*	*Ind AS*
ASSETS									
Non Current Assets									
Property Plant and Equipment		52,64,49,548	3,664	-	52,64,52,912	55,34,92,791	-	-	55,34,92,791
Intangible Assets		34,92,800	-	-	34,92,800	24,82,354	-	-	24,82,354
Goodwill on consolidation		7,95,03,151	-	-	7,95,03,151	7,95,03,151	-	-	7,95,03,151
Capital Work in Progress		7,45,804	-	-	7,45,804	-	-	-	-
Financial Assets									-
Investments	a	79,30,80,681	-	1,61,77,753	80,92,58,434	2,20,59,91,159	-	12,99,39,851	2,33,59,31,010
Loans	b, f	-	1,87,09,860	(31,22,210)	1,55,87,650	-	1,88,21,098	(23,24,311)	1,64,96,787
Other Non Current Financial Assets	f	-	10,25,523	-	10,25,523	-	8,21,118	-	8,21,118
Deferred Tax Assets (Net)		41,43,479	52,18,700	(8,38,047)	85,24,132	34,24,475	52,18,700	(2,24,840)	84,18,335
Other Non-Current Assets	b, f	10,41,24,012	(10,40,05,258)	18,39,682	19,58,436	9,44,91,820	(9,36,07,333)	20,79,568	29,64,055
									-
Current Assets									-
Financial Assets									-
Investments	a	3,54,65,67,489	-	30,56,09,342	3,85,21,76,831	1,60,16,36,145	-	20,07,14,268	1,80,23,50,413
Trade Receivables		25,30,04,957	-	-	25,30,04,957	23,61,15,321	-	-	23,61,15,321
Cash and Cash Equivalents	f	14,09,73,423	(62,41,343)	-	13,47,32,080	12,77,15,520	(48,63,287)	-	12,28,52,233
Bank Balances other than Cash and Cash Equivalents	f	-	62,41,343	-	62,41,343	-	48,63,287	-	48,63,287
Loans	f	4,20,78,932	(3,79,21,488)	(0)	41,57,444	4,84,07,977	(2,95,13,834)	(3,94,158)	1,84,99,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

a. Reconciliation of Equity

Particulars	*Note*	*As at March 31, 2017*				*As at April 01, 2016*			
		IGAAP	*Reclassification*	*Adjustments*	*Ind AS*	*IGAAP*	*Reclassification*	*Adjustments*	*Ind AS*
Other Current Financial Assets	f	-	3,44,73,582	-	3,44,73,582	-	1,03,98,065	-	1,03,98,065
Current Tax Assets (Net)	f	-	7,90,51,175	-	7,90,51,175	-	6,87,46,418	-	6,87,46,418
Other Current Assets	f	3,63,09,440	34,47,907	0	3,97,57,347	7,30,84,579	1,91,15,769	3,38,853	9,25,39,201
Total Assets		**5,53,04,73,716**	**-**	**31,96,66,520**	**5,85,01,43,601**	**5,02,63,45,292**	**-**	**33,01,29,232**	**5,35,64,74,524**
EQUITY AND LIABILITIES									
Equity									
Equity Share Capital		29,45,12,010	-	-	29,45,12,010	29,40,10,960	-	-	29,40,10,960
Other Equity	a,b,c,d,e	4,65,79,51,031	-	24,78,53,110	4,90,58,04,141	3,79,25,72,337	-	61,02,57,173	4,40,28,29,510
Non Controlling Interest		48,86,413	-	-	48,86,413	-	-	-	-
Liabilities									
Non-Current Liabilities									
Provisions		4,00,52,456	-	-	4,00,52,456	5,65,19,317	-	-	5,65,19,317
Deferred Tax Liabilities (Net)	d	3,88,75,008	-	7,54,23,003	11,42,98,011	2,57,52,900	-	7,82,86,275	10,40,39,175
									-
Current Liabilities									-
Financial Liabilities									-
Other Current Financial Liabilities	c, f	-	10,03,01,322	(28,91,418)	9,74,09,904	-	10,98,85,415	(35,88,497)	10,62,96,918
Other Current Liabilities	f	39,38,24,330	(1,91,99,469)	(7,14,809)	37,39,10,052	37,86,11,342	(3,27,72,550)	(9,61,045)	34,48,77,748
Provisions	f	10,03,72,468	(8,11,01,854)	-	1,92,70,614	47,88,78,436	(7,71,12,866)	(35,38,64,674)	4,79,00,896
Total Equity and Liabilities		**5,53,04,73,716**	**-**	**31,96,69,880**	**5,85,01,43,601**	**5,02,63,45,292**	**-**	**33,01,29,232**	**5,35,64,74,524**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

b. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

Particulars	*Note*	*IGAAP*	*Adjustments*	*Ind AS*
Revenue				
Revenue from Operations		2,87,43,19,315	-	2,87,43,19,315
Other Income	a, b	32,85,48,723	81,52,730	33,67,01,453
Total Income		**3,20,28,68,038**	**81,52,730**	**3,21,10,20,768**
Expenses				
Employee Benefit Expense	e	72,55,94,046	4,42,520	72,60,36,566
Depreciation & Amortization Expense		3,39,34,478	(2)	3,39,34,476
Other Expenses	a, b, c	32,23,42,301	38,45,008	32,61,87,309
Total Expenses		**1,08,18,70,825**	**42,87,526**	**1,08,61,58,351**
Profit Before Tax expenses		**2,12,09,97,213**	**38,65,204**	**2,12,48,62,417**
Tax Expenses:				
Current Tax		63,49,76,085	-	63,49,76,085
Deferred Tax		1,24,03,106	13,18,086	1,37,21,192
Total		**64,73,79,191**	**13,18,086**	**64,86,97,277**
Profit for the Year		**1,47,36,18,022**	**25,47,118**	**1,47,61,65,140**
Profit for the period attributable to:				
Non-Controlling interest		(2,58,763)	-	(2,58,763)
Owners of the Parent		1,47,38,76,785	25,47,118	1,47,64,23,903
Other Comprehensive Income				
Items that will not be reclassified to profit & loss	a, e	-	(1,46,57,519)	(1,46,57,519)
Income Tax relating to items that will not be reclassified to profit & loss	d	-	33,02,007	33,02,007
Items that will be reclassified to Profit & Loss		-	-	-
Income Tax relating to items that will be reclassified to profit & loss		-	-	-
Other Comprehensive Income/(loss) for the Year		**-**	**(1,13,55,512)**	**(1,13,55,512)**
Other Comprehensive Income for the period attributable to:				
Non-Controlling interest		-	-	-
Owners of the Parent		-	(1,13,55,512)	(1,13,55,512)
Total Comprehensive Income/(loss) for the year		**1,47,36,18,022**	**(88,08,394)**	**1,46,48,09,628**
Total Comprehensive Income for the period attributable to:				
Non-Controlling interest		(2,58,763)	-	(2,58,763)
Owners of the Parent		1,47,38,76,785	(88,08,394)	1,46,50,68,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

c. Reconciliation of Statement of Cash flow for the year ended March 31, 2017

Particulars	*IGAAP*	*+/-*	*Ind AS*
Net Cash flow from Operating Activities	1,18,99,62,200	-	1,18,99,62,200
Net Cash flow from Investing Activities	(21,99,43,292)	-	(21,99,43,292)
Net Cash flow from Financing Activities	(95,80,88,204)	-	(95,80,88,204)
Net Increase/(Decrease) in Cash & Cash equivalents	1,19,30,703	-	1,19,30,703
Effects of unrealised exchange gain on cash & cash equivalents	(50,857)	-	(50,857)
Cash & Cash equivalents as at April 1, 2017	12,28,52,233	-	12,28,52,233
Cash & Cash equivalents as at March 31, 2017	**13,47,32,080**	**-**	**13,47,32,080**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Notes to the Reconciliation of equity as at April 1, 2016 and March 31, 2017 and Total Comprehensive Income for the year ended March 31, 2018:

(a) Investments:

The Group has measured investments other than investment in subsidiaries at Fair Value and has classified the same at Fair Value through Profit and Loss (FVTPL) and Fair value through Other Comprehensive Income (FVOCI). The Company has also designated certain investment in equity instruments at FVOCI. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2017.Refer note 35 and Note 36 for detailed disclosure regarding measurement of Investments.

(b) Fair Valuation of Security Deposit

Interest-free deposits have been fair valued and are discounted using an appropriate current market rate. The difference between the nominal value and the fair value of the deposit under the lease is considered as Prepaid Rent, which is unwinded on a straight line basis over the period of the lease. The company also recognizes interest expense using the discounting rate, over the life of the deposit. These adjustments are reflected in retained earnings as at the date of transition and subsequently in the statement of profit or loss.

(c) Lease Straightlining

Under IGAAP, lease receipts under an operating lease were being recognised as an income on a straight-line basis over the lease term. Under Ind AS 17, straight lining of operating lease is not required, if the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Since the lease rentals as per the agreement fulfil this condition, straightlining of rent expense has not been carried out and the impact of the same given under IGAAP has been reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

(d) Deffered Tax

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred Tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or profit and loss respectively.

(e) Actuarial Gain/Loss

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis.

Under IGAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(f) Reclassifications

Reclassification and regrouping has been done basis the requirement of particular Ind As and Division II of Schedule III of the Companies Act, 2013 providing the framework for the preparation and presentation of Financial Statements in accordance with Ind AS.

As per our attached Report of even date

For **Khimji Kunverji & Co.**
Chartered Accountants
FRN: 105146 W

[Gautam V Shah]
Partner (F-117348)

Mumbai
Date : May 22, 2018

For and on behalf of the Board of Directors of
CARE Ratings Ltd
(Formerly known as Credit Analysis and Research Limited)

[S B Mainak]
Chairman
DIN No-02531129

[Rajesh Mokashi]
Managing Director & CEO
DIN No-02781355

[Chandresh M Shah]
Chief Financial Officer
M.No. 105055

[Mahendra Naik]
Company Secretary
ACS 20230

NOTES

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 Fifth Annual General Meeting of CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) (the "Company") will be held on Monday, September 24, 2018 at 3.30 p.m. at Jasubhai Convention Hall, 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, 2018 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. 37/- (Rupees Thirty Seven only) per equity share for the financial year ended March 31, 2018.

3. **To re-appoint Ms. Sadhana Dhamane (DIN 01062315), as Non-Executive director of the company who retires by rotation and being eligible, offers herself 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 Ms. Sadhana Dhamane (DIN 01062315), as a Non-Executive Director of the company, who retires by rotation and being eligle offers herself for re-appointment".

4. **Appointment of Statutory Auditor for the financial year 2018-19**
   To appoint Auditors of the Company and to fix their remuneration and if thought fit, to pass with or without modification, as Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with rules under the Companies (Audit and Auditors) Rules, 2014 and pursuant to the resolution passed by the members at the Annual General Meeting held on September 27, 2016, the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (FRN 105146W) as the Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting be and is hereby ratified and confirmed."

   "RESOLVED FURTHER THAT Director or Company Secretary of the Company, be and are hereby authorized to do such act, deeds and things and to file necessary e – forms with the concerned Registrar of Companies, to give effect to the aforementioned resolution."

Special Business

5. **Appointment of Mr. V. Chandrasekaran (DIN 03126243) who was appointed as an Additional Director as Non- Executive Director liable to retire by rotation.**

   To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 160, 161, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder, as amended from time to time, Mr. V. Chandrasekaran (DIN 03126243), who has been appointed as an Additional Director in terms of the provisions of section 161 of the Companies Act, 2013, whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing in accordance with the provisions of Section 160 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Non- Executive Director of the Company liable to retire by rotation."

6. **Appointment of Mr. Adesh Kumar Gupta (DIN 00020403), Additional Director 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. Adesh Kumar Gupta (DIN 00020403) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of the Director be and is hereby appointed as an Independent Director of the Company with effect from May 22, 2018 to till the conclusion of FY 2020-21 AGM, not 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)

Anandghan Bohra
Company Secretary

Place: Mumbai
Date: August 13, 2018

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 25th 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. 5 & 6 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 Thursday, September 20, 2018 to Monday, September 24, 2018 (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 17, 2018 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 17, 2018.

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 Computershare 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 nos. 3,5 & 6 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 25th 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 Computershare 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 Computershare 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 17, 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 20, 2018.

Conclusion of remote e-voting: At 5.00 p.m. on Sunday, September 23, 2018.

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

ii. 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) **Members receiving physical copy of the Notice (for members whose e-mail ID's are not registered with the Company / Depository Participants) of AGM and Attendance Slip:**

(i) Initial Password is provided, as follows, at the bottom of the Attendance Slip.

EVEN (E-Voting Event Number)	USER ID	PASSWORD
-	-	-

(ii) Please follow all the steps from Sr. No (ii) to (xiii) above, to cast vote.

(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 (Karvy Website) or contact Mr. B. Venkata Kishore (Unit: COMPANY NAME) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at 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 17, 2018, 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. 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 23, 2018. 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) 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 exercise 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 Managing Director. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (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 24, 2018.

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, Ms. Sadhana Dhamane retires by rotation and being eligible offers herself 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)

Anandghan Bohra
Company Secretary

Place: Mumbai
Date: August 13, 2018

EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

Agenda Item No. 5

Mr. V. Chandrasekaran was appointed as an Additional Director (Non-Executive) of the Company on November 15, 2017 as per the provisions of section 161 of the Companies Act, 2013.
Mr. V Chandrasekaran was the Executive Director (RMR) of LIC of India and his qualifications include FCA & B.Com.

A notice has been received from a member proposing Mr. V. Chandrasekaran as a candidate for the office of Non- Executive Director of the Company along with a deposit of Rs. 1,00,000/-.

The Board recommends his appointment as a Non- Executive Director liable to retire by rotation. In compliance with the provisions of Section 160 of the Companies Act, 2013, the appointment of Mr. V. Chandrasekaran as a Non- Executive Director is now being placed before the Members in General Meeting for their approval.

In view of the applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 5 of the accompanying Notice for the approval of the Members.
None of the directors and/or key managerial personnel of your Company and their relatives, except Mr. V. Chandrasekaran are concerned or interested, financially or otherwise, in the above Resolution. This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Agenda Item No. 6

Mr. Adesh Kumar Gupta is an Additional director (Independent) of your Company. Mr. Adesh Kumar Gupta is a member of The Institute of Chartered Accountants of India (ICAI) and is also an Independent Director in Zee Entertainment Enterprise Ltd, Essel Mutual Fund, besides some entities of Aditya Birla Group and other companies and was appointed as an Additional Director with effect from May 22, 2018.

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. Mr. Adesh Kumar Gupta 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. A notice has been received from a member proposing Mr. Adesh Kumar Gupta as a candidate for the office of Director of the Company along with a deposit of Rs. 1,00,000/-.

In the opinion of the Board, Mr. Adesh Kumar Gupta 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 till the conclusion of FY 2020-21 AGM. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the reappointment of Mr. Adesh Kumar Gupta as an Independent Director is now being placed before the Members in Annual General Meeting for their approval.

In view of the applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

None of the directors and/or key managerial personnel of your Company and their relatives, except Mr. Adesh Kumar Gupta are concerned or interested, financially or otherwise, in the above Resolution. This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board of Directors
For CARE Ratings Limited
(Formerly known as Credit Analysis & Research Ltd)

Anandghan Bohra
Company Secretary

Place: Mumbai
Date: August 13, 2018

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. Sadhana Dhamane**	**Mr. V. Chandrasekaran**	**Mr. Adesh Kumar Gupta**
Director Identification Number	01062315	03126243	00020403
Date of Birth	30.11.1957	11.10.1957	11.09.1956
Nationality	Indian	Indian	Indian
Date of appointment on the Board	02.06.2017	15.11.2017	22.05.2018
Number of equity shares held in the Company	NIL	NIL	NIL
Qualifications	M.A, L.L.B	FCA & B.Com	FCA & B.Com
Expertise in functional area	She is in charge of Stressed Asset in Investment department, Central Office. Her areas of expertise are Investment and Legal.	Treasury Functions in Equity, Debt and Money Markets, Investment Strategies and Analysis, Credit Review and Monitoring, Project Finance, Venture Capital, Investee Company Affairs, Equity Research Credit Appraisal in Housing Finance including both Retail and Project Finance.	Over three and a half decade of experience working exclusively with the Aditya Birla Group out of which last 15-20 years in various senior leadership roles, last one being the Whole time Director and CFO of Grasim and Director – UltraTech, in the capacity as Business. Have been associated with different businesses / companies of the group including Grasim, UltraTech, Aditya Birla Nuvo, Pulp & Fiber Birla Global Finance and Indian Rayon
List of Directorship held in other companies	1) India InfraDebt Limited	1) UTI Ventures Funds Management Company Private Ltd 2) LICHFL Asset Management Company Limited 3)Tamilnadu Newsprint & Papers Limited 4) Legal Entity Identifier India Limited	1) Aditya Birla Insurance Brokers Limited 2) Zee Entertainment Enterprises Limited 3) Aditya Birla Trustee Company Private Limited 4) Mukund Security & Investment Limited 5) Essel Finance Business Loans Limited 6) Essel Finance AMC Limited 7) Probizadvisor and Business Excellence LLP 8) Probizadvisor and Insolvency Professional LLP 9) India Advance Fund Ltd. (Mauritius, Foreign Company)

Chairman / Member of the Committees of the Boards of other companies in which he/ she is a director		1) Tamilnadu Newsprint & Papers Limited • Audit Committee - Member • Nomination and Remuneration Committee – Member • Stakeholders Relationship Committee – Member 2) LIC HFL AMC Limited • Audit Committee – Member • HR Committee – Member • CSR Committee – Member	1) Zee Entertainment Enterprises Limited • Audit Committee - Chairman • Nomination and Remuneration Committee – Member • Risk Management Committee – Member 2) Essel Finance Business Loans Limited • Audit Committee - Chairman 3) Essel Finance AMC Limited • Audit Committee – Member • Risk Management Committee – Member
Terms & Conditions of reappointment/ variation of remuneration	NA	NA	NA
Inter-se relationship with other Directors	NIL	NIL	NIL
No. of Board meetings attended during the year	4 (Four)	3 (Three)	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 **25th ANNUAL GENERAL MEETING** of the company, CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) at Jasubhai Convention Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 3.30 p.m. on Monday, September 24, 2018. (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 **25th ANNUAL GENERAL MEETING** of CARE Ratings Limited (Formerly known as Credit Analysis and Research Limited) at Jasubhai Convention Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 3.30 p.m. on Monday, September 24, 2018 and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

No	Description of Resolution	For	Against	Abstain
	Ordinary Business			
1.	To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2018, 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. 37/- (Rupees Thirty Seven only) per equity share for the financial year ended March 31, 2018.			
3.	To appoint a director in place of Ms. Sadhana Dhamane (DIN 01062315), who retires by rotation and being eligible, offers herself for re-appointment.			
4.	To ratify appointment of M/s. Khimji Kunverji & Co., Chartered Accountant as Auditors of the Company for for the financial year 2018-19.			
	Special Business			
5.	Appointment of Mr. V. Chandrasekaran (DIN 03126243) as a Director (Non-Executive) of the Company liable to retire by rotation.			
6.	Appointment of Mr. Adesh Kumar Gupta (DIN 00020403) as an Independent Director of the Company for a period of three years.			

Signed this..... day of..... 2018

Signature of Member.....

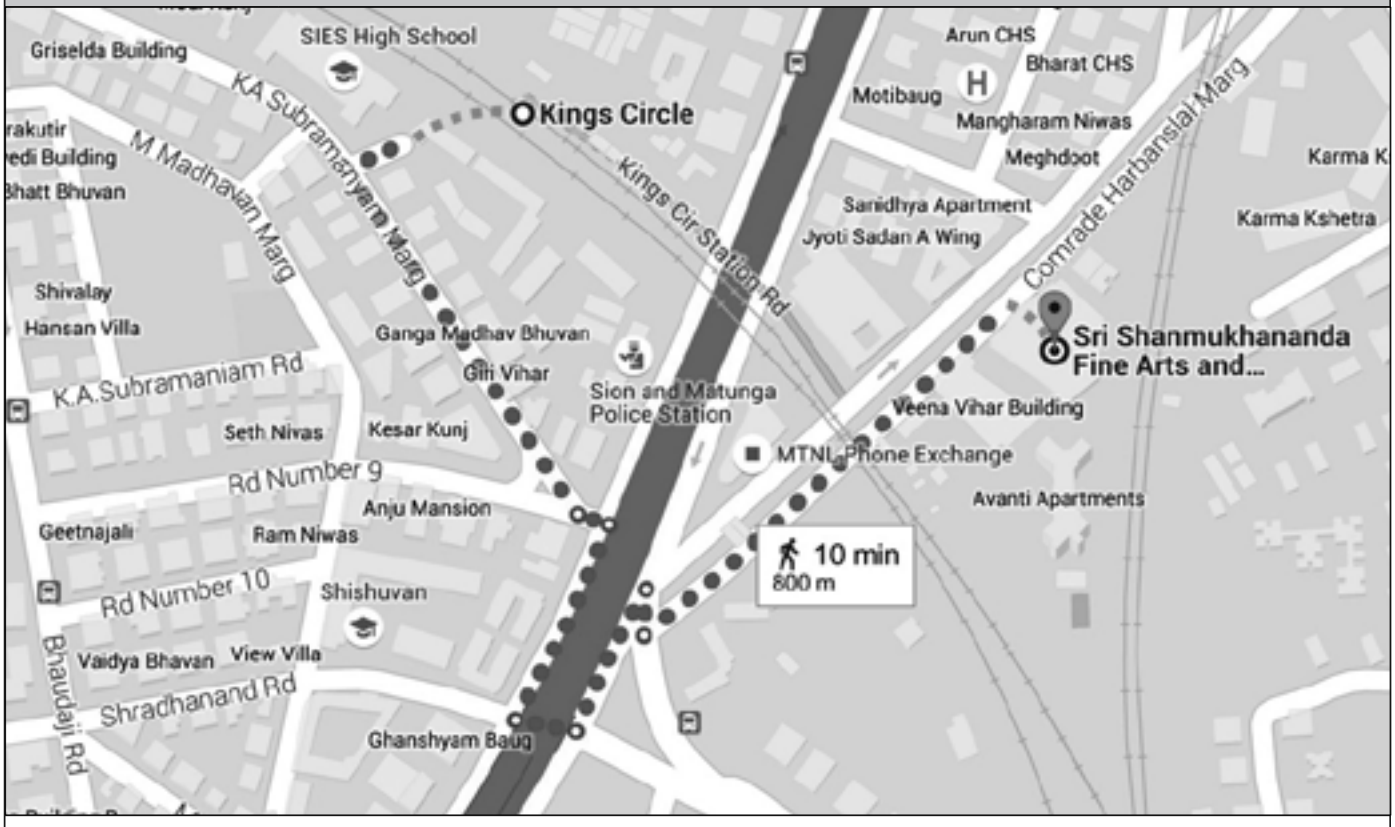
1) Signature of Proxy holder..... 2) Signature of Proxy holder.....

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.

25th Annual General Meeting
Venue Route Map



Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th 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

NOTES

CARE Ratings Limited

(Formerly known as Credit Analysis & Research 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

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