

23rd  
**Annual  
Report**  
2015-16

Credit Analysis & Research Limited

## ***Vision***

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

## ***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

## ***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

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## Message from Chairman



**S.B. Mainak**  
Chairman - Mumbai

The Indian economy was expected to progress at a faster rate in FY16 which in turn would have necessitated higher levels of funding that would provide a boost to the debt and credit markets. However, the overall performance of the economy was mixed. The overall GDP growth was higher at 7.6% as against 7.2% in FY15, but limited traction was seen in industrial growth. In fact, overall investment did not pick up this year too. The corporate debt market however witnessed issuances in FY2016 to Rs 4.9 lakh crore as compared to previous year issuance of Rs 4.1 lakh crore. This comprised mainly private placements which accounted for 93% of the total issuance. But bank credit growth which is main parameter of growth in credit rating business has remained subdued.

Against this background, I am pleased to inform you that your company has emerged stronger and has been resilient. Your Company has now completed 46,881 rating assignments since inception to March 2016 with cumulative debt rated increased to Rs. 78.8 lakh crore as of March 2016. As of March 31, 2016, your company had business relationships with 12,373 clients, adding about 3,105 new clients this year. In terms of finances, operating income on a consolidated basis saw an increase of 7.2% to Rs 279.3 crore in FY16. Also operating profit margin improved to 60.7% mainly due to growth in revenues and control growth in expenditure.

I am also happy to inform you that CARE Ratings was the leader in terms of the number of private placement issues in FY16 rating around 891 out of the 2,760 issues that were privately placed. The focus of your company for this year was more on client acquisition than business volumes and it was reflected in the performance of the company. We continue to have a dominant position in terms of having the largest proportion of rated companies in the ET-500 FE-500 and BS-1000 companies at 52%, 50% and 44% respectively.

We have been simultaneously concentrating on building and developing new products over the course of the year. Your company has started a new service called CARE Rating Tracker (CART) which provides data on Rating History of over 40,000 entities covering all six Credit Rating Agencies. We have also launched the rating of Real Estate Investment Trusts (REITs). The company has also brought out CARE Debt Quality Index, a monthly indicator, which tracks the changes in overall quality of debt in the economy based on a representative sample of companies. CARE also, entered into an agreement with GREX Alternative Investments Market to provide a broad analytical framework within which your company will be involved in conducting Rating/Grading exercises for companies.

As a part of our global ventures, we have signed a MoU with JCR (Japan Credit Rating Agency) to collaborate with each other as strategic business partners. Also, CARE Ratings (Africa) Private Limited (CRAF) is now operational and has also completed its first rating assignment. The Company is also exploring possibility of spreading credit rating business in the globe and desired to become top international rating company in due course.

Going forward, with the government initiatives such as 'Make in India', 'Startup India', 'Standup India', 'Skill – India' and Smart cities' we do expect the investment cycle to pick up gradually. Recent measures announced by the RBI to deepen the bond market can be seen as a positive sign for the rating agencies particularly rated corporate bonds to be considered under Liquidity Adjustment facility (LAF). Also, with the banks aiming at cleaning up their books, they would be more cautious while lending. This would encourage companies to take larger recourse to the corporate debt market. All this should start showing some results from next year onwards.

However, we would continue to be conservative in our approach and follow the path of cautious optimism for next year, furthermore the Company will explore the possibility to build up sizable revenue and profit from non-rating business.

## Message from Managing Director & CEO



**Rajesh Mokashi**  
Managing Director & CEO

I do have pleasure in presenting to you our Annual Report for FY16. As we are all aware, the financial year though better in terms of various economic parameters like GDP growth, inflation, fiscal deficit and external balance, the financial sector continued to be under pressure. This was on two scores. The first is the NPA issue which has pressurized banks to clean up their operations and books. Second, as a corollary of the first, the overall lending activity was of a lower level. Companies too were in the process of consolidating their debt positions. Some of the companies had gone in for deleveraging where asset sales were undertaken to repay high cost debt. Hence, even as the RBI lowered interest rates by 75 bps during the year, the credit offtake from manufacturing and services remained low. It was against this fairly ambivalent environment that your company had to further its business.

The performance of your company can be evaluated in terms of the business done and the value added for shareholders. Here, I believe, we have done satisfactorily. We have managed to enhance our business levels in the corporate debt segment and increase our client base. We continue to retain our dominant position in the large and medium sized companies segment. One factor which we had to encounter that was not anticipated was the NSIC (National Small Industries Corporation) SME business, which was based on a subsidy given by the Government of India. A sharp reduction in this subsidy did affect not just our business volumes but also our entire strategy as we had to regroup our operations. This I would like to assure you has been completed successfully and with the revival of the same subsidy this year as announced in the Union Budget and will help us increase business from SME Ratings.

Our commitment to our shareholders is not just in the way we do our business but also in terms of the returns we deliver, which is important at the end of the day. Here, we have pleased to inform you that our dividend payout ratio was about 84% in FY16 and we have proposed a total dividend rate of 280%.

While Annual Reports tend to be backward looking, I think that I should convey some thoughts on the coming year. While the economic numbers will continue to look better, albeit marginally, we do closely monitor the investment climate and the developments of the same in the corporate sector as well as infrastructure. The government is doing its bit on the latter, but the infusion of projects by the private sector is necessary. Further, a good monsoon in FY17 should help to revive demand though we would be abstemious in our expectations. Conditions could be better this year though the investment cycle and the financing of the same would be critical for your company's performance.

I would like to thank our shareholders for their unflinching support to us in everything we do and our employees for their diligent dedication to the company which has taken it to where it is today.

## Directors & Committee Members

● <b>Directors</b>	Mr. S. B. Mainak .....	Chairman
	Mr. A. K. Bansal .....	Director
	Dr. Ashima Goyal .....	Director
	Mr. D. R. Dogra (upto August 21, 2016) .....	Managing Director & CEO
	Mr. Rajesh Mokashi (w.e.f. August 22, 2016)..... (Deputy Managing Director upto August 21, 2016)	Managing Director & CEO
● <b>Audit Committee</b>	Dr. Ashima Goyal .....	Chairperson
	Mr. S. B. Mainak (w.e.f. May 26, 2016).....	
	Mr. A. K. Bansal .....	
	Mr. Rajesh Mokashi (upto May 26, 2016).....	
● <b>Stakeholders Relationship Committee</b>	Mr. S. B. Mainak .....	Chairman
	Mr. D. R. Dogra (upto August 21, 2016) .....	
	Mr. Rajesh Mokashi .....	
● <b>Nomination &amp; Remuneration Committee</b>	Mr. A. K. Bansal .....	Chairman
	Mr. S. B. Mainak (w.e.f. May 26, 2016).....	
	Mr. S. Ananthkrishnan (upto September 29, 2015) .....	
	Dr. Ashima Goyal .....	
● <b>Rating Committee</b>	Mr. Y. H. Malegam.....	Chairman
	Mr. V. Leeladhar.....	
	Mr. V. K. Chopra.....	
	Mr. P. P. Pattanayak.....	
	Mr. D. R. Dogra (upto August 21, 2016).....	
	Mr. Rajesh Mokashi (w.e.f August 23, 2016) .....	
● <b>Corporate Social Responsibility Committee</b>	Dr. Ashima Goyal (w.e.f. May 26, 2016) .....	
	Mr. A. K. Bansal.....	
	Mr. D. R. Dogra (upto August 21, 2016).....	
	Mr. Rajesh Mokashi.....	
● <b>Bankers</b>	IDBI Bank Ltd.	
	HDFC Bank Ltd.	
	State Bank of India	
● <b>Statutory Auditors</b>	M/s. Khimji Kunverji & Co. Chartered Accountants	
● <b>Internal Auditors</b>	M/s. Pravin Chandak & Associates Chartered Accountants	



## Board of Directors



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



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



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



**Mr. D. R. Dogra**  
**Managing Director & CEO,**  
**CARE Ratings (upto August 21, 2016)**



**Mr. Rajesh Mokashi**  
**Managing Director & CEO,**  
**CARE Ratings (w.e.f. August 22, 2016)**  
Deputy Managing Director (till August 21,  
2016)

## The Rating Committee Members \*



**Mr. Y. H. Malegam**  
Chairman of Rating  
Committee.  
Former Managing Partner  
of S.B. Billimoria & Co,  
C.A. and former  
Co-chairman of Deloitte,  
Haskins & Sells C.A.  
Former Member – Cen-  
tral Board of Directors of  
Reserve Bank of India.



**Mr. P.P. Pattanayak**  
Former Managing  
Director, State Bank of  
Mysore and former  
Deputy Managing  
Director and Chief Credit  
Officer of SBI.



**Mr. V. Leeladhar**  
Former Deputy  
Governor, RBI, and  
Chairman of Indian  
Banks Association (IBA).



**Mr. V. K. Chopra**  
Former Whole Time  
Member of SEBI and  
Chairman and Managing  
Director of Corporation  
Bank and Small  
Industries Development  
Bank of India

\* The Board of Directors at its meeting held on August 23, 2016 inducted Mr. Rajesh Mokashi, Managing Director & CEO in the Rating Committee.

## Senior Management Team



**T. N. Arun Kumar**  
Executive Director



**P. N. Sathees Kumar**  
Chief General Manager



**Revati Kasture**  
Chief General Manager



**Milind Gadkari**  
Chief General Manager



**Mehul Pandya**  
Chief General Manager



**Swati Agarwal**  
Chief General Manager



**Sanjay Agarwal**  
Chief General Manager



**Amod Khanorkar**  
Chief General Manager



**Madan Sabnavis**  
Chief Economist



**Umesh Ikhe**  
Chief Technology Officer



**Chandresh Shah**  
Chief Finance Officer



# 22<sup>nd</sup> Annual General Meeting

CARE Ratings held its 22nd Annual General Meeting on 29th Sept 2015 at Shanmukhananda Hall, Mumbai.



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1. From L-R Mr. Rajesh Mokashi, MD & CEO; Mr. D. R. Dogra, Former MD & CEO, Mr. S. B. Mainak, Chairman & Dr. Ashima Goyal, Independent Director.
2. Mr. S. B. Mainak, Chairman addresses the share holders.
3. From Left - Mr. Rajesh Mokashi, MD & CEO CARE Ratings along with Mr. D. R. Dogra, Former MD & CEO, CARE Ratings.
4. Shareholders Interacting with the Management.
5. Shareholders attending the AGM.
6. Shareholders casting their votes.



# CARE Ratings' Conversations Over Dinner

CARE Ratings hosted Conversations over Dinner - a series of events for its client based in Mumbai, Delhi, Ahmedabad, Chennai, Bengaluru, Hyderabad & Kolkata. Eminent speakers were invited for informal interactive sessions.

## @ Ahmedabad, on 2nd July 2015, Marriot Courtyard



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## @ Mumbai, on 15th July 2015, Hotel Sofitel



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## @ Hyderabad on 24th July 2015, Park Hyatt



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1. Mr. D. R. Dogra, Former MD & CEO, CARE Ratings welcomes Chief Guest, Mr. D. J. Pandian, Ex. Chief Secretary, Govt of Gujarat.
2. Address by Chief Guest, Mr. D. J. Pandian, Ex. Chief Secretary, Govt of Gujarat.
3. (from L) Mr. D. R. Dogra, Former MD & CEO, CARE Ratings; Mr. Arun Tiwari, CMD, Union Bank of India (Chief Guest) & Mr. Rajesh Mokashi, MD & CEO, CARE Ratings.
4. Audience engrossed in the speech by Chief Guest, Mr. Arun Tiwari, CMD, Union Bank of India.
5. From L-R, Mr. D. R. Dogra, Former MD & CEO, CARE Ratings; Smt. V. R. Iyer, Mem. (F&I), IRDA, Mr. S. K. Kalra, ED, MD & CEO, Andhra Bank, Mr. Rajesh Mokashi, MD & CEO, CARE Ratings.
6. The gathering at Park Hyatt, Hyderabad.

# CARE Ratings' Conversations Over Dinner

@ Bengaluru on 11th August 2015, The Ritz Carlton



7 From L-R, **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings  
**Mr. Sharad Sharma**, MD, State Bank of Mysore &  
**Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings

Q&A session



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@ Chennai on 12th August 2015, Hyatt Regency



9 From L-R, **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings  
**Dr. Rangarajan**, Former Chairman EAC to PM, Former Governor of RBI, Chairman - Madras School of Economics,  
**Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings

Q&A session



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@ Kolkata on 18th August 2015, Taj Bengal



11 L-R **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings,  
**Mr. Arun Kaul**, CMD, UCO Bank &  
**Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings

Guests at the occasion



12

@ Delhi on 6th Oct 2015, Shangri – La's



13 L-R - **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings, **Mr. A. K. Bansal**, Director, CARE Ratings, **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings, **Mr. Dharendra Kumar**, Founder & Chief Executive, Value Research, **Mr. Prithvi Haldea**, Founder & Chairman, Prime Database

Guests at the occasion



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# Budget Conversations

CARE Ratings hosted the “Budget Conversations” Event in Mumbai on 2nd March 2016 at NSE Auditorium & in Delhi on 4th March 2016 at The Lalit. The discussion was on budgetary proposals post the announcement of Union Budget 2016-17.

## Delhi



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1. Speaker Panel L-R: **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings;  
**Mr. Sanjeev Kaushik**, Dy. MD, IIFCL;  
**Ms. Mythili Bhushurmth**, Consulting Editor, Economic Times;  
**Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings.
2. **Ms. Swati Agrawal**, Chief General Manager, CARE Ratings.
3. Audience .

## Mumbai



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4. Speaker Panel - L-R - **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings  
**Mr. Milind Sarwate**, CEO, Inc Value Adv LLP;  
**Mr. Nilesh Shah**, MD, Kotak AMC;  
**Mr. Ashvin Parekh**, Managing Partners, Ashvin Parekh Advisory LLP,  
**Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings.
5. **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings.
6. Audience.

# CARE Ratings & Japan Credit Rating Agency Ltd (JCR) MoU

A formal MoU signing event was organized by CARE Ratings & Japan Credit Rating Agency Ltd (JCR) at Hotel Trident, Mumbai on 15th March 2016.



1. From L-R: **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings; **Mr. Haruhiko Shiono**, GM, JCR; **Mr. S. B. Mainak**, Chairman, CARE Ratings; **Mr. Satoshi Nakagawa**, Spl Rep Asia, JCR & **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings.
2. **Mr. S. B. Mainak**, Chairman, CARE Ratings addressing the gathering.
3. **Mr. Satoshi Nakagawa**, Spl Representative JCR, along with **Mr. Haruhiko Shiono**, GM, JCR (seated – 2nd from left) addressed the gathering.
4. **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings.
5. Unveiling of CARE Ratings publication - Commercial Paper - Broadening India's Debt Markets.
6. **Ms. Revati Kasture**, Chief General Manager, CARE Ratings.



## Events & Representations



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- 1) CARE Ratings received the 'Fastest Growing Indian Company Excellence Award' at International Achievers Conference on 26th Sept, 2015, Bangkok, Thailand. The award was accepted by **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings.
- 2-A) National Institute of Securities Market (NISM) hosted its 4th International Conference on Securitization "Indian Securitization Summit 2015" at Mumbai on 14th July 2015. CARE Ratings was associated as an event partner. **Mr. R. Gandhi**, Dy. Governor, RBI was the chief guest of the event. **Mr. D. R. Dogra**, Former MD & CEO, CARE Ratings presented his outlook in the inaugural session.
- 2-B) **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings was the moderator in the panel discussion session on 'Review the market conditions, potential growth, operational and regulatory issues'.
- 3) Assocham hosted a Conference on "Telangana One – The Road Ahead" – at Hotel Hyatt, Hyderabad on 19th June 2015. CARE Ratings was associated as the Knowledge Partner. **Mr. D. R. Dogra**, Former MD & CEO gave the inaugural address and released our Knowledge Paper.

## Events & Representations



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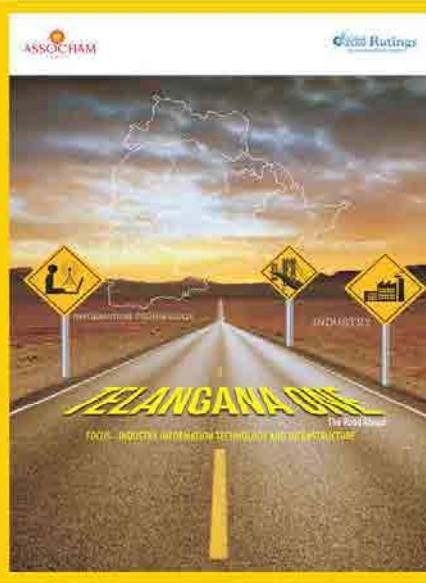


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- 5) ET Edge (Economic Times) had organized ReModel in India – An Asset Re construction & NPA Management Summit on 5th Oct 2015 at Mumbai. **Mr. Rajesh Mokashi**, MD & CEO, CARE Ratings spoke at this event.
- 6) Pandit Deendayal Petroleum University (PDPU) and Ahmedabad Management Association (AMA) had organised an event on “Management Alternatives” on January 24, 2016. **Mr. Mehul Pandya**, Chief General Manager, CARE Ratings was one of the main speakers at the event.
- 7) Navbharat Times hosted its Roundtable conference on GST on December 17, 2015 at the Times of India Office, Mumbai. This was for generating public awareness about GST through the news paper. **Mr. Sanjay Agarwal**, Chief General Manager, CARE Ratings was part of the panel along with **Mr. Ajit Ranade**, President & Chief Economist, Aditya Birla Group, **Ms. CA Bhavna Doshi**, Past Chairperson, ICAI (WIRC) and IMC, & **Mr. Sanjiv Agarwal**, CEO, Gitanjali Exports, Former -MD World Gold Council.
- 8) **Ms. Priti Agarwal**, General Manager, CARE Ratings was the panel speaker for ICC Financial Summit, Kolkata, Feb 20, 2016



# Publications





# Publications

**19th Feb, 2015** Economics

### Movements in Global Commodity Prices

Global commodity prices have been trending down since early 2014 and have been characterized by a sharp decline in oil prices. This has led to a general decline in commodity prices across the board. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices. This has led to a general decline in commodity prices across the board. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

Commodity	2014	2015
Crude Oil	105.0	92.0
Coal	115.0	105.0
Gold	1200.0	1180.0
Iron Ore	150.0	145.0
Natural Gas	4.50	4.20
Wheat	5.50	5.20
Soybean	13.00	12.50
Copper	3.50	3.40
Aluminum	1.80	1.75
Zinc	1.20	1.15
Nickel	1.80	1.75
Palladium	1500.0	1450.0
Platinum	1800.0	1750.0

**24 February, 2015** Economics

### Corporate Performance: 9M-FY15

**Overview:** A study of the performance of 100 companies over the 9-month period (September 2014) presents a mixed picture. While many companies have shown growth, others have faced challenges. The overall performance is mixed, with some companies showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**Overall performance:** The study looks at a sample of 100 companies and their financial performance, including revenue, profit, and EPS. The overall performance is mixed, with some companies showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

Company	2014	2015
Reliance	1000	1050
Wipro	800	850
Infosys	700	750
TCS	600	650
HDFC Bank	500	550
ICICI Bank	400	450
Axis Bank	300	350
SBI	200	250
State Bank of India	100	150

**24 February, 2015** Economics

### Conceptualising Start-ups in India: The way ahead

Start-ups are the backbone of any economy. In India, the start-up ecosystem is still in its early stages. The government has taken several steps to support start-ups, but there is still a long way to go. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**Key observations:** Start-ups are the backbone of any economy. In India, the start-up ecosystem is still in its early stages. The government has taken several steps to support start-ups, but there is still a long way to go. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**September 9, 2015** Economics

### 20 Sessions after Yuan Devaluation

The devaluation of the Yuan on 17th August has caused significant volatility in the currency markets. The Yuan has depreciated against the US Dollar, leading to a sharp decline in the value of the Yuan. This has led to a general decline in commodity prices across the board. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

Commodity	2014	2015
Crude Oil	105.0	92.0
Coal	115.0	105.0
Gold	1200.0	1180.0
Iron Ore	150.0	145.0
Natural Gas	4.50	4.20
Wheat	5.50	5.20
Soybean	13.00	12.50
Copper	3.50	3.40
Aluminum	1.80	1.75
Zinc	1.20	1.15
Nickel	1.80	1.75
Palladium	1500.0	1450.0
Platinum	1800.0	1750.0

**March 16, 2015** Economics

### Agri Update: Rains can upset calculations

The agricultural situation has been a mixed bag. While some crops have shown growth, others have faced challenges. The overall performance is mixed, with some crops showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**Key observations:** The agricultural situation has been a mixed bag. While some crops have shown growth, others have faced challenges. The overall performance is mixed, with some crops showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

Crop	2014	2015
Cereals	234.87	232.89
Oilseeds	105.25	103.15
Wheat	105.25	103.15
Cotton	42.85	41.85
Maize	105.25	103.15
Pulses	105.25	103.15
Sugarcane	105.25	103.15
Other	105.25	103.15
Total	544.52	538.39

**September 9, 2015** Economics

### Investment Climate in India (2012-2015)

The investment climate in India has been a mixed bag. While some sectors have shown growth, others have faced challenges. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**Key observations:** The investment climate in India has been a mixed bag. While some sectors have shown growth, others have faced challenges. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**December 11, 2015** Economics

### GST impact on various sectors

The implementation of GST has had a significant impact on various sectors. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

Sector	2014	2015
Manufacturing	1000	1050
Retail	800	850
Services	700	750
Construction	600	650
Healthcare	500	550
Education	400	450
IT	300	350
Telecom	200	250
Automotive	100	150

**February 8, 2015** Economics

### India's GDP Growth: Q3-FY15

The GDP for Q3 FY15 came in at 7.1% lower than Q3 FY14. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**Key observations:** The GDP for Q3 FY15 came in at 7.1% lower than Q3 FY14. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

Sector	2014	2015
Agriculture, Forestry and fishing	1.2	1.1
Manufacturing	1.1	1.0
Construction	1.0	0.9
Services	0.9	0.8
Other	0.8	0.7
Total	0.7	0.6

**September 9, 2015** Economics

### Impact of Federal Reserve Decision

The decision by the Federal Reserve to raise interest rates has had a significant impact on the Indian economy. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

**Key observations:** The decision by the Federal Reserve to raise interest rates has had a significant impact on the Indian economy. The overall performance is mixed, with some sectors showing strong growth and others showing a decline. The main reason for this is the oversupply of commodities, particularly oil, which has led to a sharp decline in prices.

# CARE Ratings in Electronic Media



- 1) Mr. D. R. Dogra, Former MD & CEO speaks to ET Now – 7/8/2015
- 2) Mr. D. R. Dogra, Former MD & CEO speaks to NDTV Profit - 3/11/2015
- 3) Mr. Rajesh Mokashi, MD & CEO speaks to ET Now – 24/11/2015
- 4) Mr. Rajesh Mokashi, MD & CEO speaks to NDTV Profit – 24/11/2015
- 5) Mr. D. R. Dogra, Former MD & CEO speaks to CNBC TV18 – 29/12/2015
- 6) Mr. Rajesh Mokashi, MD & CEO speaks to CNBC Awaaz – 19/1/2016



# CARE Ratings in Electronic Media



- 7) Ms. Swati Agrawal, CGM, speaks to ET Now – 30/7/2015
- 8) Mr. Arindam Saha, AGM, speaks to CNBC TV18 - 20/9/2015
- 9) Ms. Rajashree Murkute, AGM, speaks to ET Now – 12/10/2015
- 10) Ms. Jyotsna Gadgil, General Manager, speaks to ET Now – 20/10/2015
- 11) Mr. T. N. Arun Kumar, Executive Director speaks to CNBC TV18 – 7/11/2015
- 12) Ms. Sharmila Jain, AGM, speaks to NDTV Profit – 18/11/2015
- 13) Ms. Anuja Shah, Economist speaks to BloombergTV – 11/12/2015
- 14) Mr Ravi Kumar, Senior Manager speaks to BloombergTV – 7/1/2016
- 15) Mr. P Sudhakar, AGM, speaks to CNBC Awaaz – 2/3/2016

# CARE Ratings in Media

Printed from THE TIMES OF INDIA  
 Rupee could bounce back to 66 levels: Care ratings - Times of India  
 Rupee could bounce back to 66 levels: Care ratings  
 MUMBAI: Rating agency Care has said that the rupee's return to 66 levels is a possibility given that current account deficit and trade deficit are expected to be well within control unlike 2013 - the last time when rupee breached the 68 level.  
 The agency's report comes in the aftermath of a collapse in Asian markets following fears of a Chinese slowdown coupled with low crude oil prices which point to the global economy slowing down. The rupee too weakened to a new 25 month low of 68.05 against the dollar. The rupee too economic affairs secretary said that the rupee fall was in tandem with the fall in stock market and added that the government and the Reserve Bank of India were keeping a close watch on currency movement.  
 Besides these factors, withdrawal of funds from emerging markets has also affected stock markets and prospects of further rate hikes by the US Federal Reserve could accelerate these.  
 According to Madan Sabnavis, chief economist, Care at 2.28% depreciation. The currencies that did better are those of Argentina, Turkey, Mexico, Russia and South Africa.  
 The rupee's fundamental value reserves have also seen a depreciation. He adds that RBI has there have been inflationary pressures.

MARKET STATS  
 RBI may cut rates by 0.25% in policy review: Care Ratings  
 The Reserve Bank of India now targets CPI inflation and not WPI...  
 WPI inflation for the first month of the year came in at a new low of -2.65 per cent which was slightly lower than CARE's forecast of -2.5 per cent. (PTI)  
 The Reserve Bank of India (RBI) may cut interest rates by 0.25 percentage point as inflation is firmly under the desirable limit, credit rating agency Care Ratings said here on Thursday.  
 With inflation being firmly under the desirable limits, the RBI now targets CPI inflation and not WPI as per its stance, it said.  
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THE ECONOMIC TIMES  
 Indian manufacturing companies improve performance in Q3: CARE Ratings  
 MUMBAI: Even as Narendra Modi pitched for more growth in ET's Global Business Summit last Friday, Indian manufacturing companies seem to have improved their performance in the third quarter (Oct-Dec 2015) of the current financial year compared to the same period a year before, a research report by CARE ratings said.  
 "The results show just about a stable performance with marginal growth in net sales and a slightly higher growth in net profit. Net profit margin has improved mainly on this score for some groups. As the sample is not comprehensive with most large companies yet to announce their results, there would be a change in these numbers," the report stated.  
 The report was based on a sample size of 503 companies. The research agency excluded crude oil, banks and other service firms to get an accurate picture of the manufacturing sector. Globally, the crude has had a huge impact on the profitability of many companies. "The performance of banks, which consists of primarily private banks has been looked at smaller ones are examined, NPA ratios are much higher and rising at 4.66% in Q3-FY16," the report added.  
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THE ECONOMIC TIMES  
 Care Ratings sees rupee falling to 65, forcing RBI governor Raghuram Rajan to hold rates in June  
 MUMBAI: Expecting the rupee to slide further to 65 against the dollar, domestic rating agency Care Ratings today said Reserve Bank Governor Raghuram Rajan may opt for a status quo on rates in the June 2 policy review.  
 "Combining this development (depreciation of the rupee) with the recent increase in price of crude and a sub-normal monsoon forecast, Rajan may wait longer before the next rate cut," it said in a note.  
 The rupee had hit a 20-month low at 64.23 yesterday, though it regained some lost grounds today by rising to 63.93.  
 Without giving a time-frame, the report said the rupee may slide further to 65 against the dollar and added 63-64 is the new range for the domestic rating agency.  
 CARE Ratings sees rupee falling to 65, forcing RBI governor Raghuram Rajan to hold rates in June

Business Standard  
 Credit quality shows continued improvement: CARE Ratings  
 The rating upgrades have outnumbered downgrades in FY14 and FY15, reflecting credit quality prevailing in the system.  
 BS Reporter July 07, 2015 Last Updated at 00:40 IST  
 Considering the gains over the previous quarters, Indian companies' credit quality has improved in the first quarter of FY16, according to CARE Ratings.  
 The rating upgrades have outnumbered downgrades in FY14 and FY15, reflecting credit quality prevailing in the system. The pace of improvement, however, declined in the first quarter of FY16, according to CARE Ratings.  
 CARE Ratings in a statement said the modified credit ratio - the ratio of upgrades to downgrades plus reaffirmations - has been above 1 since the second quarter of FY15. Modified credit ratio for April-June 2015 came in at 1.04, lower than 1.10 in the previous quarter and 1.25 in the second quarter and 1.23 in the third quarter.  
 There has been notable improvement in the credit quality of companies in sectors such as computer hardware & electronic products, banks, sugar, telecom, and transportation.  
 However, stress was evident in sectors such as hospitality, cement and construction. The number of downgrades was more than upgrades in these sectors, the rating agency added.

CNBC-TV18  
 On CNBC-TV18 CARE Ratings: Seeing Weakness In Rupee Due To External Factors  
 On CNBC-TV18 CARE Ratings: Seeing Weakness In Rupee Due To External Factors  
 On CNBC-TV18 CARE Ratings: Seeing Weakness In Rupee Due To External Factors

BusinessLine  
 Corporate debt quality dips  
 Our Bureau Mumbai, January 7:  
 The quality of corporate debt continues to fall, according to credit rating agency Care's debt quality index, and a little more in December (0.60 points). The index stood at 91.75 in December (0.60 points). The index captures, on a scale of 0 to 100, whether it is improving or declining. The dataset compares the current volume of debt of the sample companies with the current volume of debt of the sample companies.  
 (This article was published on January 7, 2016)  
 Printable version | Jan 6, 2016 4:24:35 PM | http://www.thehindubusinessline.com

Bloomberg TV India  
 CARE RATINGS: Fall In Crude Oil Prices Will Impact WPI Positively  
 CARE RATINGS: Fall In Crude Oil Prices Will Impact WPI Positively  
 CARE RATINGS: Fall In Crude Oil Prices Will Impact WPI Positively

THE ECONOMIC TIMES  
 Government compounding problems: Madan Sabnavis, CARE Ratings  
 In a chat with ET Now, Madan Sabnavis, Chief Economist, CARE Ratings, says by overemphasising NPAs and capitalisation of banks, we have reached a situation where government's hands are going to get tied while formulating the budget.  
 Mythali Bhusanmath: A lot of our problems are because of global factors but are we always counter cyclical when the government's hands are going to get tied while formulating the budget? Best policies are always counter cyclical when the government's hands are going to get tied while formulating the budget? Best policies are always counter cyclical when the government's hands are going to get tied while formulating the budget?  
 MAKE IN INDIA WEEK APP  
 ALSO WIN ASSURED GIFTS  
 ET SPECIAL: Love visual aspect of news? Enjoy this exclusive slideshow treat!



# CARE Ratings in Media

## THE ECONOMIC TIMES

### Sifting the Facts From Fiction in Credit Ratings

Guest Column

**DR DOGRA**  
MD & CEO, CARE Ratings

There is need to address several issues that have pervaded the market relating to credit ratings where facts have been distorted based on convention or perception rather than practice. The first issue is that the rating agency gets a higher fee if the client gets a higher rating. The truth is that the fee is paid in advance along with the man-haring a fee depending on the need. It has been observed that the ultimate user of the rating is the investor and not the issuer. Publicly available information has its own shortcomings.

## Business Standard

### CR signs MoU with CARE Ratings

REPORTER  
Mumbai, 15 March

Japan Credit Rating Agency (JCR), which has an 'A+' rating from CARE Ratings, will soon upgrade its rating from "negative" to "stable".

Satoshi Nakagawa, special representative for Asia of JCR, said that ratings by CARE Ratings and vice versa. In its review last year, JCR had said that ratings by CARE Ratings reflected the strong growth potential of Indian economy and financial stability. On the other hand, the ratings are strained mainly by the continuing weakness in infrastructure.

## THE ASIAN AGE

### India Inc opts for non-bank funding

ADDITIONAL CORRESPONDENT  
MUMBAI, MARCH 15

Major corporates are tapping banks and going to the market through commercial papers (CP) for the latter are cheaper than bank loans. A CP is a short-term, unsecured money market instrument issued in the form of a promissory note. By the end of December 2015, the total outstanding towards commercial papers was ₹20,288 crore and the year-on-year growth has been 16.4 per cent.

The companies with the highest credit rating A1 account for 73 per cent of the total amount. The top 10 issuers of commercial papers are: Tata Steel, which has a rating of 'A1+'; Infosys, which has a rating of 'A1'; and Wipro, which has a rating of 'A1+'.

## THE ASIAN AGE

### Growth failed to add jobs

Low job growth reflects firms' pessimism about future, says CARE Ratings

ADDITIONAL CORRESPONDENT  
MUMBAI, MARCH 22

Low job growth in the economy has led to pessimism among investors about the future of the Indian economy. CARE Ratings, which has a 'BBB+' rating, says that the growth rate of 7.1% in FY16 is not enough to add jobs. The agency says that the growth rate of 7.1% is not enough to add jobs. The agency says that the growth rate of 7.1% is not enough to add jobs.

## Business Standard

### CARE Ratings signs MoU with Japan Credit Agency

BS REPORTER  
Mumbai, 29 December

The Japan Credit Rating Agency (JCR) has signed a memorandum of understanding (MoU) with CARE Ratings. The MoU is for a period of three years. CARE Ratings has a 'BBB+' rating and JCR has an 'A+' rating.

## BusinessLine

### CARE Ratings, JCR ink pact

Mumbai, March 15

CARE Ratings and Japan Credit Rating Agency (JCR) announced that they were entering into a memorandum of understanding. This is being done with the intention of helping Japanese companies that operate in India and helping Indian companies that venture into the Japanese market for funds.

## BusinessLine

### 'Expectations of Fed rate hike will weigh on rupee'

But unit's depreciation will not be long lasting, says CARE Ratings

OUR BUREAU  
Mumbai, December 15

With rate hike by the US Fed now almost certain, foreign investors will withdraw money from India, thereby adversely impacting the rupee and creating pressure on Reserve Bank of India, according to CARE Ratings. The credit ratings agency observed that most of this phenomenon of a depreciating rupee is due to expectations of a Fed rate hike and will not be long lasting. Just like how the rupee has reacted with panic just as the Fed meeting begins today. Interest rates have been moving up in the global market and the rupee has declined once it crosses the psychological threshold of 66.00.

## CHART OF THE DAY

### DEBT QUALITY DETERIORATES IN NOVEMBER

CARE Ratings has identified an index, the Debt Quality Index (DQI), which captures, on a scale of 100, the quality of debt in the market. The index is based on the quality of debt in the market. The index is based on the quality of debt in the market.

Month	DQI
Apr	93.91
May	93.91
Jun	93.43
Jul	92.95
Aug	92.55
Sep	92.54
Oct	91.94
Nov	91.77
Dec	91.74
Jan	91.82
Feb	91.88
Mar	91

## Make Startup Lending a Priority: CARE

Mumbai: Modi's 'Startup India' in the Centre's ground rules crowd-funding and startup lending are supported by CARE. CARE says that the government should give priority to lending to startups.

## Rupee rebounds

The rupee on Tuesday pulled back from the fresh two-year lows it hit the previous day. Dollar sales by exporters and foreign banks helped the domestic unit strengthen to close at 66.93 intra-day, the rupee hit a low of 67.00 and a high of 66.9275 per dollar on Tuesday.

## IN CONVERSATION

“There should be sharing of information between banks – agreeably a difficult practice, but in the current situation would be advisable. Besides, banks also need to monitor their clients and have models that provide early warning signals.”

Rajesh Mokashi - Deputy Managing Director  
CREDIT ANALYSIS & RESEARCH Ltd (CARE), Mumbai

## ET Auto

### ETA Auto | Indian manufacturing companies improve performance in Q3 FY16: CARE Ratings

auto.economicstimes.indiatimes.com/news/industry/...

## CHART OF THE DAY

### FOOD INFLATION REARS ITS UGLY HEAD AGAIN

The chart shows the steady rise in wholesale food inflation over the past few months, although the 8.2% jump in December is also the result of a base effect. The base effect is much lower in January so food price inflation too should be lower, but the base is lower in February and March, so it's possible that the food price index may rise again in those months. A report from CARE Ratings says: "Given the pickup in prices of primary articles over the past few months, with upside risks emanating particularly from the food basket, one can expect headline inflation to move in an upward direction in the coming months." Given the worrying trend, the government must take steps to dampen food price inflation in the coming months.

Month	Food Inflation (Year-on-Year)
Dec 2014	5
Jan	7
Feb	8
Mar	6
Apr	4
May	2
Jun	1
Jul	0
Aug	1
Sep	2
Oct	3
Nov	4
Dec	8.2

## NDTV Profit

### Corporate debt funds rise 3.2% in April-November: CARE Ratings

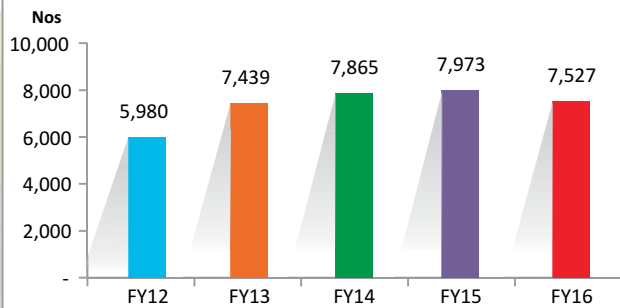
profit.ndtv.com/news/industry...

Corporate Debt Funds Rise 3.2% in April-November: CARE Ratings

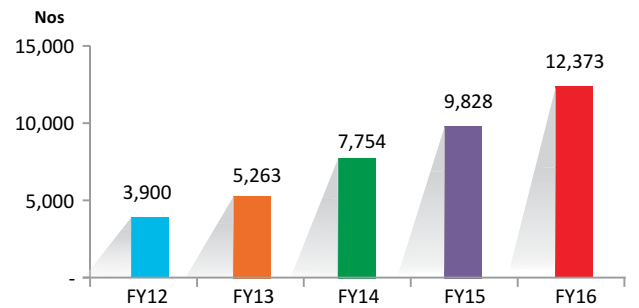
Indian companies raised Rs 2,55 lakh crore from corporate debt during the first eight months of the current fiscal year, an increase of 3.2 per cent from the same period a year ago, says CARE Ratings.

# Performance Snapshot

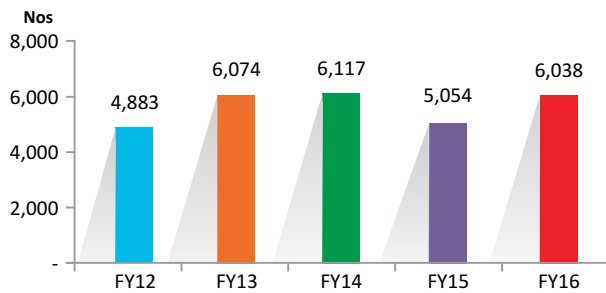
### Number of assignments



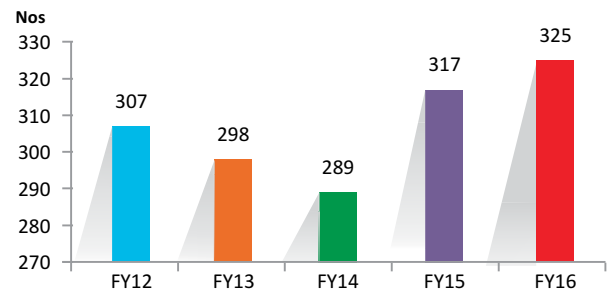
### Number of Active clients



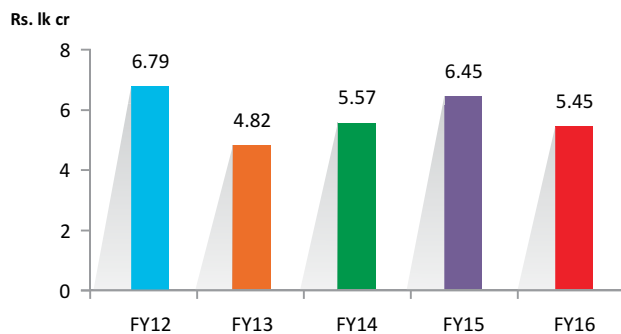
### Bank Facility - No. of Instruments Rated



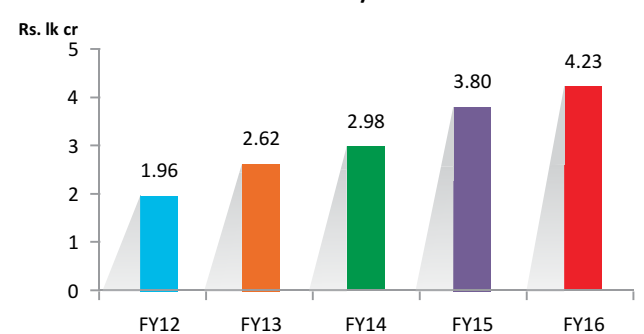
### Debentures/Bonds - No. of Instruments Rated



### Volume of Bank Facilities Rated

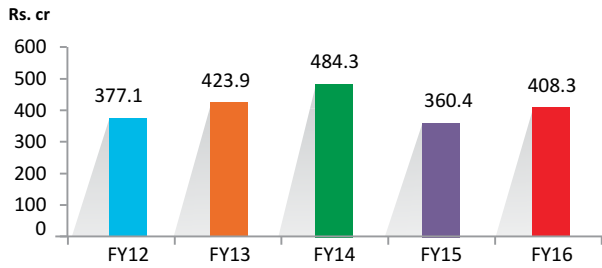


### Volume of Debentures/Bonds Rated

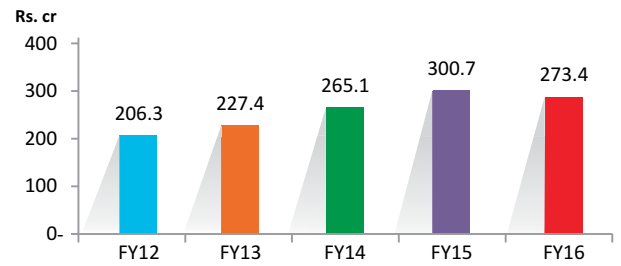


# Performance Snapshot

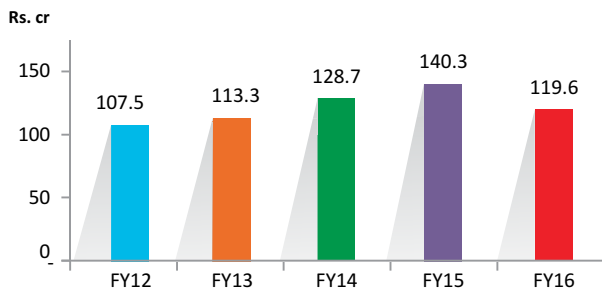
**Networth**



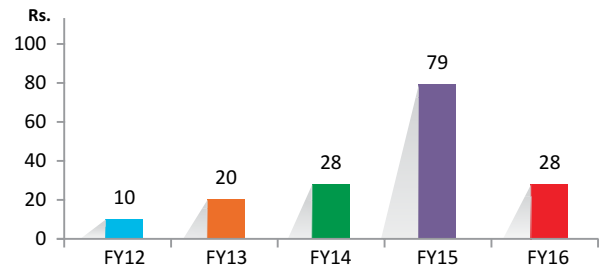
**Total Income**



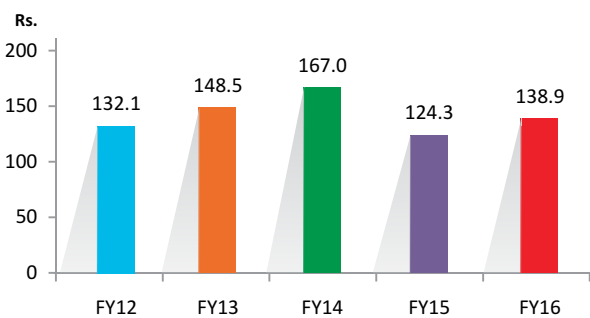
**Profit After Tax**



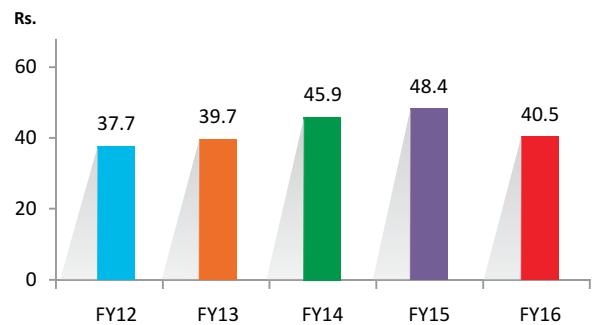
**Dividend Per Share**



**Book Value Per Share**



**Earnings Per Share**





# Highlights

## Business

- It is the second largest credit rating agency in terms of rating income.
- Rated a large volume of debt of around Rs. 78.81 lakh crore and has completed 46,881 rating assignments since inception.
- Client base has increased from 9,828 in FY15 to 12,373 in FY16.
- Total number of assignments rated in FY16 is 7,527. The number of bank facilities rated was 6,038 and the number of debentures rated was 325.
- PAT margin of 42.9% in FY16.
- Healthy cash position of Rs. 378 crore as of March 31, 2016.
- CARE continues to enjoy the highest share in the group of rated large and medium companies.

## MOUs

- Signed a Memorandum of Understanding with Japan Credit Rating Agency, Ltd. (JCR) to collaborate with each other as strategic business partners.

## Global Operations

- CARE Ratings Africa (CRAF) is operational and has announced its first rating of a Fixed deposit programme of Banyan Tree Bank Ltd

## Awards

- Received the 'Fastest Growing Indian Company Excellence Award' at International Achievers Conference, Bangkok.
- Was awarded the title of 4ps Most Recognizable Brands of Indian origin @ Franchise India's Omaxe Power brands Glam 2016 held in New Delhi.
- Mr. Chandresh Shah, CFO received Most Influential CFO's of India Award from CIMA.

## Knowledge Partners

- Was the knowledge partner for the 4th International Conference on Securitization "Indian Securitization Summit 2015" held at Mumbai.

## New Initiatives

- Care Ratings launched CARE Debt Quality Index (CDQI), first of its type of index which helps in quantifying the quality of debt in the country.
- Entered into an agreement with GREX Alternative Investments Market to provide a broad analytical framework within which CARE Ratings will be involved in conducting Rating/Grading exercises for companies.
- CARE Rating launched rating of Real Estate Investments Trusts (REITs).
- Launched CARE Rating Tracker (CART), a platform which gives information pertaining to 40,000 rated companies across more than 120 industries.
- CARE Ratings was empanelled for grading of Industrial Training Institutes constituted under Directorate General of Employment and Training (DGE&T).

## Events

- Held a series of interactive meetings with clients under the umbrella of, 'Conversations over Dinner', in Mumbai, Ahmedabad, Delhi, Chennai, Kolkata, Bengaluru and Hyderabad.
- Hosted Budget Conversations: FY17' - a discussion on the budgetary proposals in Mumbai and Delhi

## DIRECTOR'S REPORT

Your Directors are pleased to present the Twenty Third Annual Report of your Company along with the audited Financial Statements for the year ended March 31, 2016.

### Financial Performance

Company's Financial Performance for the year ended March 31, 2016 is summarized below:

(Rs. Lakhs)

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Income from Operations	26,484	25,721
Other Income	861	4,356
<b>Total Income</b>	<b>27,345</b>	<b>30,077</b>
Total Expenditure	9,663	10,139
<b>Profit Before Tax (PBT)</b>	<b>17,682</b>	<b>19,938</b>
Provision for Tax	5,913	5,905
<b>Profit After Tax (PAT)</b>	<b>11,769</b>	<b>14,033</b>
<b>Balance brought forward from previous year</b>	<b>14,814</b>	<b>29,161</b>
<b>Appropriations</b>		
Interim Dividend	5,244	20,589
Tax on Interim Dividend	1,068	3,499
Final Dividend	2,940	2,320
Tax on final dividend	599	472
<b>Total (Dividend outflow)</b>	<b>9,851</b>	<b>26,880</b>
Transferred to General Reserve	1,500	1,500
<b>Balance carried forward to next year</b>	<b>15,232</b>	<b>14,814</b>

Income from Operations increased by about 3.0% during the year on account of subdued market conditions and low credit off take in corporate loans. Other income declined from Rs. 43.6 crore to Rs. 8.6 crore mainly due to a large part of our investments being invested in long term instruments, income from which can be recognized only on maturity / realization basis. Income from such instruments will be partly realized in FY17 & FY18 on their maturity. Income from operations increased due to increase in volume of debt rated in the long term debt instruments which was partly offset by reduction in bank loan rating volume. This was supported by surveillance income.

Total expenditure decreased by 4.7% mainly due to lower expenditure on staff. The reduction in the NSIC subsidy, resulted in restructuring and rationalizing the SME team, leading to overall reduction in both employee costs as well as other expenses. Lower other income impacted growth in profit before tax and net profit which declined by 11.3% and 16.1% respectively.

### Dividend

Your Company paid a total interim dividend of Rs. 18/- per share amounting to a payout of Rs.52.44 crores. The Board has recommended final dividend of Rs. 10/- per share amounting to a payout of Rs. 29.40 crores for FY 2015-16, to be approved at the ensuing Annual General Meeting. The dividend would be paid in compliance with the applicable rules and regulations.

### Transfer to reserves

Your Director recommends to transfer Rs.15.00 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/- and the Paid-up Share Capital is 2,94,01,096 Equity Shares amounting to Rs. 29,40,10,960/- (Twenty Nine Crores Forty Lakhs Ten Thousand Nine Hundred Sixty Only). During the financial year ended March 31, 2016, the Company has issued and allotted 4,01,974 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

It was expected that the Indian economy would progress at a faster rate in FY16 which in turn would necessitate higher levels of funding that would provide a boost to the debt and credit markets. However, the overall performance of the economy was mixed. While the overall GDP growth number was higher at 7.6% as against 7.2% in FY15, the underlying sectors did not provide the requisite impetus to the economy.

To begin with, the farm sector did not do well due to a sub-normal monsoon which affected income and hence spending. This has an impact on industrial growth which was subdued at 2.4% compared with 2.8% in FY15. In particular capital goods output continued to decline by 2.9% (+6.3% last year), which in turn had an impact on overall investment. The gross fixed capital formation rate at current prices came down from 30.8% in FY15 to 29.3% in FY16. To add to this rather low investment scenario, the average capacity utilization rate as per RBI data ranged between 71-73% in the four quarters for which information is published.

Overall corporate performance continued to be weak across the four quarters of FY16. CARE's studies indicate that net sales of a sample of 3035 companies had witnessed continuous decline in this period. De-growth in sales was 3.8% in Q1, 4.7% in Q2, 5.1% in Q3 and 1.3% in Q4. There is some hope that Q4-FY16 could be a sign of the beginning of a turnaround, though it would be hard to conjecture presently. Growth in net profits, which was impacted by the downward movement in commodity prices, continued to decelerate from 0.1% in Q1 to -28.1% in Q4.

This background was not conducive for the funding sector which continued to witness limited momentum. Overall bank credit grew by 11.3% in FY16 which was higher than 9% in FY15. However, most of this growth came from the retail segment which witnessed an increase of 19.4% and agriculture where credit grew by 15.3%. The two segments which come within the purview of credit rating, i.e. manufacturing and services, witnessed low growth. In case of manufacturing the increase was just 2.7% as against 5.6% last year, while for services it was 9.1% as against 5.7% last year. Credit to services was led by the NBFC segment. In incremental terms the change in bank credit to manufacturing and services was Rs. 2.01 lakh crores as against Rs. 2.16 lakh crore in FY15. The growth in the rating business in the bank loan segment can be juxtaposed with the growth at the economy level in bank credit to gauge the challenges that were encountered.

The banking system was also pressurized by the build-up of NPAs. With the RBI stepping up efforts for cleaning up of loan books of banks gross NPAs had increased sharply as per RBI's financial stability report, from 5.1% in FY15 to 7.6% in FY16. Stressed assets have remained relatively stable at 11.5% compared with 11.3% last year.

The corporate debt market did witness higher issuances in FY16. Total issuances increased from Rs. 4.1 lakh crores in FY15 to Rs. 4.92 lakh crore in FY16. This comprised mainly private placements which accounted for 93% of the total. In FY15, the share was 98%. Within the debt issuances, around 75-80% was contributed by the financial sector which has been the trend in the last few years. Here it is necessary to distinguish between funds raised by the financial sector which comprises banks and NBFCs and non-financial which includes infrastructure and manufacturing. Funds which are raised by the financial sector are used for on-lending purposes while those by the non-financial sector are normally associated with direct investment in the respective industry.

Inflation had presented an ambivalent picture. The WPI rate had been in the negative zone for the entire year which was a reflection of low and falling commodity prices. WPI ended at -0.8% in March and on an average basis was -2.5% for the year. CPI inflation however continued to be in the 5% range mainly (exceeding this mark in 7 of the 12 months) due to higher food prices and averaged 4.83% for the year. This number was to be the target for RBI when conducting monetary policy.

The RBI had pursued a cautious monetary policy during the year. Interest rates, as indicated by the repo rate were lowered by the RBI by 50 bps during the year and such changes were made conditional on CPI inflation which continued to move around 5%. The RBI also did stress on the need to have a more efficient transmission mechanism and introduced the concept of MCLR (marginal cost lending rate) which was however implemented in FY17. The base rates of banks had moved from 10-10.25% as of April 2015 to 9.3-9.7% in March 2016, while deposit rates for one year had come down from 8-8.75% to 7-7.9% during this same time period.

The government on its part had adhered to the fiscal deficit targets that were set at 3.9% of GDP. This was made possible by benign global commodity prices and more than elastic growth in tax revenue as the rates were adjusted to ensure that lower oil prices in particular did not lead to a fall in revenue for the government. The outcome of this development is that the RBI was able to address the issue of inflation and did not have to focus too much on liquidity due to government preemption of resources.

The market interest rates had been more responsive to the RBI's policy changes as evidenced by the 10-years GSec rate which came down from 7.90% to 7.48% during the year. This impact was also felt in the CP market which witnessed higher issuances

during the year of Rs. 5.85 lakh crores as against Rs. 3.87 lakh crores in FY15. There was a tendency for some bit of substitution between bank credit and CP on account of more favorable rates.

The rupee had remained largely stable and ended the year at an average of Rs. 67.02/\$ in March 2016 as against Rs. 62.75/\$ in April 2015. The RBI had pursued a proactive policy in reducing volatility in the market through intervention in both the spot and futures market to stabilize the rupee. The overall external position was positive with forex reserves increasing by US\$ 14.1bn during the year. A lower current account deficit supported by higher FDI inflows (US\$ 41 bn including reinvestment) did counter the net outflow of FPI (-US\$ 4.5 bn) from the system.

The performance of your Company may be evaluated against this background.

### Business Operations

While your Company's medium-term strategy is to grow the business book by widening the coverage of debt rated in the market as well as increase the client base, the focus had changed to build the client book under conditions of limited buoyancy in the markets.

Your Company has in all completed 46,881 rating assignments since inception to March 31, 2016. The cumulative amount of debt rated has increased to Rs. 78.81 lakh crore as of March 31, 2016, which is around 58% of GDP at current market prices. As of March 31, 2016, we had business relationships with 12,373 clients (9,828 as on March 31, 2015). During the year your Company added 3,105 new clients.

<i>Instruments</i>	<i>Number of assignments completed</i>		<i>Volume of debt rated (Rs crore)</i>	
	<i>2015-16</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2014-15</i>
Short & Medium Term	92	123	116,706	72,434
Long term	325	317	423,391	379,768
Bank facility rating	6,038	5,054	545,246	645,032
Others	1,072	2,479	-	-
<b>Total</b>	<b>7,527</b>	<b>7,973</b>	<b>10,85,343</b>	<b>10,97,234</b>

The table provides information on the various aspects of the business profile and growth during the year.

1. The total number of instruments rated declined by 5.6% in FY16. This was mainly due to the sharp fall in the number of assignments in the miscellaneous category which includes SME ratings among others. The number of assignments had increased for long term and bank facility ratings by 2.5% and 19.5% respectively.
2. Bank facilities accounted for 80.2% of total assignments in FY16, up from 63.4% in FY15. The miscellaneous assignments witnessed sharp fall from 31.1% in FY15 to 14.2% in FY16.
3. The total volume of debt rated however decreased from Rs. 10.97 lakh crore to Rs. 10.85 lakh crore. This was notwithstanding the increase in volumes rated in the short and medium term and long term categories. The decline was witnessed in case of bank facility ratings where there was a decline from Rs. 6.45 lakh crore to Rs. 5.45 lakh crore. This was due to the smaller ticket size of the assignments rated by your company. The average value came down from Rs. 127.6 crore to Rs. 90.3 crore in FY16. However, we do see this as being a part of constructing a strong foundation for future growth when the economy recovers and the debt and credit markets become more buoyant.
4. In terms of volume of debt rated, the long term assignments witnessed an increase in share from 34.6% to 39.0% while that of bank facilities came down from 58.8% to 50.2%.

### Business during the year

#### Large and Medium Enterprises (LME)

Data presented by Prime Database for FY16 shows that CARE Ratings was the leader in terms of the number of private placement issues that were rated by the credit rating agencies. Based on the release, out of the 2,760 issues that were privately placed, CARE has rated 891 of them which is a share of 32.3%. The second highest number of ratings by a CRA was 801.

The focus this year had to be more on client acquisition than business volumes mainly due to the fact that there was limited buoyancy in the credit and debt markets. While the volume of debt rated in the bank loan rating segment did come down, it was compensated for by higher number of ratings assignments.

We continue to have a focused team on the LME segment which works on both augmenting the client portfolio 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. Based on the press releases on various agency web sites, we have calculated the shares of the agency in the pool of rated ET Top 500, BS Top 1000 and FE Top 500 companies. For this year too CARE Ratings continues to maintain leadership with shares of 52%, 44% and 50% respectively.

### **New Initiatives**

Your company has started a new subscription based service called CARE Rating Tracker (CART). It has data on the Rating History of over 40,000 entities covering all six Credit Rating Agencies. Over 40,000 companies classified under 120+ industries are included in this service. Further the detailed rating rationale of over 10,000 CARE rated entities is also available. There is also a facility provided for creating one's own portfolio of companies with timely email alert on rating actions.

Your company has launched the rating of Real Estate Investment Trusts (REITs). A REIT is a corporation or a trust which utilizes the pooled capital of many investors to purchase, and in most cases, operate income-producing real estate such as offices, apartments, shopping complexes, hotels and warehouses. CARE's Rating of REIT fund is an opinion on the REIT's investment quality, based on the fundamental assessment of the REIT. CARE-REIT rating is assigned on a five-point scale from 1 to 5, with 'CARE: REIT-1' indicating highest investment quality and 'CARE:REIT-5' indicating poor investment quality.

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

The SME rating was one of the fastest growing elements in the credit rating space for which your company had been building the infrastructure, as revealed in our Annual Report for FY 2014-15. This rating was provided to SMEs, as defined by the Government of India, under a subsidy scheme provided through NSIC (National Small Industries Corporation). For FY 2015-16 the Union Budget had scaled down this allocation from the previous year's (2014-15) Rs. 88 crore to Rs. 26 crore (Budget Estimate), a reduction of Rs.62 crore or 70%. However, as per the Revised Estimate for 2015-16, the allocation has been seen to be higher at Rs.45 crore, a reduction of Rs.43 crore or 49% from that in 2014-15. This roll back in subsidy did upset our plans as we had expanded our staff in close to 70 locations to tap this market. The lowering of the subsidy did cause change in our plans where we had to scale down the personnel and also change focus to the bank loan rating segment for these units. This explains why the number of assignments under the 'others' category had come down significantly.

We are happy to report that for FY 2016-17 the government has scaled back this subsidy to Rs. 200 crore which will open up this segment. However, caution needs to be exercised when interpreting this number as this subsidy may not be linear in future and susceptible to changes.

### **Future prospects and Outlook of the Company**

The prospects of your company are based on two platforms. The first is the incremental new business emanating from both the credit and debt segments which will be directly dependent on how the economy behaves. While there is expectation that the growth prospects will be better in FY17, CARE's projection of GDP growth is only marginally higher than that last year at 7.8%. This should correspond to slightly higher levels of private investment supported by the budgeted expenditure by the central and state governments on capital projects. However, growth would be taking place in a calibrated manner.

The second platform relates to doing more business with existing clients and getting more companies on our portfolio which are in the rating circuit. While the former will also be contingent on external conditions, the latter is an ongoing process and as can be seen by our performance last year, we were able to add around 3000 new clients. This we understand is a continuous process where the level of competition is also high.

The RBI is expected to be cautious with interest rates and while 25 bps cut is expected on the policy front, we believe that this would be invoked only after a clearer picture emerges on the monsoon impact on the kharif crop. The environment is likely to be stable with the government adhering to the budget target and forex volatility on account of redemption of FCNR deposits would be addressed appropriately by the RBI.

### **Knowledge dissemination**

CARE has been a thought leader in various areas and believes in presenting our views on various issues almost immediately so as to ensure that clients, regulators, government departments and the media are aware of them. This helps us share our views and engage in a meaningful debate with other analysts on these issues.



A major innovation this year has been the release of a CARE Debt Quality Index which tracks the changes in overall quality of debt in the economy based on a representative sample of companies. This is done on a monthly basis and sends valuable signals on the state of debt in the country. It has been an effort put in by the analytical and Economics teams and is probably the first of its kind in the country. This index complements the regular Modified Credit Ratio which we publish every quarter which looks at the number of upgrades and downgrades.

### **Economics**

The Economics team has been a frontrunner in the knowledge dissemination exercise and brings out views on economic indicators in a contemporaneous manner after the data/policies are out. Besides the regular reactions to data relating to GDP, Industrial growth, monsoons, fiscal scene, monetary policy etc. special studies are carried out on subjects pertaining to the debt market, state finances, employment. The quarterly analysis of corporate results is now a flagship exercise which analyzes in detail the trends in performance at the aggregate level as well as industry and size levels.

### **Sectoral Views**

Market tracking is important for a rating agency as all ratings have to be juxtaposed against the trends in the industry. It is for this reason that we have identified sector specialist who bring out regular reports on their industries which ultimately get blended with the analysis that goes into the rating report. While a fair part is for captive consumption, we do put out some of the critical reports where we report our own views and understanding of developments taking place in terms of their impact on the rest of the economy.

### **Branding and Media**

Our main objective is to present the Brand **CARE Ratings** in different forums. To this end we have followed a four pronged approach.

First all reports and analysis are shared with the media and the corporate communications department is actively involved with this activity. A strong relationship has been built with the media which helps in engaging them with the authors of our reports. This helps in propagating the CARE view as well having multiple faces of the CARE brand.

Second, we have always been very proactive with the media, especially channels, to express our views. Our top management and sector specialists regularly feature on these channels.

Third, we do participate in various seminars and conferences as our experts are called upon to be speakers to share their views which enhance the brand of CARE Ratings.

Last, we have held interactive session with clients under a series called, 'Conversations over Dinner' across different centres where various respected persons in industry spoke on a subject followed by a Q & A session. The Chief guests were Dr. Rangarajan, Former Chairman EAC to PM, Former Governor of RBI, Chairman Madras School of Economics, Mr Arun Tiwari, Chairman & MD, Union Bank in Mumbai, Mr Arun Kaul, Chairman & MD, UCO Bank in Kolkata, Mr. S.K Kalra, Executive Director, MD & CEO, Andhra Bank in Hyderabad, Mr Sharad Sharma, MD, State Bank of Mysore in Bengaluru, Mr D.J Pandian, IAS (Retd), Ex – Chief Secretary, Government of Gujarat in Ahmedabad, Mr Dharendra Kumar, Founder & Chief Executive, Value Research, Mr Prithivi Haldea, Founder Chairman, Prime Database in Mumbai.

CARE hosted Budget Conversations - FY17 at Mumbai which had a discussion led by Mr. Ashvin Parekh (Managing Partner, Ashvin Parekh Advisory Services LLP), Mr. Milind Sarwate (Founder & CEO, Increate Value Advisors LLP) and Mr. Nilesh Shah (Managing Director, Kotak Asset Management Co. Ltd.) and the event in Delhi included Mr Sanjeev Kaushik (DMD, IIFCL) and Ms Mythili Bhusnurmath (Consulting Editor, Economic Times).

### **Top Management representation / Recognition and Awards**

The top management has represented CARE at various forums.

Mr. D. R. Dogra, Former MD & CEO accepted the award given to your company for being the 'Fastest Growing Indian Company Excellence Award' at International Achievers Conference in September 2015 in Bangkok, Thailand. He also took part in the inaugural session of National Institute of Securities Market's (NISM) 4th International Conference on Securitization "Indian Securitization Summit 2015" at Mumbai on July 14, 2015 where CARE Ratings was an event partner.

Mr. D. R. Dogra, Former MD & CEO gave the inaugural address and released the Knowledge Paper at Assocham's Conference on "Telangana One – The Road Ahead" in June 2015, at Hotel Hyatt, Hyderabad.

Mr. Rajesh Mokashi, MD & CEO made a presentation in ET Edge's (Economic Times) Asset Reconstruction & NPA Management Summit in Mumbai in October 2015. He was also the moderator in the panel discussion session on 'Review the market conditions, potential growth, operational and regulatory issues' in NISM's 4th International Conference on Securitization "Indian Securitization Summit 2015. He was appointed as member of panel by DICGC (Deposit Insurance and Credit Guarantee Corporation) on a committee for determining differential premium for Banks in India. He played a crucial role in the deliberations which required developing rating models for all categories of Banks.

CARE Ratings was awarded the title of 4Ps most recognizable brands of Indian Origin at Franchise India's Omaxe Power brands glam 2016.

### **IT initiatives**

Delivering applications securely to customers remain our utmost priority and to achieve the same we have enabled and implemented the industry best security practices.

Digital is today's cue for achieving customer satisfaction. To keep pace with and try to be ahead of times, CARE IT has launched a web based secure CART – a Rating Tracker application for Industry. With a new revamped state of the art data centre we are ready to support business and new growth efficiently and securely. We have enabled all our applications on cross platforms to support seamless operations. Apart from delivering unified IT platforms we are also on the path of Green IT with reduction in carbon foot print and paper usage. Enablement is done by implementing mobility applications and maintaining an integrated document management suite.

### **ISO Certification**

CARE has been ISO 9001:2008 certified for its credit rating of debt instruments/facilities, various grading services and its data processing services at CARE Knowledge Centre for 5 years now. The certification was renewed in 2015 by Systems and Services Certification (SSC) agency – SGS India Private Limited, and is valid till 2017. It covers all offices of CARE in India and reflects high quality standards set by CARE in delivery of its services to various stakeholders.

### **CARE in global space**

We have signed a Memorandum of Understanding (MoU) with JCR (Japan Credit Rating Agency) to collaborate with each other as strategic business partners. Given the strong links between India and Japan, the collaboration with JCR will help businesses in both the countries in their fund raising endeavors. Japanese companies raising funds in India would be directed to CARE while our clients looking to tap Japanese markets would be encouraged to take a rating from JCR, which has international accreditation.

CARE Ratings (Africa) Private Limited (CRAF) is now operational and has also completed its first rating assignment. This venture would be looking to leverage opportunities in the African continent. CRAF has also got the recognition from Bank of Mauritius (BoM) as an External Credit Assessment Institution (ECAI) for all market segments from May 9, 2016 onwards.

### **Human Resources**

The quality of ratings assigned by a credit rating agency is contingent on the level of analytical expertise available in the company. In view of this, we regard human resources as a vital factor in our business. We do believe in selecting the best and providing them an environment to encourage free articulation of views, to enhance the quality of ratings. Besides having induction programmes which are conducted by our own senior personnel, we do conduct in-house training programmes and sponsor employees for external training programmes to hone the skills of the employees.

As of March 31, 2016, we had 552 employees compared with 655 as on March 31, 2015. Around 90% of the staff is professionally qualified in the areas of management, CAs, CS, legal, economics, engineering etc. holding professional qualifications or are post graduates. The lower headcount as of March 31, 2016 was a result of rationalization in response to the dilution of the SME business which had necessitated substantial recruitment in the previous years.

### **Depository System**

Your Company's equity shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2016, almost 100% of the equity shares of your Company were held in dematerialised form.

**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 I**.

**Number of Meetings of the Board & its Committees**

## a) Board of Directors

The Board of Directors met 6 (six) times during the financial year 2015-16 on May 12, 2015, July 17, 2015, August 17, 2015, August 26, 2015, November 02, 2015 and January 29, 2016.

## b) Audit Committee

The Audit Committee met 4 (four) times during the year 2015-2016 on May 12, 2015, July 17, 2015, November 02, 2015 and January 29, 2016.

## c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee met 4 (four) times during the year 2015-2016 on May 12, 2015, July 17, 2015, August 17, 2015 and January 29, 2016.

## d) Stakeholders Relationship Committee

There were no Stakeholders Relationship Committee Meetings during the year.

## e) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee met once during the year 2015-2016 on March 28, 2016.

**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, 2016, 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, 2016 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 II** to this Report and also available on the website of the Company viz.; [www.careratings.com](http://www.careratings.com)

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

Your Company has not given any Loans and Guarantees covered under the provisions of Section 186 of the Companies Act, 2013. However the investments made by the Company have been provided in the notes to the standalone financial statements.



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

All transactions entered into during the financial year 2015-16 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 23 forming part of the Standalone Financial Statements.

As required under Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49(VIII) of the erstwhile Listing Agreement, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at [www.careratings.com](http://www.careratings.com).

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

There have been no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2016 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 Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are not applicable.

**Foreign Exchange Earnings and Outgo**

During the year under review, the Company has earned a foreign exchange of Rs. 4,31,68,775/- and has spent a foreign exchange of Rs. 27,68,169/-.

**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. 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.

**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 III** to this Report along with reasons for not spending any amount under CSR in the financial year 2015-16.

**Vigil Mechanism – Whistle Blower**

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

**Annual Evaluation of Performance of the Board**

The Board of Directors has 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 Directors being evaluated.

### Subsidiary & Associate Companies

During the financial year under review, your Company has two subsidiaries as follows:

#### 1. CARE Kalypto Risk Technologies and Advisory Services Private Limited :-

##### Risk Solutions Division:

##### i) New Orders

During FY 16, the Company was able to procure highest ever order in its history. Through the competitive bidding process, it acquired order from the largest commercial bank in Sri Lanka viz. Bank of Ceylon (BOC) for Enterprise Risk Management Solutions. The company was also able to penetrate domestic market in a big way through orders from FIS for implementation of Risk Management Solutions and ALM/FTP at the newly formed Bandhan Bank. With the inclusion of BOC in its client list, CARE Kalypto has become the leader in Sri Lankan market in Risk Management space

##### ii) Implementation

From the implementation perspective, FY16 was the most challenging year for the company. Two large implementations viz. BOC and Bandhan were being carried out in parallel along with other implementations of LOS and IFRS at Seylan Bank (Sri Lanka) and Operational Risk at CRDB Bank (Tanzania). All the implementations achieved substantial completion during the year resulting in highest ever revenue for the company. The company was able to rev up its implementation capabilities with strengthening of its team. Along with implementations, the company completed delivery of number of Change Requests (CRs) and continued to provide support under AMC to its existing clients.

##### iii) New Product Development

Having developed IFRS 7 compliant solutions, the Company embarked on upgrading the system to make it IFRS 9 compliant. With the objective of diversifying its product range, the company also initiated the process of development of Early Warning Signals (EWS) system for banks. Being a regulatory requirement in India, EWS is expected to generate substantial demand in future.

##### Advisory Division:

During 2015-16, CARE Advisory, a part of CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. undertook ten assignments. This included formulation of Guidelines for valuation of securities for an NBFC, appraisal of a railway project, feasibility study for a medical college in an African Country, formulation of business plans for a Central PSU and an NBFC, funding options for a 1600 MW power project, independent review and validation of ICAAP for a PSU Bank and risk analysis for change of off-take terms for a power project. Clients included Banks, NBFCs and Central public sector undertakings. During the year, the mandate for developing a Credit Rating Model for MSMEs with embedded Green parameters, a project sponsored by World Bank, was under execution.

#### 2. CARE Ratings (Africa) Pvt. Ltd (CRAF):-

CARE Ratings (Africa) Private Limited (CRAF) is incorporated in Mauritius and is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius w.e.f. May 7, 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) w.e.f. May 9, 2016. CRAF will provide credit ratings and related services initially in Mauritius and can expand in some other African countries as well.

As on July 1, 2016, CRAF's shareholders are Credit Analysis & Research Limited, India (CARE Ratings), MCB Equity Fund (MEF) and SBM (NFC) Holdings Limited (SNHL). African Development Bank (AfDB) shall also join as its shareholder shortly having already signed the Shareholders Agreement. The experienced mix of shareholders will enable the entity to have stronger brand recognition in the African continent. However, management control will be with CARE Ratings having majority shareholding.

CRAF's endeavour is to offer investors and risk managers with independent, timely and insightful credit opinions based on detailed in-depth research, which includes detailed analysis of risks that affect credit quality of an issuer/entity.

CARE, owing to its experience of handling credit ratings of both Large Corporates and Small & Medium Enterprises (SMEs) in emerging market like India, aims to customize the rating methodologies to suite the requirement of African countries.

The Company shall provide the copy of the annual accounts of its subsidiary companies to the members of the Company

and also to the members of the subsidiary companies on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any members at the Registered Office of the Company and also at the Registered Office of the subsidiary companies during business hours.

### **3. ARC Ratings Holdings Pte Ltd:**

As a consequence of the preferential allotment made by ARC Holdings Pte Ltd, there was a dilution from 20% to 10 % of the shareholding of your Company and hence your Company ceases to be an Associate Company from July 20, 2015 onwards.

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

There is no material non-listed Indian subsidiary of your Company as on March 31, 2016.

### **Performance and Financial Position of Subsidiary, Associate and Joint Venture 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. A statement containing the salient features of the Financial Statements of the subsidiaries, joint ventures and associate companies in Form AOC-1 as required under Rule 5 of the Companies (Accounts) Rules, 2014 form part of the notes to the financial statements.

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

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

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

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

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

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

### **Internal Financial Control System**

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

### **Directors and Key Managerial Personnel**

In accordance with the Articles of Association of the Company and provisions of the Section 152(6) (e) of the Companies Act, 2013 Mr. S. B. Mainak (DIN: 02531129) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

The tenure of Mr. A. K. Bansal (DIN: 06752578) and Dr. Ashima Goyal (DIN: 00233635), Independent Directors will end on September 28, 2016. Your Company has received a notice in writing proposing the reappointment of Mr. A. K. Bansal and Dr. Ashima Goyal as Independent Directors of your Company in compliance with the provisions of section 160 of the Companies Act, 2013.

Mr. Navin Kumar Jain, Company Secretary, and Compliance Officer of the Company has resigned with effect from May 31, 2016. Further your Company has appointed Mr. Mahendra Naik, Assistant Company Secretary as the Company Secretary and Compliance Officer with effect from June 1, 2016.

Mr. D R Dogra, Managing Director & CEO of the Company ceased to be Director of the Company on the expiry of his term with effect from August 21, 2016. After completion of his tenure as a Managing Director & CEO, Mr. D R Dogra, has resigned from the Board from August 21, 2016. The Board acknowledged Mr. Dogra's contribution to the Company and wished him good luck.



### Auditors' Appointment

M/s. Khimji Kunverji & Co., Chartered Accountants (Firm Registration No. 105146W) were appointed as the Statutory Auditors of the Company at the 21<sup>st</sup> Annual General Meeting to hold office from the conclusion of 21<sup>st</sup> Annual General Meeting till the conclusion of the 23<sup>rd</sup> Annual General Meeting to be held in 2016, subject to ratification of their appointment at every Annual General Meeting. The members at the 22<sup>nd</sup> Annual General Meeting of the Company held on September 29, 2015 ratified the appointment of M/s Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of the Company for financial year 2015-2016.

The Board of Directors of the Company at its meeting held on August 05, 2016 recommended to members of the Company reappointment of M/s Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of the Company for financial year 2016-2017 to financial year 2020-2021 i.e. for a period of five years.

Your Company has received a letter from M/s Khimji Kunverji & Co., Chartered Accountants to the effect that their appointment / re-appointment, if made, would be under the second and third proviso to Section 139 (1) of the Act and that they are not disqualified within the meaning of Section 141 of the Act read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

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

### Stakeholders Report

During the financial year 2015-16, your Company has received complaints with regard to non-receipt of refund order, non-receipt of annual report, non-receipt of dividend and non-receipt of securities. The details of complaints is appended to this Report as **Annexure IV**.

### 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 Report is appended to this Report as **Annexure V**.

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 VI**, 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 VII** 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. Dr. Ashima Goyal                      Chairperson (Independent Director)
2. Mr. S. B. Mainak                      Member (Non-Executive Director)
3. 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) was set up from the senior management with women employees constituting majority 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, 2016, the ICC did not receive any complaint pertaining to sexual harassment.

#### **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 VIII** 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.

#### **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, HDFC Bank and State Bank of India.

**On behalf of the Board of Directors**

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

**Place: Mumbai**

**Date: August 23, 2016**

## ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended March 31, 2016

[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	Credit Analysis and Research Limited
iv.	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 – 67543456 Fax No: 022 – 67543457 Email : 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: Credit Analysis and Research Limited Karvy Selenium Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 008. 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 Kalypto Risk Technologies and Advisory Services Pvt. Ltd.	U74210MH1999PTC118349	Subsidiary	100%	2(87)
2.	CARE Ratings (Africa) Pvt. Ltd., Mauritius	-	Subsidiary	100%	2(87)

Note: The shareholding in ARC Ratings Holdings Pte. Ltd. came down from 20% to 10% on July 20, 2015.





Category of shareholders	No. of shares held at the beginning of the year – 01/04/2015				No. of shares held at the end of the year – 31/03/2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	21,45,286	8,838	21,54,124	7.43	25,95,801	34	25,95,835	8.83	1.40
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3,06,466	0	3,06,466	1.06	3,03,124	0	3,03,124	1.03	(0.03)
c) Others (specify)									
Non-Resident Individuals	1,65,010	0	1,65,010	0.57	2,13,434	0	2,13,434	0.73	0.16
Clearing Members	11,519	0	11,519	0.04	3,20,243	0	3,20,243	1.09	1.05
Trusts	1,11,589	0	1,11,589	0.38	4,623	0	4,623	0.02	(0.36)
Directors	93,636	0	93,636	0.32	1,28,539	0	1,28,539	0.44	0.12
Sub-total (B)(2)	67,47,199	8,838	67,56,037	23.30	74,67,986	34	74,68,020	25.4	2.1
Total Public Shareholding (B) = (B)(1)+(B)(2)	2,89,90,284	8,838	2,89,99,122	100.00	2,94,01,062	34	2,94,01,096	100	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>2,89,90,284</b>	<b>8,838</b>	<b>2,89,99,122</b>	<b>100.00</b>	<b>2,94,01,062</b>	<b>34</b>	<b>2,94,01,096</b>	<b>100.00</b>	<b>0.00</b>

### ii) Shareholding of Promoters \*

Category of shareholders	No. of shares held at the beginning of the year (01.04.2015)				No. of shares held at the end of the year (31.03.2016)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
NIL									

\* During the year under review in Promoters 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 (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1) Life Insurance Corporation of India</b>				
At the beginning of the year	23,82,136	8.21		
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			23,82,136	8.10
<b>2) Canara Bank – Mumbai</b>				
At the beginning of the year	21,72,430	7.49		
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			21,72,430	7.38
<b>3) Franklin Templeton Investment Funds</b>				
At the beginning of the year	13,89,165	4.79		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
24.04.2015 (Purchase)	58,556	0.20	14,47,721	4.99
08.05.2015 (Purchase)	1,60,965	0.56	16,08,686	5.55
22.05.2015 (Purchase)	40,479	0.14	16,49,165	5.69
19.06.2015 (Purchase)	1,00,000	0.34	17,49,165	6.03
12.02.2016 (Purchase)	4,669	0.02	17,53,834	6
At the end of the year			17,53,834	6
<b>4) State Bank of India</b>				
At the beginning of the year	1358791	4.69		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
17.04.2015 (Purchase)	50,00	0.02	13,63,791	4.70
24.04.2015 (Purchase)	18,374	0.02	13,82,165	4.77
01.05.2015 (Purchase)	18,300	0.06	14,00,465	4.83
08.05.2015 (Purchase)	6,675	0.06	14,07,140	4.85
15.05.2015 (Purchase)	24,878	0.09	14,32,018	4.94
22.05.2015 (Purchase)	23,880	0.08	14,55,898	5.02
29.05.2015 (Purchase)	24,200	0.08	14,80,098	5.10
05.06.2015 (Sale)	(38,140)	(0.13)	14,41,958	4.97
19.06.2015 (Purchase)	14,000	0.05	14,55,958	5.02
26.06.2015 (Purchase)	35,000	0.12	14,90,958	5.14
30.06.2015 (Purchase)	14,000	0.05	15,04,958	5.19
03.07.2015 (Purchase)	21,000	0.07	15,25,958	5.26
10.07.2015 (Purchase)	28,000	0.10	15,53,958	5.36
17.07.2015 (Purchase)	21,000	0.07	15,74,958	5.43



Name of the shareholder	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
24.07.2015 (Purchase)	35,000	0.12	16,09,958	5.55
31.07.2015 (Purchase)	35,000	0.12	16,44,958	5.67
07.08.2015 (Purchase)	35,000	0.12	16,79,958	5.79
14.08.2015 (Purchase)	35,000	0.12	17,14,958	5.91
21.08.2015 (Purchase)	651	0.00	17,15,609	5.92
30.09.2015 (Sale)	(13,500)	(0.05)	17,02,109	(5.87)
02.10.2015 (Sale)	(10,000)	(0.03)	16,92,109	(5.84)
30.10.2015 (Sale)	(14,000)	(0.05)	16,78,109	(5.79)
06.11.2015 (Sale)	(5,000)	(0.02)	16,73,109	(5.77)
27.11.2015 (Sale)	(12,552)	(0.04)	16,60,557	(5.73)
04.12.2015 (Sale)	(15,410)	(0.05)	16,45,147	(5.67)
31.12.2015 (Sale)	(2,00,800)	(0.69)	14,44,347	(4.98)
31.03.2016 (Sale)	(3,22,500)	(0.10)	11,21,847	(3.82)
At the end of the year			11,21,847	3.82
<b>5) Bajaj Holdings and Investment Ltd.</b>				
At the beginning of the year	10,02,615	3.46		
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			10,02,615	3.41
<b>6) Government Pension Fund Global</b>				
At the beginning of the year	8,88,815	3.06		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
26.06.2015 (Purchase)	5,370	0.02	8,94,185	3.08
30.06.2015 (Purchase)	4,687	0.02	8,98,872	3.10
03.07.2015 (Purchase)	6,333	0.02	9,05,205	3.12
10.07.2015(Purchase)	11,582	0.04	9,16,787	3.16
17.07.2015 (Purchase)	4,579	0.02	9,21,366	3.18
24.07.2015 (Purchase)	11,783	0.04	9,33,149	3.22
At the end of the year			9,33,149	3.22
<b>7) PARVEST EQUITY INDIA</b>				
At the beginning of the year	4,89,000	1.69		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
21.08.2015 (Purchase)	75,000	0.26	5,64,000	1.94
At the end of the year			5,64,000	1.94
<b>8) Franklin Templeton Mutual Fund A/C Franklin India</b>				
At the beginning of the year	3,20,000	1.10		

Name of the shareholder	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
21.08.2015 (Purchase)	1,00,000	0.34	4,20,000	1.43
22.01.2016 (Purchase)	40000	0.14	4,60,000	1.57
29.01.2016 (Purchase)	1,00,000	0.34	5,60,000	1.91
19.02.2016 (Purchase)	20,000	0.07	5,80,000	1.97
At the end of the year			5,80,000	1.97
<b>9) MORGAN STANLEY SICAV (MAURITIUS) LIMITED</b>				
At the beginning of the year	2,00,594	0.69		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
10.04.2015 (Purchase)	1,429	0.00	2,02,023	0.69
24.04.2015 (Purchase)	14,046	0.05	2,16,069	0.74
24.07.2015 (Purchase)	17,230	0.06	2,33,299	0.8
31.07.2015 (Purchase)	9,333	0.03	2,42,632	0.83
07.08.2015 (Purchase)	19,361	0.07	2,62,263	0.9
14.18.2015 (Purchase)	12,382	0.04	2,74,645	0.94
28.08.2015 (Purchase)	16,942	0.06	2,91,587	1
04.09.2015 (Purchase)	14,215	0.05	3,05,802	1.05
11.09.2015 (Sale)	(1,999)	0.01	3,03,803	1.06
18.09.2015 (Sale)	(304)	(0.00)	3,03,499	(1.06)
09.10.2015 (Sale)	(7,048)	(0.02)	2,96,451	(1.08)
16.10.2015 (Purchase)	89,821	0.31	3,86,272	1.39
23.10.2015 (Purchase)	10,790	0.04	3,97,062	1.43
30.10.2015 (Purchase)	30,901	0.11	4,27,963	1.54
06.11.2015 (Purchase)	16,369	0.06	4,44,332	1.6
13.11.2015 (Purchase)	31,925	0.11	4,76,257	1.71
04.12.2015 (Purchase)	1,792	0.01	4,78,049	1.72
11.12.2015 (Purchase)	41,951	0.14	5,20,000	1.86
11.03.2016 (Purchase)	39,700	0.14	5,59,700	2
At the end of the year			5,59,700	1.90
<b>10) IDBI BANK LIMITED</b>				
At the beginning of the year	1,02,981	0.36		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
12.06.2015 (Purchase)	12,4980	0.43	2,27,961	0.78
19.06.2015 (Sale)	(44,344)	(0.15)	1,83,617	(0.63)
26.06.2015 (Sale)	(39,287)	(0.13)	1,44,330	(0.5)
30.06.2015 (Sale)	(9,748)	(0.03)	1,34,582	(0.47)

Name of the shareholder	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
03.07.2015 (Sale)	(473)	(0.00)	1,34,109	(0.47)
10.07.2015 (Sale)	(17509)	(0.06)	1,16,600	(0.41)
17.07.2015 (Sale)	(13066)	(0.05)	1,03,534	(0.36)
24.07.2015 (Sale)	(10460)	(0.04)	93,074	(0.32)
04.03.2016 (Transfer)	1505413	5.12	15,98,487	5.44
11.03.2016 (Sale)	29330	(0.10)	15,69,157	(5.34)
18.03.2016 (Sale)	77060	(0.26)	14,92,097	(5.07)
At the end of the year			14,92,097	5.07

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

Name of Director /Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (31.03.2016)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1) Mr. D. R. Dogra, Managing Director &amp; CEO</b>				
At the beginning of the year (01.04.2015)	46,818	0.16	46,818	0.16
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
29.01.2016 (Allotment under ESOP)	29,903	0.10		
At the end of the year (31.03.2016)			76,721	0.26
<b>2) Mr. Rajesh Mokashi, Deputy Managing Director</b>				
At the beginning of the year (01.04.2015)	46,818	0.16	46,818	0.16
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (Allotment made on 29.01.2016)				
29.01.2016 (Allotment under ESOP)	5,000	0.02		
At the end of the year (31.03.2016)			51,818	0.18
<b>3) Mr. Navin K. Jain, Company Secretary *</b>				
At the beginning of the year (01.04.2015)	20,325	0.07	20,325	0.07
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (Allotment made on 29.01.2016)				
29.01.2016 (Allotment under ESOP)	22,783	0.08		
At the end of the year (31.03.2016)			43,108	0.15
<b>4) Mr. Chandresh Shah, Chief Financial Officer</b>				
At the beginning of the year (01.04.2015)	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (Allotment made on 29.01.2016)				

Name of Director /Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
29.01.2016 (Allotment under ESOP)	3,000	0.01		
At the end of the year (31.03.2016)			3,000	0.01

\* Mr. Navin Kumar Jain- Company Secretary & Compliance Officer has resigned from the Company with effect from 31st May 2016

## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

SI No.	Particulars of Remuneration	Name of MD / WTD / MANAGER		Total Amount
		Mr. D. R. Dogra, Managing Director & CEO	Mr. Rajesh Mokashi, Deputy Managing Director	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,83,84,818	1,53,32,882	3,37,17,700
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL



SI No.	Particulars of Remuneration	Name of MD / WTD / MANAGER		Total Amount
		Mr. D. R. Dogra, Managing Director & CEO	Mr. Rajesh Mokashi, Deputy Managing Director	
2	Stock Option	1,52,20,627	25,45,000	1,77,65,627
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify	NIL	NIL	NIL
5	Others, please specify Provident Fund Performance Related Pay	13,57,648 44,00,000	11,32,275 36,00,000	24,89,923 80,00,000
	Total (A)	3,93,63,093	2,26,10,157	6,19,73,250
	Ceiling as per the Act	10% of the Net Profits equivalent to Rs 18,27,59,491/- with respect to the ceiling for the Company applicable for the financial year covered by this Report.		

**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration / Sitting Fees	Name of Directors					Total Amount
		Mr. S. B. Mainak, Chairman (w.e.f. 17.08.2015)	Dr. Ashima Goyal, Independent Director	Mr. A. K. Bansal, Independent Director	Mr. S. Ananthakrishnan, Non-Executive Director (upto 29.09.2015)	Mr. B. S. Keshava Murthy, Non-Executive Director (upto 29.09.2015)	
<b>1</b>	<b>Independent Directors</b>						
	Fee for attending Board / Committee meetings (Rs.)		7,20,000	7,70,000			14,90,000
	Commission (Rs.)						
	Others, please specify (Rs.)						
	Total (1) (Rs.)		7,20,000	7,70,000			14,90,000
<b>2</b>	<b>Other Non-Executive Directors</b>						
	Fee for attending board / committee meetings (Rs.)	2,00,000			3,30,000	1,90,000	7,20,000
	Commission (Rs.)						
	Others, please specify (Rs.)						
	<b>Total (2) (Rs.)</b>	2,00,000			3,30,000	1,90,000	7,20,000
	<b>Total (B)=(1+2) (Rs.)</b>	2,00,000	7,20,000	7,70,000	3,30,000	1,90,000	22,10,000
	<b>Overall Ceiling as per the Act (%)</b>	1% of the Net Profits equivalent to Rs 1,82,75,949/- 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 (w.e.f.17.08.2015)	2,00,000
2.	Mr. A. K. Bansal, Independent Director	7,70,000
No.	Name	Amount (Rs)
3.	Dr. Ashima Goyal, Independent Director	7,20,000
4.	Mr. S. Ananthkrishnan, Non-Executive Director (upto 29.09.2015)	3,30,000
5.	Mr. B. S. Keshava Murthy, Non-Executive Director (upto 29.09.2015)	1,90,000
6.	Mr. D. R. Dogra, Managing Director & CEO (including ESOP perquisites)	3,93,63,093
7.	Mr. Rajesh Mokashi, Deputy Managing Director (including ESOP perquisites)	2,26,10,157
	<b>TOTAL REMUNERATION TO DIRECTORS</b>	<b>6,41,83,250</b>

**Overall Ceiling as per the Act (%)** - 11% of the Net Profits equivalent to Rs. 20,10,35,440/- 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		
		Mr. Navin Kumar Jain, Company Secretary	Mr. Chandresh Shah, Chief Financial Officer	Total Amount
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	54,95,668  NIL  NIL	32,62,113  2,581  NIL	87,57,781  2,581  NIL
2.	Stock Option	1,15,96,547	15,27,000	1,31,23,547
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5.	Others, please specify Provident Fund Performance Related Pay	NIL 1,90,162 14,51,596	NIL 1,13,389 6,74,100	NIL 3,03,551 21,25,696
	<b>Total</b>	<b>1,87,33,973</b>	<b>55,79,183</b>	<b>2,43,13,156</b>

**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)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## ANNEXURE II 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 Obligation and Disclosure Requirements) Regulations, 2015, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated.

#### CONSTITUTION OF COMMITTEE

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

#### OBJECTIVE

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

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

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

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

#### 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.

#### APPLICABILITY

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

#### DEFINITIONS

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

**"Board"** means Board of Directors of the Company.

**"Directors"** mean Directors of the Company.

**"Executive Director"** means a director who is in full time employment and involved in the day to day management of the Company.

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



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

**“Key Managerial Personnel”** means

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

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

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

## **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 reappointment 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 reappointment 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 Deputy Managing Director:**

The performance evaluation of the Managing Director & CEO and Deputy Managing Director 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 change necessitating the change in the policy.

## ANNEXURE III 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	To emulate the best policies to attain the objectives in the defined areas of social welfare by providing right kind of education as well as employment, enhancing vocational training to young in addition to help the protection of environment.  The CSR Policy of the Company is available on the website – <a href="http://www.careratings.com">www.careratings.com</a>					
2.	The Composition of the CSR Committee.	Dr. Ashima Goyal, Member (Independent Director) Mr. A. K. Bansal, Member (Independent Director) Mr. D.R. Dogra Member (Whole time Director) (upto August 21, 2016) Mr. Rajesh Mokashi Member (Whole time Director) The Committee was re-constituted by the Board of Directors at its meeting held on May 26, 2016 by inducting Dr. Ashima Goyal in the Committee. For the Financial Year 2015 – 16, Mr. A. K. Bansal was the Chairman of the Committee.					
3.	Average net profit of the company for last three financial years	Rs. 1,85,22,62,053/-					
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	Rs. 3,70,45,241/-					
5.	Details of CSR spent during the financial year.	Contribution of Rs. 50 Lakh in the Prime Minister's Relief Fund and Swachh Bharat Kosh in the Financial Year 2015-16.					
(a)	Total amount to be spent for the financial year;	Rs. 3,70,45,241/-					
(b)	Amount unspent , if any;	Rs. 3,20,45,241/-					
(c)	Manner in which the amount spent during the financial year is detailed below.						
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
<b>S. No.</b>	<b>CSR project or activity identified</b>	<b>Sector in which the Project is covered</b>	<b>Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken</b>	<b>Amount outlay (budget) project or programs wise</b>	<b>Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads:</b>	<b>Cumulative expenditure upto to the reporting period</b>	<b>Amount spent: Direct or through implementing agency</b>
1)	Donation to Prime Ministers National Relief Fund	Contribution to Prime Ministers National Relief Fund	Other – Prime Ministers National Relief Fund	Rs. 25,00,000/-	Rs. 25,00,000/-	Rs. 50,00,000/-	Through implementing agency
2)	Swachh Bharat Kosh	----	----	Rs. 25,00,000/-	Rs. 25,00,000/-	Rs. 50,00,000/-	Through implementing agency



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 our CSR Policy.
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

**A. K. Bansal**  
Chairman – CSR Committee  
DIN: 06752578

## ANNEXURE IV TO THE DIRECTORS' REPORT

### Stakeholders Report For Financial Year 2015-16

The Company has received 132 complaints from the shareholders during the financial year ended 31.03.2016. The details are as follows:

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	3	3	Nil
2.	Non-receipt of Annual Report	105	105	Nil
3.	Non-receipt of dividend	23	23	Nil
4.	Non-receipt of Securities	1	1	Nil
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	Nil	Nil	Nil
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	Nil	Nil	Nil
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	Nil	Nil	Nil
	<b>TOTAL</b>	<b>132</b>	<b>132</b>	<b>Nil</b>

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

## ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

For The financial year ended on 31<sup>st</sup> March, 2016

[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  
**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 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 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 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, 1992 and 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 financial year under review**);
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**) and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**).

(vi) The Management has identified and confirmed the following regulation is specifically applicable to the Company:

1. Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

We have also examined compliance with the applicable clauses of the following:

- (i). Secretarial Standards issued by The Institute of Company Secretaries of India (Applicable with effect from 1<sup>st</sup> July, 2015);
- (ii) The Equity Listing Agreement entered into by the Company with Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd and Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015 (LODR) (LODR applicable from 1st December, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc.

#### **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 at least 7 days 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:

<b>Sr. No.</b>	<b>Date of event</b>	<b>Details of the specific events/ actions bearing on Company's affairs pursuant of the above referred laws, rules, regulations, guidelines etc.</b>
1.	29.01.2016	The Company has allotted 4,01,974 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**

**Place: Mumbai  
Date: August 23, 2016**

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

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  
**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: August 23, 2016**

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

## ANNEXURE VI 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 31<sup>st</sup> March, 2016 :

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

- A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided on the web link: [www.careratings.com](http://www.careratings.com)
- B. Diluted EPS on issue of shares in accordance with 'Accounting Standard 20- Earnings Per Share' issued by ICAI :- Rs. 40.23.
- C. Details related to Employee Stock Option Scheme (ESOS)

(i)	A description of ESOS that existed at any time during the year:	
(a)	Date of shareholders' approval	27 <sup>th</sup> September, 2013
(b)	Total number of options approved under ESOS	500,000
(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	8,404
	Number of options vested during the year	500,000
	Number of options exercised during the year	401,974
	Number of shares arising as a result of exercise of options	401,974
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 24,80,17,958/-
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	60,115
	Number of options exercisable at the end of the year	60,115
(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.1,126/- 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	NIL  NIL

	(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								
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:									
(a)	weighted-average share price (₹) exercise price (₹) expected volatility Option life (Comprising vesting period + exercise period) (In Years) expected dividends, risk-free interest rate	Rs 617/- 31.34% 4 years 3.29% (yield) 8.74%								
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise;	The options will vest in 2 years after grant and exercise period is for 2 years from the date of vesting, hence the average exercise period is calculated as follows <table border="1" data-bbox="944 745 1481 958"> <thead> <tr> <th>Grant Date/ Valuation Date</th> <th>Vesting</th> <th>Exercise period</th> <th>Time to Maturity (years)</th> </tr> </thead> <tbody> <tr> <td>January 1, 2014</td> <td>January 1, 2016</td> <td>January 1, 2017</td> <td>3 years</td> </tr> </tbody> </table>	Grant Date/ Valuation Date	Vesting	Exercise period	Time to Maturity (years)	January 1, 2014	January 1, 2016	January 1, 2017	3 years
Grant Date/ Valuation Date	Vesting	Exercise period	Time to Maturity (years)							
January 1, 2014	January 1, 2016	January 1, 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 annual 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 Fare Value	Nil
B	Exercise Price is greater than the Fare Value	Nil
C	Exercise Price is less than the Fare Value	Rs. 1,126/-

## ANNEXURE VII TO THE DIRECTORS' REPORT

### Management Discussion and Analysis

The credit rating business is quite unique as it depends on two extraneous developments. First there has to be buoyancy in the economy as all business activity depends on the economic progress. Second, as rating is of debt instruments, there has to be higher level of borrowings, as rating agencies can rate as much as that enters the market. While it is true that one can cover the distance of unrated debt of banks, it tends to get shorter with time as these exposures get rated.

Against this background the experiences in FY16 has been dualistic. The Indian economy was the best performing country in the world and most of the economic indicators had shown positive tendencies. These include GDP growth, industrial growth, inflation, interest rates and government fiscal numbers. However, the same was not reflected in the financial sector. While the RBI did lower interest rates which are now headed only in the downward direction, there was a slowdown in growth in bank credit to manufacturing and services.

This was because the overall investment rate had come down. Also the clearance of stalled projects in the last couple of years, did not lead to a major revival of investment activity. Further, while the government continued to spend in the areas of roads and railways, there was no corresponding increase in private investment. Therefore, demand for long term funds was limited. Most of the borrowing in the corporate debt market was by financial firms which use them for further lending.

The manufacturing sector did not see any significant pickup in demand at both the investment and consumptions levels. This had led to the continuation of the surplus capacity situation in most industry segments, which dissuaded further investment.

The business of CARE Ratings will progressively be influenced by these two factors. The primary factor is the growth in the debt and credit markets. The secondary factor would be covering the unrated space as companies evolve from being small to medium size which brings them under the purview of credit rating under the Bank Loan Rating segment.

### Regulatory developments

On the regulation front a major setback for the rating business was the scaling down of the subsidy given for credit rating to MSMEs through NSIC. The subsidy, which was Rs. 85 crore in FY15 was rolled back to Rs. 26 crore in FY16 and subsequently increased to Rs. 45 crore. We had been building our teams for leveraging this large opportunity of a potential of 15 million SMEs in the country. The reduction in the subsidy was a regulatory setback not more from the revenue point of view, but the cost that had been incurred to scale up business. The Government has increased this subsidy for FY17 to Rs. 200 crore, which is positive for us.

The RBI has also mentioned that there have been applications made for qualifying for doing internal ratings by banks and that it is examining the same. While IRB was to happen from 2012 onwards, there has been less traction here, ostensibly due to the stressed assets situation in the banking sector. Interestingly, a BIS paper on capital adequacy is now advocating for central banks to move back to the standardized approach of risk weights being assigned on assets based on assessment of external rating agencies. It would be interesting to see how this view develops among central banks.

The RBI has also placed on its website the Discussion Paper (DP) on Framework for enhancing Credit Supply for Large Borrowers through Market Mechanism in May 2016 which will be effective from 2017-18 onwards. This could be an enhancer for the debt market.

### 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 have introduced the Document Management System (DMS) which stores all key documents electronically.

**Fraud vigilance and accountability** - CARE's business involves handling of 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's guidelines on these aspects as well.

**Technology risk** - To address risks involving significant security breaches, breakdowns in computer systems and network infrastructure, we employ security systems, including firewalls and intrusion detection systems, conduct periodic penetration testing for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data. 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. As 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, 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**

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

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

### **Quality of Information**

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

**Non-payment of fees by clients**

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

**Reputational risk**

CARE's business is largely dependent on its brand recognition and reputation. Factors that may have already affected credibility of the ratings industry globally include the appearance of a conflict of interest, the timing and nature of changes in ratings, adverse publicity about rating process and compliance failures. In this regard, CARE has in place policies to address conflict of interest issues by way of a code of conduct. Further, CARE has separated the analytics function and the business development function and analyst compensation is not linked to business generated. CARE also relies on an external Rating committee for assigning of ratings and except MD of CARE, all the members of external rating committee are independent and reputed professionals. CARE has 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 are reported to the external Rating Committee.

CARE, on its website, discloses the rating process that it adopts for rating any instrument or facility. The website also give a comprehensive insight into the various methodologies adopted by CARE for rating instruments from different industries. Further, key policy documents like CARE' 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.

**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 revision 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**

A 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, 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 which are accredited 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 positives developments for CARE.

### **Governance and oversight**

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

### **CARE's strategy**

The approach towards the SME business, as it may be recalled as stated in the Annual Report for 2014-15 was to create an infrastructure for handling the progressively larger section of the ratable universe. However, the Union Budget announced before the start of the financial year had indicated the rollback in subsidy and despite of our representations to the government, there was no change in stance. We had to plan our strategy for the year accordingly.

On the LME front the idea was to focus on the large companies in the rating universe which was done by meeting with them and making presentations on CARE and the advantages of the same. We did keep on persevering with this approach and had achieved a modicum of success.

We also did focus on the second tier of companies which were entering the market for the first time. The combined effort resulted in an increase in new clients of around 3,000 in 2015-16. Admittedly, the majority of these clients were of a small ticket size especially in the bank loan rating space. But we believe that a smaller client today would grow in size in the coming years, when the business potential will also increase automatically. This is why we do put emphasis on the overall size of our client base. This strategy has worked well in the past too as once the economy picks up and the concerned industries do well there will be progressively increased demand for funding from both banks as well as the debt market.

Simultaneously we had to also take a relook at the SME business and had to rationalize the staff given that the business level was expected to fall sharply and there would be uncertainty regarding the continuation of this subsidy by the government. We did absorb a fair amount of the staff into the BLR business for SMEs and the result was encouraging.

We have also been working on developing alternative rating products which is an ongoing exercise. We did launch grading of tourism facilities for Government of Karnataka where a rating by an entity would be eligible for concessions from the government.

Another product launched pertains to REITs. A REIT is a corporation or a trust which utilizes the pooled capital of many investors to purchase, and in most cases, operate income producing real estate such as offices, apartments, shopping complexes, hotels and warehouses. CARE's Rating of REIT fund is an opinion on the REIT's investment quality, based on the fundamental assessment of the REIT. REIT rating methodology will comprise the following key fundamentals: business risk (analysis of underlying quality of assets), financial Risk (analysis of liquidity, financial flexibility and operating margins & earnings) and management/sponsor evaluation. This product has a lot of potential considering the reforms which have been announced in this space which provides a lot of cover for the purchaser as well as investor.

Given our expertise and information available, we have also introduced a new product based on data services called CARE Rating Tracker (CART). This is a unique offering and is a "one-stop-shop" for information pertaining to more than 40,000 rated companies across more than 120 industries. This platform also gives users access to information on unlisted companies in the rated universe, for which very limited information is available in the public domain. By using CART users can access detailed Rating Reports of more than 10,000 companies rated by us. Specifically the product provides users the ability to create portfolio for monitoring companies, rating history of all the companies in the rated universe, industry comparison tool apart from advanced filtering tools. Users of CART will also receive timely updates of any rating action on companies they are monitoring. It is an analytical tool which can be used for effective monitoring of portfolios and help in taking timely decisions. We do believe in providing value added service to investor fraternity and going forward too, would aim to come out with additional products which could be of immense use to the investor fraternity.

However, we are aware that some of these new products are not mandated by any regulator and hence it is that much more challenging to get acceptance from issuers and investors. However, we also are aware that we cannot go slowly on them as there is need to innovate and it is our belief that we should have products wherever there is a potential market and that CARE should be the first choice for issuers and investors.

### **Global ventures**

The fructification of our subsidiary CARE Ratings Africa Limited was one of the high points on our global atlas. While completing the first rating assignment in Mauritius we do believe that there is a lot of potential to be leveraged in Africa where ratings are underpenetrated. Towards this goal CRAF will be working hard to make a mark in the coming years.

The other significant development has been the MoU with Japan Credit Rating Agency (JCR). The MoU talks of the two agencies working together closely to further mutual interests. As there are several Japanese companies operating in India, JCR would be encouraging them to get a rating from CARE in case any funding has to be procured from India. Similarly, the Japanese market has become important in the context of the interest rate differential between the two countries and CARE may refer company's seeking to raise funds from Japanese market to JCR.

ARC Ratings has shown some improvement in its business and it is hoped that it would break even in the next couple of years. This venture was started by 5 independent credit rating agencies from 5 countries (Brazil, Portugal, South Africa, Malaysia and India) to create a strong rating agency which can compete globally with combined wisdom of these multiple rating companies.

### **Our performance in FY16**

The overall performance of your company in FY16 was muted and very different from the path that we have travelled so far. The topline as mentioned earlier was impacted by the volume of debt rated combined with competitive pressures.

Our rating revenue increased by 2.85% to reach Rs. 262.18 crore. The lower rating income was mainly due to a smaller volume of debt rated, which had come down from Rs. 10.97 lakh crore to Rs. 10.85 lakh crore.

A major change in the pattern of our income was the decline in other income which comprises essentially investment income. We had decided to roll over our funds invested in the FMPs for better tax management and as income cannot be booked on an accrual basis, the income from this source in FY17 and FY18 will tend to look much higher. This was why there was a decline of 80.3% in other income which affected growth in total income that came down from Rs. 300.1 crore to Rs. 273.5 crore during this period.

Total expenses came down by 4.7% from Rs. 101.4 crore to Rs. 96.6 crore and this was mainly due to lower staff expenses as the headcount had to be reduced on account of the shrinkage of the SME business.

Combining these developments on the income and expenditure fronts, operating profits increased by 8% while net profits declined by 16.14% in FY16. Operating profit margin had improved from 60.58% in FY15 to 63.52% in FY16 while net profit margin had declined from 46.66% to 43.04%.



## ANNEXURE VIII 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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of the Director / KMP & Designation	Remuneration of Director / KMP for financial year 2015-16 (Amt in Rs.)	Remuneration of Director / KMP for financial year 2014-15 (Amt in Rs.)	% increase in Remuneration in the financial year 2014-15	Ratio of Remuneration of each Director / to median remuneration of employees
1.	Mr. S. B. Mainak, Chairman, Non-Executive Director	2,00,000**	N.A. <sup>1</sup>	N.A. <sup>1</sup>	0.36:1
2.	Mr. A. K. Bansal Independent Director	7,70,000	6,20,000	24.19%	1.4:1
3.	Dr. Ashima Goyal Independent Director	7,20,000	4,00,000	80.00%	1.31:1
4.	Mr. S. Ananthkrishnan <sup>2</sup> Non-Executive Director	3,30,000	1,60,000	106.25%	0.6:1
5.	Mr. B. S. Keshava Murthy <sup>2</sup> Non-Executive Director	1,90,000	1,20,000	58.33%	0.35:1
6.	Mr. D. R. Dogra Managing Director & CEO	3,93,63,093*	1,86,13,289	111.48%	71.57:1
7.	Mr. Rajesh Mokashi Deputy Managing Director	2,26,10,157*	1,67,31,130	35.14%	41.11:1
8.	Mr. Navin K Jain Company Secretary	1,87,33,973*	56,98,636	228.74%	34.06:1
9.	Mr. Chandresh Shah Chief Financial Officer	55,79,183*	37,58,369	48.45%	10.14:1

1. Mr. S. B. Mainak was appointed as Director on the Board on 17.08.2015. Hence he was on the Board only for the part of the 2015-16.

2. Ceased to be a Director on 29.09.2015

\* The Remuneration of MD, DMD, CS and CFO for Financial Year 2015-16 includes perquisite value of ESOP allotted on January 29, 2016.

\*\* Sitting fees of Shri S. B. Mainak was paid to Life Insurance Corporation of India (LIC).

- The remuneration to Non-Executive & Independent Directors is sitting fees paid to them for the financial year 2015-16. The sitting fees were increased from Rs. 40,000 to Rs. 50,000 per meeting for attending Board and Committee meetings.
- The median remuneration of employees of the Company during the financial year 2015-16 was Rs. 550,000/-
- In the financial year there was an increase of 4.53% in the median remuneration of employees.
- There were 552 employees on the rolls of Company as on March 31, 2016.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 7.2% whereas the increase in the managerial remuneration for the same financial year was 9.6% The increment details are excluding perquisite value of ESOP allotted on January 29, 2016.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management.

## CORPORATE GOVERNANCE REPORT

### Company's philosophy on corporate governance

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 31<sup>st</sup> March, 2016 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 judgement to maintain both the substance and appearance of independence and objectivity.

The Board consisted of five (5) Directors as on March 31, 2016.

#### 1.1 Composition, category of directors and other directorship details as on March 31, 2016 are as follows:

As on 31<sup>st</sup> March, 2016, in compliance of Regulation 17 of Listing Regulations and/or the erstwhile Clause 49 of the Listing Agreement your Company has an optimum combination of Executive and Non- Executive Directors so as to have a balanced structure. The Board has five Directors, two of whom are Independent Directors, one of whom is a Non-Executive Director and two are Executive Directors. The Board has one woman director and more than 50 % of the Board consists of Non-Executive Directors. The number of Independent Directors is 1/3<sup>rd</sup> of the total number of Directors. Mr. S. B. Mainak, Chairman of the Board is a 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 Director	Mr. S. B. Mainak	02531129
	Mr. S. Ananthkrishnan <sup>1</sup>	00074049
	Mr. B. S. Keshava Murthy <sup>1</sup>	06965816
Independent Directors	Mr. A. K. Bansal	06752578
	Dr. Ashima Goyal	00233635
Executive Directors	Mr. D. R. Dogra - MD & CEO <sup>1</sup>	00226775
	Mr. Rajesh Mokashi - MD & CEO	02781355

**Note:** Mr. S. Ananthkrishnan and Mr. B. S. Keshava Murthy ceased to be Directors on the Board with effect from September 29, 2015. Mr. D. R. Dogra's tenure as Managing Director & CEO expired on August 21, 2016.

## 1.2 Familiarisation Programme for Independent Directors

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

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

## 1.3 Disclosure regarding appointment or reappointment of Directors

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

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

### Resume of Mr. S. B. Mainak

Mr. S. B. Mainak is the Non- Executive Chairman of your Company. A qualified Chartered Accountant, he joined LIC as a Direct Recruit Officer in 1983 and retired as its Managing Director with effect from 1st March, 2016. During his long tenure at LIC, he acquired wide range of experience in several functions spanning Investments, Finance & Accounts and Marketing and held various positions including Senior / Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in the Investment department. He also had a stint in academics as Professor (Life Insurance) and Head of Finance Department in National Insurance Academy (NIA), Pune, where he was instrumental in creating new teaching programmes in finance & accounts, investment, GAAP accounting and Insurance Investment and Financial Reporting Standards. He was Deputy President of the Insurance Institute of India and member of the Governing Board of NIA. He was earlier appointed by the Government of India on the Board of Satyam Computer Services Limited as an Independent Director for restructuring the company. In 2009, he was conferred the 'NDTV Profit Business Leadership Award', 'CNN-IBN Indian of the Year Award' and 'Dataquest IT Person of the Year Award'.

Mr. S. B. Mainak is carrying vast experience in the field of Insurance, Housing Finance, New Pension Scheme, Pension & Group Insurance, Credit Card, Finance, Accounts & Investments. He was earlier on the Board of National Stock Exchange of India, Stock Holding Corporation of India, LIC Housing Finance, LIC Pension Fund, LIC Credit Card, LIC Mutual Fund Trustee Company Limited and LIC (Nepal) Limited. He is presently on the Board of ITC Limited and Mahindra & Mahindra Limited and also a member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee of ITC Limited.

He is the chairman of the Stakeholders Relationship Committee and member of Audit Committee and Nomination and Remuneration Committee. He has been associated with your Company since August 17, 2015.

## 1.4 Cessation and Appointment of Managing Director & Chief Executive Officer

The tenure of Mr. D. R. Dogra, Managing Director and CEO expired on August 21, 2016. After completion of his tenure as a Managing Director and CEO, Mr. D. R. Dogra has resigned from the Board from 21<sup>st</sup> August, 2016. The Board of Directors has appointed Mr. Rajesh Mokashi, Deputy Managing Director of the Company as the Managing Director and CEO of the Company w.e.f. August 22, 2016 for a period of five years subject to the approval of the shareholders at the ensuing Annual General Meeting. The brief resume of Mr. Rajesh Mokashi is as follows:

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

### Resume of Mr. Rajesh Mokashi

Mr. Rajesh Mokashi holds a Bachelor's degree in Mechanical Engineering from VJTI, Mumbai, and MMS (Master of Management Studies) degree from Bombay University (NMIMS). He has completed the CFA Program both from CFA Institute, USA and ICFAI Hyderabad. He has obtained a Diploma in Import and Export Management from Indian Institute of Materials Management. He has more than 30 years of experience in finance, commerce and credit risk sectors. He was appointed as member of panel by DICGC / RBI on a committee for determining differential premium for Banks in India. He played a crucial role in the deliberations which required developing rating models for all categories of Banks. He was a member of working group formed by National Housing Bank (NHB) for promoting RMBS and other Alternate Capital Market Instruments- Covered Bonds. He has been associated with OTIS Elevators Company (India) Limited, DSP Financial Consultants Limited and Kotak Mahindra Finance Limited in the past. He is on Board of CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd and CARE Ratings (Africa)

Pvt. Ltd. He is the member of Stakeholders Relationship Committee and Corporate Social Responsibility Committee. He has been associated with your Company since 1993 and was appointed on the Board on August 22, 2009.

### **1.5 Reappointment of Independent Directors**

The tenure of Mr. A. K. Bansal and Dr. Ashima Goyal, Independent Directors will come to an end on September 28, 2016. Your Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing the reappointment of Mr. A. K. Bansal & Dr. Ashima Goyal as Independent Directors of the Company along with a cheque of Rs. 1 Lakh (Rupees One Lakh only) each in favour of the Company.

Detailed profile of Mr. A K Bansal and Dr. Ashima Goyal in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting

#### **Resume of Mr. A. K. Bansal**

Mr. A.K. Bansal is an Independent Director of your Company. He worked as Executive Director of Indian Overseas Bank between 2010-13. He is a Post Graduate in Agriculture from the renowned G B Pant Agriculture University, Pant Nagar, Nainital and recipient of ICAR Junior Research Scholarship. He joined Union Bank of India as Agricultural Field Officer at the age of 23 years in the year 1976. He has had a highly successful and rewarding career path at Union Bank during which he was awarded Super Achiever and Star Performer status, conferred with the Chairman Club Membership and was entrusted with some of the most challenging and coveted assignments of the Bank. He was also the driving force for setting up the Bank's Capital Market Cell at Mumbai and establishing the Bank's first museum at M S M branch in Mumbai. At Indian Overseas Bank, he held a diversified portfolio including corporate, MSME/Priority sector, International, NPA Management etc. He has been conferred the "Indira Super Achiever Award" for the year 2010-11 by the Indira Group of Institutions, Pune in recognition of his high contribution value to the field of Banking and Finance during his banking career. He is also on the Board of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, Cent Bank Home Finance Limited, APL Apollo Tubes Limited, IFCI Infrastructure Development Limited, Alankit Finsec Limited, GVFL Trustee Company Limited and Ushdev International Limited. He is the chairman of the Nomination and Remuneration Committee and member of Audit Committee and Corporate Social Responsibility Committee. He has been associated with your company since December 03, 2013.

#### **Resume of Dr. Ashima Goyal**

Dr. Ashima Goyal is an Independent Director of your Company. She is a B.A. (Honours) Economics from Delhi University and M.A. and M. Phil. from Delhi School of Economics, Delhi University, and Ph.D. from Bombay University. She has rich experience in the field of open economy macroeconomics, international finance, institutional and development economics, in which she is widely published. Her research has received national and international awards. She is editor of an OUP handbook on the Indian economy and a Routledge journal on Macroeconomics and Finance. She is a Professor at Indira Gandhi Institute of Development Research, member of the Monetary Policy Technical Advisory Committee of the RBI, Chairperson and a Public Interest Director at Metropolitan Stock Exchange of India Limited and has been a member of various committees of Reserve Bank, Government of India, Governing Council of the Exchange Traded Currency Derivatives Segment (ETCD) of the Bombay Stock Exchange Ltd., and Indian Merchants Chamber. She is on the Board of Cynergy Creators Private Limited, SBI Mutual Fund Trustee Co. and Metropolitan Stock Exchange of India Limited. She is the chairperson of the Audit Committee and member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

### **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 6 (Six) times during the year 2015- 2016 on May 12, 2015, July 17, 2015, August 17, 2015, August 26, 2015, November 02, 2015 and January 29, 2016. The maximum gap between two Board Meetings was not more than one hundred and twenty days.



DETAILS OF ATTENDANCE							
Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held on September 29, 2015	Number of Directorships in other Companies		Number of Committee positions held in other Public Companies	
				Public	Private	Chairperson	Member
Mr. S. B. Mainak	04	04	Yes	2	-	-	-
Mr. A. K. Bansal	06	06	No	6	1	1	1
Dr. Ashima Goyal	06	06	Yes	1	1	1	-
Mr. S. Ananthkrishnan	04	04	N.A.	-	-	-	-
Mr. B. S. Keshava Murthy	04	04	N.A.	-	-	-	-
Mr. D. R. Dogra	06	06	Yes	2	3	1	1
Mr. Rajesh Mokashi	06	06	Yes	-	2	-	-

### 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 Listing Agreement/SEBI (Listing Obligation 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.
- 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 include 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 Committee 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, Rating Committee Members, Employees and the Senior Management of your Company. The same has been posted on the website of the Company.

All the Directors of the Board, Rating Committee Members, Employees and the Senior Management personnel of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2016. 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 Obligation 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
- Risk Management Committee

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

### 2.1 AUDIT COMMITTEE

#### [A] Composition of Audit Committee

The Audit Committee as on 31<sup>st</sup> March, 2016, comprised of three members i.e. Dr. Ashima Goyal, Mr. A. K. Bansal, both Independent Directors and Mr. Rajesh Mokashi, MD & CEO.

Further, the Board of Directors at its meeting held on May 26, 2016 reconstituted the Audit Committee comprising of Mr. S. B. Mainak, Non-Executive Director, Dr. Ashima Goyal and Mr. A. K. Bansal, both Independent Directors. The Chairperson of the Committee, Dr. Ashima Goyal is an Independent Director.

The previous Annual General Meeting of the Company was held on September 29, 2015 and it was attended by Dr. Ashima Goyal, 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:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

The Audit Committee met 4 (four) times during the year 2015-2016 on May 12, 2015, July 17, 2015, November 02, 2015 and January 29, 2016.

<b>DETAILS OF ATTENDANCE</b>		
<b>Name of Directors</b>	<b>No. of Audit Committee Meetings held</b>	<b>No. of Meetings attended</b>
Dr. Ashima Goyal	04	04
Mr. A. K. Bansal	04	04
Mr. Rajesh Mokashi	04	04

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 31st March, 2016, comprised of two members i.e. Dr. Ashima Goyal and Mr. A. K. Bansal both Independent Directors. Mr. S. Ananthakrishnan, Non-Executive Director who was one of the members of the Committee ceased to be a director on September 29, 2015.

The Nomination and Remuneration committee shall comprise of at least three Non-Executive directors with at least fifty percent Independent Directors as per section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the erstwhile Listing Regulations. The Nomination and Remuneration committee of the Company as on September 28, 2015, comprised of three non-executive directors with more than fifty percent

Independent Directors. One member of the Nomination and Remuneration committee ceased to be the director on September 29, 2015. The Board reconstituted the Nomination and Remuneration Committee by inducting Shri S. B. Mainak, Non-Executive Director at its meeting held on May 26, 2016. The Chairperson of the Committee, Mr. A. K. Bansal is an Independent 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.

Further the Board of Directors at its meeting held on May 12, 2015 dissolved the ESOP Compensation Committee and its terms of reference were included in the terms of reference of the Nomination and Remuneration Committee. These terms of reference are as follows:

1. the quantum of option to be granted under an ESOS per employee and in aggregate in each year;
2. the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
3. 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;
4. 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;
5. 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;
6. 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.
7. the grant, vest and exercise of options in case of employees who are on long leave; and
8. 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 2015-2016 on May 12, 2015, July 17, 2015, August 17, 2015 and January 29, 2016.

<b>DETAILS OF ATTENDANCE</b>		
<b>Name of Directors</b>	<b>No. of Remuneration Committee Meetings held</b>	<b>No. of Meetings attended</b>
Dr. Ashima Goyal	04	04
Mr. A. K. Bansal	04	04
Mr S. Ananthkrishnan (Ceased to be a Director on 29.09.2015)	03	03



**[D] Remuneration Policy**

During the year 2015-16, 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)**

	Name of Director	Remuneration	Sitting fees
1.	Mr. S. B. Mainak (Appointed on 17.08.2015)	-	2,00,000
2.	Mr. A. K. Bansal	-	7,70,000
3.	Dr. Ashima Goyal	-	7,20,000
4.	Mr. S. Ananthkrishnan (Ceased to be a director on 29.09.2015)	-	3,30,000
5.	Mr. B. S. Keshava Murthy (Ceased to be a director on 29.09.2015)	-	1,90,000
6.	Mr. D. R. Dogra	3,93,63,093	-
7.	Mr. Rajesh Mokashi	2,26,10,157	-

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

Particulars	Mr. D. R. Dogra, Former Managing Director & CEO	Mr. Rajesh Mokashi, Managing Director & CEO
Salary	1,13,13,732	94,35,624
House Rent Allowance	28,28,436	23,58,900
Variable Pay	18,00,000	16,00,000
Commission	26,00,000	20,00,000
Leave Encashment	23,57,028	19,65,754
Leave Travel Allowance	18,85,622	15,72,604
Provident Fund	13,57,648	11,32,275
Perquisite Value – ESOP (Rs. 509/-)	1,52,20,627	25,45,000
<b>Total</b>	<b>3,93,63,093</b>	<b>2,26,10,157</b>

**Details of Stock Options**

Particulars	Mr. D. R. Dogra, Former Managing Director & CEO	Mr. Rajesh Mokashi, Managing Director & CEO
Options Vested	29,903	29,903
Options Exercised	29,903	5,000
Value of Options (Rs. 617/-)	Rs. 1,84,50,151	Rs. 30,85,000
Perquisite Value (Rs. 509/-)	Rs. 1,52,20,627	Rs. 25,45,000

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

Sitting fees	:	Rs. 50,000/- for per Board & Committee Meetings *
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\* The Board of Directors at its meeting held on May 12, 2015 increased the sitting fees from Rs. 40,000/- to Rs. 50,000/- for per Board and Committee Meetings. The increase in the sitting fees is within the limits of Rule 4 of the Companies (Appointment & Remuneration) Rules, 2014.

**[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**

The 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 31st March, 2016 comprised of two members i.e. Mr. A. K. Bansal and Mr. D. R. Dogra.

Further, the Board of Directors at its meeting held on May 26, 2016 reconstituted the Stakeholders Relationship Committee comprising of Mr. S. B. Mainak, Non-Executive Director, Mr. D. R. Dogra, Former Managing Director & CEO and Mr. Rajesh Mokashi, Managing Director & CEO. The Chairman of the Committee, Mr. S. B. Mainak is a Non-Executive Director. Further Mr. D. R. Dogra ceased to be a member of the committee on August 21, 2016.

The Company Secretary of your Company is the secretary to the Stakeholders Relationship Committee.

Mr. Navin Kumar Jain was the Compliance Officer of the Company as on March 31, 2016. Further, Mr. Navin K. Jain, Company Secretary and Compliance Officer resigned from the services of the Company from the close of business hours on May 31, 2016 and Mr. Mahendra Naik was appointed as the Company Secretary and Compliance Officer of the Company with effect from June 01, 2016.

**[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 Share 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] Details of shareholders complaints for FY ended 31.03.2016 are as follows:**

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	3	3	Nil
2.	Non-receipt of Annual Report	105	105	Nil
3.	Non-receipt of dividend	23	23	Nil
4.	Non-receipt of Securities	1	1	Nil
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	Nil	Nil	Nil
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	Nil	Nil	Nil
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	Nil	Nil	Nil
	<b>TOTAL</b>	<b>132</b>	<b>132</b>	<b>Nil</b>

## 2.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

The Committee as on 31st March, 2016, comprised of three members i.e. Mr. A. K. Bansal, Mr. D. R. Dogra and Mr Rajesh Mokashi.

Further, the Board of Directors at its meeting held on May 26, 2016 reconstituted the Corporate Social Responsibility Committee comprising of Dr. Ashima Goyal, Independent Director, Shri A. K. Bansal, Independent Director, Mr. D. R. Dogra, Former Managing Director & CEO and Mr. Rajesh Mokashi, Managing Director & CEO . Further, Mr. D. R. Dogra ceased to be a member of the Committee on August 21, 2016.

### [B] Terms of Reference

1. The terms 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:
2. 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.
3. Recommend the amount of expenditure to be incurred on these activities.
4. 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 once during the year 2015-2016 on March 28, 2016.

DETAILS OF ATTENDANCE		
Name of Directors	No. of CSR Meetings held	No. of Meetings attended
Mr. A. K. Bansal	01	01
Mr. D. R. Dogra	01	01
Mr. Rajesh Mokashi	01	01

## 2.5 RISK MANAGEMENT COMMITTEE

### [A] Composition of Risk Management Committee

The Risk Management Committee as on 31st March, 2016, comprised of three members i.e. Dr. Ashima Goyal, Mr. Rajesh Mokashi and Mr. T. N. Arun Kumar. The Chairperson of the Committee is Dr. Ashima Goyal, who is an Independent Director.

### [B] Terms of Reference

1. Identification of various risks associated with the operations of the Company such as regulatory risk, business risk, market risk, etc.;
2. Monitoring and reviewing of the risk management plan of the Company;
3. Review of Risk Management Policy as approved by the Board from time to time.

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.

## 2.6 INDEPENDENT DIRECTORS MEETING

At present the Company has two Independent Directors – Mr. A. K. Bansal & Dr. Ashima Goyal on its Board. During the financial year 2015-2016, one meeting of the Independent Directors was held on January 29, 2016. The meeting was attended by both the Independent Directors 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.

### 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	September 29, 2015 (Annual General Meeting)	4.00 p.m.	Nil
b) Rangaswar, Chavan Centre, General Jagannathrao Bhosle Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021	September 29, 2014 (Annual General Meeting)	3.00 p.m.	Nil
c) Walchand Hirachand Hall, 4 <sup>th</sup> Floor, Indian Merchants Chamber, Indian Merchants Chamber Building, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020	March 11, 2014 (Extra Ordinary General Meeting)	4.00 p.m.	1
d) Rang Sharda Natya Mandir, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050	September 27, 2013 (Annual General Meeting)	2.30 p.m.	4

#### 4. Postal Ballot

During FY 2015-2016, no resolution was passed through Postal Ballot as required under Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

#### 5. Related Party Disclosures

All transactions entered into during the financial year 2015-16 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, 2013 in Form AOC-2 is not applicable. As required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at [www.careratings.com](http://www.careratings.com).

#### 6. Details of Non-Compliance

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

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

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

#### 8. Other Policies

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

#### 9. Adoption of Mandatory And Non-Mandatory Requirements

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

#### 10. Means of Communication

Your Company's corporate website [www.careratings.com](http://www.careratings.com) provides comprehensive information to the shareholders. The quarterly and annual financial results are published in English i.e. Business Standard and Marathi daily newspapers i.e. Mumbai Lakshadweep. The quarterly and annual financial results and the press releases issued are also available on your Company's website [www.careratings.com](http://www.careratings.com). Detailed presentations are made to analysts on the Company's unaudited quarterly as well as

audited annual financial results. These presentation 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 2015-2016, 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. 10/- per share subject to the approval of the shareholders at the ensuing Annual General Meeting.

Section 205A of the Companies Act, 1956 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

During the Financial Year ended March 31, 2016, the Company was not required to appoint an Independent Director of the Company on the Board of any of its non-listed Indian subsidiary.

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 the 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 Chapter IV of the Listing Regulations have been complied with by the Company.

#### 19. General Shareholders Information

a)	<b>Annual General Meeting</b>	September 27, 2016
	Time	3:00 pm
	Venue	Jasubhai Conventional Hall Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022
b)	<b>Financial Year</b>	April 01 to March 31
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2016	On or before August 14, 2016 (Published on August 05, 2016)



	Financial reporting for the quarter ending September 30, 2016	On or before November 14, 2016
	Financial reporting for the quarter ending December 31, 2016	On or before February 14, 2017
	Financial reporting for the quarter and year ending March 31, 2017	On or before May 30, 2017
<b>c)</b>	<b>Dates of Book Closure</b>	Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (both days inclusive)
<b>d)</b>	<b>Dividend Payment Date</b>	Final dividend on equity shares for the year ended March 31, 2016 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before October 26, 2016.
<b>e)</b>	<b>Listing on Stock Exchange</b>	<p>The Company got listed on December 26, 2012. The shares of your Company are listed on:</p> <p>BSE Limited P.J. Towers, Dalal Street, Mumbai 400 001</p> <p>The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051</p> <p>The Annual Listing fees for the financial year 2016-17 have been paid to BSE Limited and The National Stock Exchange of India Limited.</p>
<b>f)</b>	<b>Stock Code</b>	<p>BSE Limited: <b>534804</b></p> <p>National Stock Exchange of India Limited: <b>CARERATING</b></p> <p>ISIN: <b>INE752H01013</b></p>
<b>g)</b>	<b>Registrar and Share Transfer Agent</b>	<p>Karvy Computershare Pvt. Ltd. Unit: Credit Analysis and Research Limited Karvy Selenium Tower - B, Plot No. 31 &amp; 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 008. Tel. No. 040 – 67162222 Fax No. 040 – 23001153 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person : Mr. K. S. Reddy &amp; Mr. B. V. Kishore</p>
<b>h)</b>	<b>Share Transfer System</b>	<p>99.99% of the equity shares of the Company are in electronic form. Transfer of these shares are 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.</p> <p>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.</p>

**i) Market Price Data HIGH/LOW during each month from April 2015 to March 2016 (BSE).**

PERIOD – 2015-16	HIGH	LOW
April 2015	1808.00	1470.90
May 2015	1603.00	1417.10
June 2015	1550.00	1405.60
July 2015	1520.00	1382.85
August 2015	1473.00	1133.00
September 2015	1250.00	1096.00
October 2015	1412.00	1050.00
November 2015	1356.00	1245.00
December 2015	1391.00	1218.90
January 2016	1349.95	1085.00
February 2016	1208.00	885.00
March 2016	988.75	895.00

**Market Price Data HIGH/LOW during each month from April 2015 to March 2016 (NSE).**

PERIOD – 2015-16	HIGH	LOW
April 2015	1805.65	1464.00
May 2015	1604.95	1415.05
June 2015	1540.00	1403.10
July 2015	1498.00	1400.10
August 2015	1446.60	1135.05
September 2015	1249.00	1100.00
October 2015	1415.00	1098.00
November 2015	1339.90	1267.00
December 2015	1389.90	1201.50
January 2016	1355.00	1081.55
February 2016	1202.00	883.00
March 2016	988.00	900.00

**j) Distribution Schedule and Shareholding Pattern as on March 31, 2016****Distribution Schedule**

Sr. No	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	46938	97.94	18809930.00	6.40
2	5001 - 10000	442	0.92	3297290.00	1.12
3	10001 - 20000	228	0.48	3285730.00	1.12
4	20001 - 30000	71	0.15	1755700.00	0.60
5	30001 - 40000	37	0.08	1332240.00	0.45
6	40001 - 50000	31	0.06	1442630.00	0.49
7	50001 - 100000	43	0.09	2854430.00	0.97
8	100001 & Above	137	0.29	261233010.00	88.85
	<b>Total:</b>	<b>47927</b>	<b>100.00</b>	<b>294010960.00</b>	<b>100.00</b>

## k) Shareholding Pattern

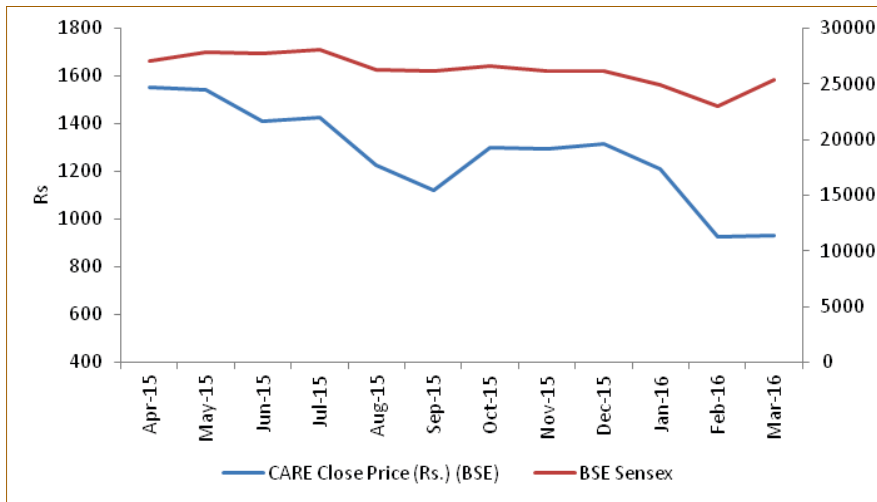
Sr.No	Category	No. of Shares Held	Percentage (%)
I	PROMOTERS	-----	-----
II	NON-PROMOTERS		
a)	Mutual Funds / UTI	42,51,915	14.46
b)	Foreign Portfolio Investors	89,76,505	30.53
c)	Financial Institutions / Banks	87,04,656	29.61
d)	Bodies Corporate	38,94,112	13.24
e)	Individuals	29,07,069	9.89
f)	Directors	1,28,539	0.44
g)	Non-Resident Indians	2,13,434	0.72
h)	Clearing Members	3,20,243	1.09
i)	Trusts	4,623	0.02
	<b>TOTAL</b>	<b>2,94,01,096</b>	<b>100.00</b>

<b>l)</b>	<b>Dematerialisation of Shares and Liquidity</b>	2,94,01,062 equity shares which constitutes 99.99% of the paid up capital as on March 31, 2016 of your Company are held in electronic mode.
<b>m)</b>	<b>Registered Office &amp; Address for Correspondence</b>	Credit Analysis and Research Ltd. 4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456, Fax No: 022 – 67543457
<b>n)</b>	<b>Plant Locations</b>	In view of the nature of the Company's business viz. providing rating services, the Company operates from following mentioned offices in India.
	<b>Ahmedabad</b> 32, Titanium, Praladnagar Corporate Road, Opp. AUDA Garden, Satellite, Ahmedabad – 380 015 Tel: 079 – 40265656	<b>Bengaluru</b> Unit No. 1101-1102, 11 <sup>th</sup> Floor, Prestige Meridian 2 No. 30, M. G. Road, Bengaluru – 560001. Tel No. 080 – 22117140 / 46625555
	<b>Chandigarh</b> 2 <sup>nd</sup> Floor, S.C.O. 196-197, Sector 34-A, Chandigarh - 160022 Tel No. 172 – 5171100 / 09	<b>Chennai</b> Unit No. 0-509/C, Spencer Plaza, 5 <sup>th</sup> Floor, No. 769, Anna Salai, Chennai – 600 002 Tel. No. : 044 – 28497812
	<b>Coimbatore</b> Office Unit T-3, 3rd Floor, Manchester Square, Puliakulam Road, Pappanaikenpa- layam, Coimbatore – 641037 Tel No. 0422 - 4332399	<b>Hyderabad</b> 401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad – 500 029. Tel No: 040 – 40102030
	<b>Jaipur</b> 304, Pashupati Akshat Heights, Plot No. D – 91, Madho Singh Road, Bani Park, Near Collectorate Circle, Jaipur – 302016 Tel No. 141 – 4020213/14	<b>Kolkata</b> 3 <sup>rd</sup> Floor, Prasad Chambers, Shagun Mall Building, 10A, Shakespeare Sarani, Kolkata – 700 071 Tel No. 033 – 22831800 / 1803
	<b>New Delhi</b> 13 <sup>th</sup> Floor, E-1, Videocon Tower, Jhandewalan Extension, New Delhi – 110055 Tel : 011 - 45333200	<b>Pune</b> 9 <sup>th</sup> Floor, Pride Kumar Senate, Plot No. 970, Bhamburda Senapati Bapat Marg, Shivaji Nagar, Pune – 411 016 Tel No: 020 – 41201362

<b>o)</b>	<b>Email</b>	care@careratings.com
<b>p)</b>	<b>Investor Complaints ID</b>	investor.relations@careratings.com
<b>q)</b>	<b>Website</b>	www.careratings.com
<b>r)</b>	<b>Compliance Officer</b>	<p><b>Mahendra Naik</b>  Company Secretary  Credit Analysis and Research Ltd.  4<sup>th</sup> Floor, Godrej Coliseum,  Somaiya Hospital Road,  Off. Eastern Express Highway,  Sion (East), Mumbai – 400 022  Tel No: 022 - 67543456  Fax No: 022 - 67543457</p>
<b>s)</b>	<b>Green Initiative</b>	<p>Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/documents in the electronic form.</p> <p>To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2016 electronically, Members are requested to update (in case of change) / register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent at the earliest. Your Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.</p>

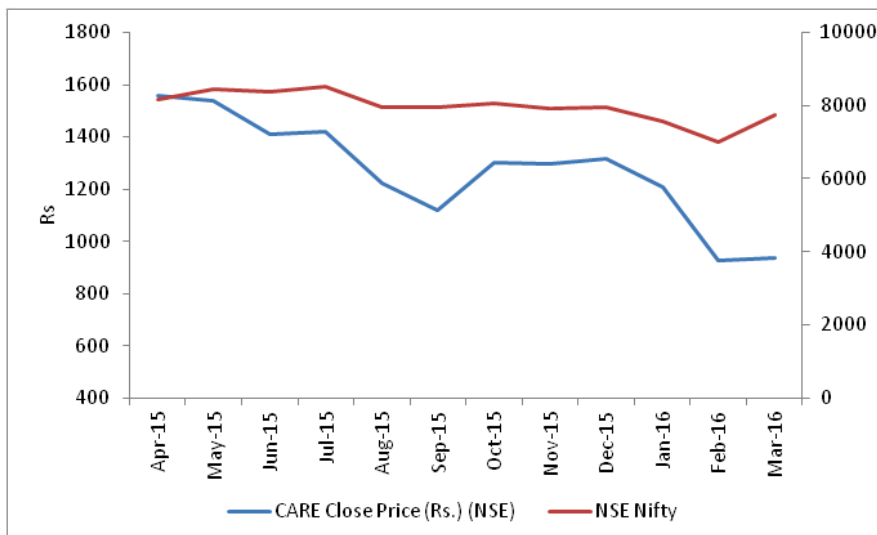
**t) CARE Share Price vs. BSE Sensex**

Month	CARE Close Price (Rs.) (BSE)	BSE Sensex
April 2015	1554.55	27011.31
May 2015	1540.55	27828.44
June 2015	1412.55	27780.83
July 2015	1427.35	28114.56
August 2015	1224.75	26283.09
September 2015	1119.40	26154.83
October 2015	1301.35	26656.83
November 2015	1296.15	26145.67
December 2015	1317.85	26117.54
January 2016	1208.45	24870.69
February 2016	926.55	23002.00
March 2016	932.35	25341.86



### CARE Share Price vs. NSE Nifty

Month	CARE Close Price (Rs.) (NSE)	NSE Nifty
April 2015	1557.05	8181.50
May 2015	1538.85	8433.65
June 2015	1408.80	8368.50
July 2015	1422.30	8532.85
August 2015	1224.65	7971.30
September 2015	1119.80	7948.90
October 2015	1299.70	8065.80
November 2015	1295.80	7935.25
December 2015	1316.80	7946.35
January 2016	1210.10	7563.55
February 2016	928.80	6987.05
March 2016	936.60	7738.40





**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 Credit Analysis and Research Limited**

I, Rajesh Mokashi, Managing Director & Chief Executive Officer of 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 Credit Analysis and Research Limited had laid down a Code of Conduct (Code of Ethics) for all Board members and Senior Management of the Company. The said code of conduct has also been posted on the Company's website viz. [www.careratings.com](http://www.careratings.com).

As provided under Regulation 26(3) read with Para D of Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board of Directors and Senior Management Personnel of the Company have affirmed the Compliance with the Code of Conduct (Code of Ethics) for the year ended March 31, 2016.

**For Credit Analysis and Research Ltd.**

**Rajesh Mokashi**

**Managing Director & Chief Executive Officer**

Place: Mumbai

Date: August 23, 2016

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To,  
The Members of Credit Analysis and Research Limited**

We have examined the compliance of conditions of corporate governance by Credit Analysis and Research Limited (the 'Company'), for the year ended on March 31, 2016, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period December 01, 2015 to March 31, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement / Listing Regulations, as applicable.

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

ICAI Firm Registration Number: 105146W

**Gautam V Shah**

Partner (F-117348)

Mumbai

Date: August 23, 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Members of

### Credit Analysis and Research Limited

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Credit Analysis and Research Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

2. The Management and Board of Directors of the company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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; 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone 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 in accordance with the Standards on Auditing 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 standalone financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the standalone 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 management and Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters Specified in paragraphs 3 and 4 of the Order.
8. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

## INDEPENDENT AUDITOR'S REPORT

- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 financial statements – Refer Note 33(ii) to the standalone financial statements;
  - (ii) The Company had made provision, as required under the applicable law or accounting standards, for material foresable losses, if any, on long-term contracts including derivative contracts - Refer Note 33(i) to the standalone financial statements;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Gautam V Shah**  
Partner (F-117348)

Mumbai  
Date: May 26, 2016



## INDEPENDENT AUDITOR'S REPORT

### “Annexure 1” referred to in paragraph 7 of Report on Other Legal and Regulatory Requirements of our report of even date

- i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification
  - c) According to the information and explanations given by the management the title deeds of immovable properties are held in the name of the Company.
- ii) The Company does not hold any inventory or securities as stock in trade, hence clause 3(ii) of the Order is not applicable to the Company.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees and securities given have been complied with by the Company.
- v) The Company has not accepted any deposits from the public.
- vi) As informed, the Company is not required to maintain any cost records prescribed by the Central Government under sub-section (1) of section 148 of the Act.
- vii)
  - a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax and other material statutory dues applicable to it.

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, 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.

- b) 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	87,430	AY 2009-10	Commissioner of Income-Tax (Appeals)-XIV, Mumbai
The Income Tax Act, 1961	Income tax	78,46,264	AY 2010-11	Commissioner of Income-Tax (Appeals)-XIV, Mumbai
The Income Tax Act, 1961	Income tax	2,89,670	AY 2011-12	Commissioner of Income-Tax (Appeals)-XIV, Mumbai
The Income Tax Act, 1961	Income tax	2,06,53,290	AY 2012-13	Commissioner of Income-Tax (Appeals)-XIV, Mumbai
The Income Tax Act, 1961	Income tax	3,49,24,835	AY 2013-14	Commissioner of Income-Tax (Appeals)-XIV, Mumbai

## INDEPENDENT AUDITOR'S REPORT

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

- viii) In our opinion and according to the information and explanations given by the management, there are no loans taken from financial institutions, government and banks nor has the Company issued any debentures, hence clause 3(viii) of the Order is not applicable.
- ix) In our opinion and according to the information and explanations given by the management, during the year the Company has not raised any term loans, hence clause 3(ix) of the Order is not applicable.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act
- xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii) According to the information and explanations given by the management, 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 notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company

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

**Gautam V Shah**  
Partner (F-117348)

Mumbai  
Date: May 26, 2016

## INDEPENDENT AUDITOR'S REPORT

**Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of 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 Credit Analysis and Research Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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 (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.

### **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, 2016, 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.

For **Khimji Kunverji & Co**  
**Chartered Accountants**  
**ICAI FRN-105146W**

**Gautam V Shah**  
Partner (F-117348)

Place: Mumbai  
Date: May 26, 2016

**BALANCE SHEET**

as at March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	29,40,10,960	28,99,91,220
Reserves and Surplus	3	3,78,84,79,461	3,31,42,35,100
<b>Non Current Liabilities</b>			
Deferred Tax Liabilities (Net)	4	2,57,52,900	2,94,14,579
Long Term Provisions	5	5,47,74,274	5,18,63,525
<b>Current Liabilities</b>			
Short Term Provisions	6	47,64,55,468	39,10,15,568
Other Current Liabilities	7	34,89,19,044	37,14,97,655
<b>Total</b>		<b>4,98,83,92,107</b>	<b>4,44,80,17,647</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
<b>a. Fixed Assets</b>			
(i) Tangible Assets	8	54,96,00,574	55,92,29,949
(ii) Intangible Assets	8	16,86,047	20,41,006
b. Non Current Investments	9	2,31,86,66,513	1,96,79,90,786
c. Long Term Loans and Advances	10	8,05,44,181	10,75,28,759
<b>Current Assets</b>			
Current Investments	11	1,60,16,36,145	1,48,83,56,157
Trade Receivables	12	22,23,55,117	14,48,72,184
Cash and Bank Balances	13	12,24,22,156	12,63,58,673
Short Term Loans and Advances	14	4,34,87,124	1,93,06,221
Other Current Assets	15	4,79,94,250	3,23,33,912
<b>Total</b>		<b>4,98,83,92,107</b>	<b>4,44,80,17,647</b>

Significant Accounting Policies

1

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

As per our attached Report of even date

For **Khimji Kunverji & Co.**Chartered Accountants  
FRN: 105146 W**[Gautam V Shah]**

Partner (F-117348)

Mumbai

Date : May 26, 2016

**[S B Mainak]**Chairman  
DIN No-02531129**[Chandresh M Shah]**Chief Financial Officer  
M.No. 105055

For and on behalf of the Board of Directors of

**Credit Analysis & Research Limited****[D R Dogra]**Managing Director & CEO  
DIN No-00226775**[Rajesh Mokashi]**Deputy Managing Director  
DIN No-02781355**[Navin K Jain]**Company Secretary  
ACS10703



## STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Income</b>			
Revenue From Operations	16	2,64,84,20,506	2,57,20,81,758
Other Income	17	8,60,29,874	43,56,04,777
<b>Total Revenue</b>		<b>2,73,44,50,380</b>	<b>3,00,76,86,535</b>
<b>Expenses</b>			
Employee Benefits Expense	18	69,65,82,664	70,67,28,429
Finance Cost	19	-	1,29,91,760
Depreciation	8	3,89,04,072	4,95,45,009
Other Expenses	20	23,07,69,525	24,46,60,702
<b>Total Expenses</b>		<b>96,62,56,261</b>	<b>1,01,39,25,900</b>
<b>Profit before Tax</b>		<b>1,76,81,94,119</b>	<b>1,99,37,60,635</b>
<b>Tax Expense</b>			
Current Tax		59,63,72,069	58,78,19,092
Deferred Tax Expense		(36,61,680)	(62,38,535)
Add /(Less) : Income tax adjustment for earlier years		(13,67,725)	88,79,268
<b>Total Tax Expense</b>		<b>59,13,42,664</b>	<b>59,04,59,825</b>
<b>Profit after Tax</b>		<b>1,17,68,51,455</b>	<b>1,40,33,00,810</b>
Earning Per Share (Face Value Rs.10/- each)	22		
- Basic		40.49	48.39
- Diluted		40.23	47.94

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 26, 2016

**[S B Mainak]**

Chairman  
DIN No-02531129

**[Chandresh M Shah]**

Chief Financial Officer  
M.No. 105055

For and on behalf of the Board of Directors of

**Credit Analysis & Research Limited**

**[D R Dogra]**

Managing Director & CEO  
DIN No-00226775

**[Rajesh Mokashi]**

Deputy Managing Director  
DIN No-02781355

**[Navin K Jain]**

Company Secretary  
ACS10703

## CASH FLOW STATEMENT

for the year ended March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2016</i>	<i>For the Year ended March 31, 2015</i>
<b>Cash flows from Operating Activities</b>		
Profit before tax	1,76,81,94,120	1,99,37,60,635
<b>Adjustments for</b>		
Income from investments	(8,24,07,607)	(43,31,88,877)
Interest on loan	-	1,29,91,760
Deferred Employee Stock Option	3,84,10,096	5,29,31,954
Unrealised Foreign Exchange (Gain) / Loss	(1,29,789)	(62,034)
Reversal of Impairment	(22,57,525)	-
Provision for Compensated Absence	74,58,581	1,43,59,648
Provision for Gratuity	60,13,676	36,38,266
Provision for Bad Debts	2,73,84,035	4,15,64,855
Loss on Sale of Fixed Assets	26,996	2,80,944
Depreciation	3,89,04,072	4,95,45,009
<b>Operating Profit before working capital changes</b>	<b>1,80,15,96,655</b>	<b>1,73,58,22,160</b>
<b>Movements in working capital</b>		
Decrease/(Increase) in Trade Receivables	(10,48,66,969)	(4,55,77,834)
Decrease/(Increase) in Deposits	8,19,693	18,575
Decrease/(Increase) in Advances and other Assets	(1,36,07,400)	7,27,525
Increase/(Decrease) in Other Current Liabilities	(2,25,78,611)	(4,96,40,641)
Increase/(Decrease) in Provisions and Other Liabilities	2,35,005	78,17,537
<b>Total Movements in working capital</b>	<b>(13,99,98,282)</b>	<b>(8,66,54,838)</b>
Taxes paid	(58,15,44,761)	(58,09,63,880)
<b>Net cash from operating activities</b>	<b>1,08,00,53,612</b>	<b>1,06,82,03,442</b>
<b>Cash flows from Investing Activities</b>		
Income from investments	8,20,91,080	45,33,01,613
Investment in company	(32,55,600)	(10,12,92,132)
Sale of fixed assets	3,90,299	6,15,939
Purchase of fixed assets	(2,70,79,508)	(10,73,82,136)
Purchase of investments	(1,52,53,47,352)	(6,25,91,89,428)
Sale of investments	1,06,46,47,238	7,58,10,99,137
<b>Net cash from investing activities</b>	<b>(40,85,53,843)</b>	<b>1,56,71,52,993</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issue of equity shares	24,80,17,958	-
Amounts borrowed	-	72,85,26,267
Amounts repaid	-	(72,85,26,267)
Interest on loan	-	(1,29,91,760)
Dividend and Dividend Tax paid	(91,03,72,021)	(2,74,81,29,347)
<b>Net cash from financing activities</b>	<b>(6,623,54,063)</b>	<b>(2,76,11,21,107)</b>

**CASH FLOW STATEMENT**

for the year ended March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2016</i>	<i>For the Year ended March 31, 2015</i>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>91,45,706</b>	<b>(12,57,64,672)</b>
<b>Cash And Cash Equivalents At The Beginning</b>	<b>10,84,13,163</b>	<b>23,41,77,835</b>
<b>Cash And Cash Equivalents At The End</b>	<b>11,75,58,869</b>	<b>10,84,13,163</b>
<b>Cash and cash equivalents comprise of: ( Refer note 13)</b>		
Cash on hand	76,113	59,017
<b>Other Bank balances</b>		
On Current Account	9,26,99,196	4,87,18,230
Deposit Accounts	2,47,83,560	5,96,35,916
<b>Total</b>	<b>11,75,58,869</b>	<b>10,84,13,163</b>

Significant Accounting Policies

1

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

As per our attached Report of even date

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

For and on behalf of the Board of Directors of

**Credit Analysis & Research Limited****[Gautam V Shah]**

Partner (F-117348)

**[S B Mainak]**Chairman  
DIN No-02531129**[D R Dogra]**Managing Director & CEO  
DIN No-00226775**[Rajesh Mokashi]**Deputy Managing Director  
DIN No-02781355

Mumbai

Date : May 26, 2016

**[Chandresh M Shah]**Chief Financial Officer  
M.No. 105055**[Navin K Jain]**Company Secretary  
ACS10703

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

## 1 Summary of Significant Accounting Policies

### a. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standard notified under section 133 of the Companies Act, 2013 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs to the extent applicable. The accounting policies have been consistently followed by the Company.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as upto twelve months for the purpose of current/non-current classification of assets and liabilities.

### b. Use of Estimates

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results may differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### c. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Initial rating fee is recognized on assignment of rating by the Rating Committee. The company recognizes a portion of surveillance fees as income, commensurate with the efforts involved, on the date the surveillance activity is completed. The balance surveillance fee is recorded equally over the twelve months surveillance period which commences one year after the date of assigning a rating.

Fee from other service accounted for on accrual basis.

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 sale of such reports.

### Other Income

Dividends on investments are recognised as income as and when the right to receive the same is established. Interest income is recognised on accrual basis. Profit or loss on redemption / sale of investment is recognized on accrual basis on trade date of transaction.

### d. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

### e. Depreciation

Depreciation on fixed assets is provided on Straight-Line method using the rates arrived at based on useful lives as provided in Schedule II of the Companies Act, 2013.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

**f. Operating Leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by lessor are classified as operating leases. Lease Rent made under operating leases are charged to the Statement of Profit & Loss on a straight line basis, over the lease term.

**g. Investments**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long Term Investments are carried at cost. Provision for diminution, if any, is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value. Any reduction in fair value and reversals of such reduction are included in Statement of Profit & Loss.

**h. Foreign Currency Translation**

Foreign currency transactions are recorded, on initial recognition in the reporting currency, at the prevailing rates as at the date of such transactions.

Foreign currency monetary items are reported using the closing rates. Non-monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences, arising on settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

**i. Retirement Benefits**

- i) The Company provides retirement benefits to its employees in the form of Provident Fund, Superannuation and Gratuity.
- ii) Contribution to the Provident Fund is made at the prescribed rates to the Provident Fund Trust / Commissioner. Contribution to Provident Fund is charged to Statement of Profit & Loss.
- iii) Superannuation benefit is contributed by the Company to Life Insurance Corporation of India (LIC) @ 10% of basic salary of the employees with respect to certain employees. Contribution to Superannuation Fund is charged to Statement of Profit & Loss.
- iv) The Company accounts for the liability of future gratuity benefits 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 (Defined Benefit Plan).
- v) 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.
- vi) Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income or expenses.

**j. Accounting for taxes**

- i) **Current Tax** : Current tax is provided on the taxable income in accordance with the provisions of the Income Tax Act, 1961.
- ii) **Deferred Tax** : The Deferred tax is accounted in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The Deferred tax for the year on timing differences are accounted at tax rates that have been enacted by the Balance Sheet date.

Deferred tax assets arising from the timing difference are recognized to the extent that there is reasonable certainty that sufficient future taxable income will be available.

In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit. At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

**k. Impairment of assets**

In accordance with AS 28 on 'Impairment of Assets' where there is an indication of impairment of the Company's assets, the carrying amounts of the company's assets are reviewed at the Balance Sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life, or a reasonable estimate thereof.

**l. Earnings per share ('EPS)**

The basic earnings per equity share are computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year.

Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average of equity and dilutive equity equivalent shares outstanding during the reporting year.

**m. Provisions and Contingent Liabilities**

The Company creates a provision where there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**n. Employee Stock Options**

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Options Scheme, Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI, whereby the fair value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option.

The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of the value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

**o. Cash and Cash Equivalents**

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash on hand and cash / fixed deposits at bank including short-term highly liquid investments with an original maturity of three months or less.

**p. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 2 - Share Capital

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount Rs.	Number	Amount Rs.
<b>Authorised</b>				
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
<b>Issued, subscribed and fully paid up</b>				
Equity Shares of Rs.10/- each	2,94,01,096	29,40,10,960	2,89,99,122	28,99,91,220
<b>Total issued, subscribed and fully paid up share capital</b>	<b>2,94,01,096</b>	<b>29,40,10,960</b>	<b>2,89,99,122</b>	<b>28,99,91,220</b>

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	2,89,99,122	28,99,91,220	2,89,99,122	28,99,91,220
Issued during the year - ESOP allotment	4,01,974	40,19,740	-	-
<b>Outstanding at the end of the year</b>	<b>2,94,01,096</b>	<b>29,40,10,960</b>	<b>2,89,99,122</b>	<b>28,99,91,220</b>

#### b. Terms / rights 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.

During the year ended March 31, 2016, interim dividends of Rs.18/- per share (Previous Year: Rs. 6/- per share) and special dividend of Rs. Nil per share (Previous Year: Rs. 65/-) was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs. 10/- per share (Previous Year: Rs. 8/- per share).

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

#### c. 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

Equity Shares	As at March 31, 2016 Number	As at March 31, 2015 Number
Equity Shares allotted as fully paid up bonus shares (issued in year ended March 31, 2013)	2,04,85,869	2,04,85,869
Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash	Nil	Nil
Equity Shares bought back by the company	Nil	Nil

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### d. Details of shareholders holding more than 5% shares in the Company.

Equity Shares of Rs. 10/- each fully paid	As at March 31, 2016		As at March 31, 2015	
	Number	% holding in the class	Number	% holding in the class
Life Insurance Corporation of India	28,82,136	9.80%	28,82,136	9.94%
Canara Bank	27,29,765	9.28%	28,70,018	9.90%
IDBI Bank Limited	14,92,097	5.07%	18,00,773	6.21%
Franklin Templeton Investment Funds	17,53,834	5.97%	13,89,165	4.79%

### e. The Company does not have a holding Company.

### f. 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: 30

### Note 3 - Reserves and Surplus

Amount Rs.

	As at March 31, 2016	As at March 31, 2015
<b>a. Capital Redemption Reserve</b>	<b>22,50,000</b>	<b>22,50,000</b>
<b>b. Securities Premium Account</b>		
Opening Balance as per last audited Financial Statement	26,56,44,194	26,56,44,194
Add :		
Premium on allotment of ESOP	24,39,98,218	-
Transferred from Deferred Employees Compensation	9,18,87,237	-
<b>Closing Balance</b>	<b>60,15,29,649</b>	<b>26,56,44,194</b>
<b>c. Employees Stock Options Outstanding</b>		
Opening Balance as per last audited Financial Statement	10,75,50,216	11,42,95,000
Add :		
Options granted during the year	-	-
Less :		
Options exercised during the year	(9,18,87,237)	-
Options lapsed during the year	(19,21,292)	(67,44,784)
<b>Closing Balance</b>	<b>1,37,41,687</b>	<b>10,75,50,216</b>
<b>Less :Deferred Employees Compensation</b>		
Opening Balance as per last audited Financial Statement	(4,03,31,388)	(10,00,08,126)
Add :		
Options granted during the year	-	-
Less :		
Options lapsed during the year	19,21,292	67,44,784
Amortization of deferred employees compensation	3,84,10,096	5,29,31,954
	-	(4,03,31,388)
<b>Closing Balance</b>	<b>1,37,41,687</b>	<b>6,72,18,828</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>d. General Reserve</b>		
Opening Balance as per last audited Financial Statement	1,49,77,59,516	1,35,48,31,844
Add :		
Transfer from surplus in the statement of profit and loss	15,00,00,000	15,00,00,000
Less:		
Transitional provision of schedule II impact (net of deferred tax amounting to Rs. Nil (Previous Year- Rs 36,41,670/-))	-	(70,72,328)
<b>Closing Balance</b>	<b>1,64,77,59,516</b>	<b>1,49,77,59,516</b>
<b>e. Surplus in the statement of profit and loss</b>		
Opening balance	1,48,13,62,562	2,91,61,37,157
Add :		
Net Profit for the year	1,17,68,51,455	1,40,33,00,811
Less :		
Proposed Dividend	29,40,10,960	23,19,92,976
Interim Dividend	52,43,96,040	2,05,89,37,662
Tax on Proposed Dividend	5,98,53,714	4,72,28,311
Tax on Interim Dividend	10,67,54,694	34,99,16,457
Transfer to General Reserve	15,00,00,000	15,00,00,000
<b>Closing Balance</b>	<b>1,52,31,98,609</b>	<b>1,48,13,62,562</b>
<b>Total Reserves &amp; Surplus</b>	<b>3,788,479,461</b>	<b>3,314,235,100</b>

### Note 4 - Deferred Tax Liabilities (Net)

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Deferred Tax Liability</b>		
Depreciation on Fixed Assets	6,64,11,794	6,20,58,422
<b>Less : Deferred Tax Assets</b>	<b>4,06,58,894</b>	<b>3,26,43,843</b>
Provision for Compensated Absence	2,54,47,151	2,28,65,736
Provision for Doubtful Debts	96,80,727	70,77,446
Expenses Disallowed	96,271	3,72,750
Rent Equalisation	12,41,979	10,68,707
Provision for Gratuity	33,40,537	12,59,204
Others	8,52,229	-
<b>Total</b>	<b>2,57,52,900</b>	<b>2,94,14,579</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 5 - Long Term Provisions

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2016</i>
<b>Provision for employee benefits</b>		
Provision for Compensated Absence	5,47,74,274	5,18,63,525
<b>Total</b>	<b>5,47,74,274</b>	<b>5,18,63,525</b>

### Note 6 - Short Term Provisions

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2016</i>
<b>Provision for employee benefits</b>		
Provision for Salary, Performance Related Pay & Commission	7,53,00,865	7,50,15,754
Provision for Compensated Absence	1,87,51,155	1,42,03,323
Provision for Gratuity	96,51,942	36,38,266
Provision for Leave Travel Allowance	1,88,86,832	1,89,36,938
<b>Others</b>		
-Proposed Dividend	29,40,10,960	23,19,92,976
-Provision for Dividend Distribution Tax	5,98,53,714	4,72,28,311
<b>Total</b>	<b>47,64,55,468</b>	<b>39,10,15,568</b>

### Note 7 - Other Current Liabilities

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2016</i>
Sundry Creditors for Expenses*	1,79,87,787	1,75,80,995
Unearned Revenue	22,88,65,436	25,89,82,086
Advance from customers	8,45,82,293	8,77,18,621
Statutory Dues	1,33,44,764	41,80,443
Unclaimed Dividend	33,88,764	22,85,510
Money Due for Refund for Share Application	7,50,000	7,50,000
<b>Total</b>	<b>34,89,19,044</b>	<b>37,14,97,655</b>

\*Refer note 28 for amounts due to micro, small and medium enterprises

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 8 Fixed Assets for the year ended March 31, 2016

Description of Assets	Gross Block				Impairment			Depreciation				Amount Rs.
	As at 1-Apr-15	Additions during the year	Deductions during the year	As at 31-Mar-16	As at 1-Apr-15	Reversal During the Year	As at 31-Mar-16	Upto 1-Apr-15	For the year	On deletions / disposals during the year	Upto 31-Mar-16	Net Block As at 31-Mar-16
<b>Tangible Assets</b>												
Furniture & Fixtures	4,36,91,758	47,48,396	-	4,84,40,154	-	-	-	2,58,52,351	48,98,745		3,07,51,096	1,76,89,058
Office Equipments	5,58,02,367	32,89,883	2,57,810	5,88,34,440	-	-	-	2,76,45,363	1,12,52,750	2,57,810	3,86,40,303	2,01,94,137
Computers	6,93,51,156	92,66,551	11,39,050	7,74,78,657	-	-	-	5,35,81,235	1,13,11,197	11,39,050	6,37,53,382	1,37,25,275
Vehicles	61,42,743	-	10,09,822	51,32,921	-	-	-	21,12,738	7,12,152	5,92,527	22,32,363	29,00,558
Electrical Installations	69,75,282	37,10,094	-	1,06,85,376	-	-	-	35,04,597	9,52,169		44,56,766	62,28,610
Buildings	53,40,64,831	55,78,725	-	53,96,43,556	22,57,525	(22,57,525)	-	4,18,44,379	89,36,241		5,07,80,620	48,88,62,936
<b>Total Tangible</b>	<b>71,60,28,137</b>	<b>2,65,93,649</b>	<b>24,06,682</b>	<b>74,02,15,104</b>	<b>22,57,525</b>	<b>(22,57,525)</b>	<b>-</b>	<b>15,45,40,663</b>	<b>3,80,63,254</b>	<b>19,89,387</b>	<b>19,06,14,530</b>	<b>54,96,00,574</b>
<b>Intangible Assets</b>												
Computer Software	3,52,95,242	4,85,859	-	3,57,81,101	-	-	-	3,32,54,236	8,40,818	-	3,40,95,054	16,86,047
<b>Total Intangible</b>	<b>3,52,95,242</b>	<b>4,85,859</b>	<b>-</b>	<b>3,57,81,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,32,54,236</b>	<b>8,40,818</b>	<b>-</b>	<b>3,40,95,054</b>	<b>16,86,047</b>
<b>Total</b>	<b>75,13,23,379</b>	<b>2,70,79,508</b>	<b>24,06,682</b>	<b>77,59,96,205</b>	<b>22,57,525</b>	<b>(22,57,525)</b>	<b>-</b>	<b>18,77,94,899</b>	<b>3,89,04,072</b>	<b>19,89,387</b>	<b>22,47,09,584</b>	<b>55,12,86,621</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 8 Fixed Assets for the year ended March 31, 2015

Description of Assets	Gross Block				Impairment			Depreciation				Amount Rs.		
	As at 1-Apr-14	Additions during the year	Deductions during the year	As at 31-Mar-15	As at 1-Apr-14	During the Year	As at 31-Mar-15	Upto 1-Apr-14	For the year	On deletions / disposals during the year	Charge to General Reserve on account of schedule II	Upto 31-Mar-15	Net Block	As at 31-Mar-15
<b>Tangible Assets</b>														
Furniture & Fixtures	4,24,66,138	16,00,408	3,74,788	4,36,91,758	-	-	-	1,77,56,862	79,00,633	1,14,164	3,09,020	2,58,52,351	1,78,39,407	
Office Equipments	5,45,06,699	14,92,911	1,97,243	5,58,02,367	-	-	-	76,20,122	1,50,40,507	82,602	50,67,337	2,76,45,364	2,81,57,003	
Computers	6,49,17,201	45,05,555	71,600	6,93,51,156	-	-	-	3,14,41,551	1,68,73,615	71,600	53,37,669	5,35,81,235	1,57,69,921	
Vehicles	71,52,565	-	10,09,822	61,42,743	-	-	-	16,73,657	9,27,284	4,88,204	-	21,12,737	40,30,006	
Electrical Installations	68,25,282	1,50,000	-	69,75,282	-	-	-	24,26,963	10,77,634	-	-	35,04,597	34,70,685	
Buildings	43,67,42,697	9,73,22,134	-	53,40,64,831	22,57,525	-	22,57,525	3,43,89,165	74,55,214	-	-	4,18,44,379	48,99,62,927	
<b>Total Tangible</b>	<b>61,26,10,582</b>	<b>10,50,71,008</b>	<b>16,53,453</b>	<b>71,60,28,137</b>	<b>22,57,525</b>	<b>-</b>	<b>22,57,525</b>	<b>9,53,08,320</b>	<b>4,92,74,887</b>	<b>7,56,570</b>	<b>1,07,14,026</b>	<b>15,45,40,663</b>	<b>55,92,29,949</b>	
<b>Intangible Assets</b>														
Computer Software	3,29,84,114	23,11,128	-	3,52,95,242	-	-	-	3,29,84,114	2,70,122	-	-	3,32,54,236	20,41,006	
<b>Total Intangible</b>	<b>3,29,84,114</b>	<b>23,11,128</b>	<b>-</b>	<b>3,52,95,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,29,84,114</b>	<b>2,70,122</b>	<b>-</b>	<b>-</b>	<b>3,32,54,236</b>	<b>20,41,006</b>	
<b>Total</b>	<b>64,55,94,696</b>	<b>10,73,82,136</b>	<b>16,53,453</b>	<b>75,13,23,379</b>	<b>22,57,525</b>	<b>-</b>	<b>22,57,525</b>	<b>12,82,92,434</b>	<b>4,95,45,009</b>	<b>7,56,570</b>	<b>1,07,14,026</b>	<b>18,77,94,899</b>	<b>56,12,70,955</b>	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
<b>Trade Investment</b>				
<b>UNQUOTED (valued at cost)</b>				
<b>1) Investment in Subsidiary</b>				
80,13,500 equity shares (PY 80,13,500) CARE Kalypto Risk Technologies and Advisory Services Private Limited.		10,57,83,654		10,57,83,654
107,932 ordinary shares of USD 1 each fully paid up (PY 57,957) in CARE Ratings (Africa) Private Limited		68,91,700		36,36,100
<b>2) Other Investments</b>				
53,000 Ordinary Shares of USD 10 each fully paid up (PY 53,000) ARC Ratings Holdings PTE Limited		3,06,80,300		3,06,80,300
20,00,000 ordinary shares of RM 1 each fully paid up (PY 20,00,000) in Malaysian Rating Corporation Berhard		10,73,88,087		10,73,88,087
<b>Other Investments (valued at cost, unless stated otherwise)</b>				
<b>A) QUOTED</b>				
<b>1) Investment in Bonds of PSUs</b>				
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022)	5,32,83,100		5,32,83,100	
300 Bonds FV. Rs.1,00,000/- (PY 300 Bonds) 6.32% Tax Free Bonds of Indian Railway Finance Corporation Ltd (Maturing on December 20, 2017)	3,00,00,000		3,00,00,000	
1,30,000 Bonds FV. Rs.1,000/- (PY 1,30,000) of 8.10% Tax Free Bonds of Housing and Urban Development Corporation Ltd (Maturing on March 05, 2022)	13,41,34,000		13,41,34,000	
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation Ltd (Maturing on March 05, 2027)	5,29,75,000		5,29,75,000	
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.12% Tax Free Bonds of Rural Electrification Corporation Ltd (Maturing on March 27, 2027)	5,36,59,400		5,36,59,400	
80,000 Bonds FV. Rs.1,000/- (PY 80,000) of 8.20% Tax Free Bonds of Power Finance Corporation Ltd (Maturing on February 01, 2027)	8,58,16,000		8,58,16,000	
		<b>40,98,67,500</b>		<b>40,98,67,500</b>
<b>2) Investment in Gold ETF</b>				
14,807 Units (PY 14,807 Units) UTI MF - Gold Exchange Traded Fund	3,75,38,398		3,75,38,398	
5,247 Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Open Ended	1,50,07,017		1,50,07,017	
52,790 Units (PY 52,790 Units) Kotak Mahindra Asset Management Company Ltd - Gold ETF - Open Ended Scheme	1,50,13,259		1,50,13,259	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
11,80,689 Units (PY 11,80,689 Units) SBI Gold Fund - Regular Plan - Growth	1,19,99,998		1,19,99,998	
6,881 Units (PY 6,881 ) Goldman Sachs MF - Gold Benchmark Exchange Traded Scheme - Units	2,00,23,229		2,00,23,229	
		<b>9,95,81,901</b>		<b>9,95,81,901</b>
<b>3) Investment in various Fixed Maturity Plans of Debt Mutual Funds</b>				
50,00,000 Units (PY NIL) of ICICI Prudential FMP Series 77 - 1144 Days Plan T Direct Plan Cumulative (Maturing on October 25, 2018)	5,00,00,000		-	
32,52,900 Units (PY NIL) of HDFC FMP 367D May 2014-2 - Direct - GR (Maturing on June 20, 2017)	3,25,29,000		-	
42,20,400 Units (PY NIL) of HDFC FMP 370D April 2014-2 - Direct - GR (Maturing on June 01, 2017)	4,22,04,000		-	
54,34,700 Units (PY NIL) of HDFC FMP 369D April 2014-2 - Direct - GR (Maturing on June 01, 2017)	5,43,47,000		-	
15,00,000 Units (PY NIL) of Birla Sun Life FTP Series LK - 1148 days - Gr. Direct (Maturing on June 29, 2017)	1,50,00,000		-	
32,60,310 Units (PY NIL) of Birla Sun Life Fixed Term Plan - Series LC - 1099 days - Gr. Direct (Maturing on April 19, 2017)	3,26,03,100		-	
60,32,567 Units (PY NIL) of Baroda Pioneer FMP - Series M - Plan B Growth (Maturing on April 10, 2017)	6,03,25,670		-	
50,00,000 Units (PY NIL) of Kotak FMP Series 133 Direct - Growth (Maturing on April 05, 2017)	5,00,00,000		-	
30,00,000 Units (PY NIL) of Principal PNB FMP Series B-17 - Direct Plan - Growth (Maturing on May 15, 2017)	3,00,00,000		-	
30,00,000 Units (PY NIL) of Principal PNB FMP Series B-10 - Direct Plan - Growth (Maturing on April 06, 2017)	3,00,00,000		-	
55,00,000 Units (PY NIL) of SBI Debt Fund Series - 16 Months - 1 - Direct Plan - Growth (Maturing on January 09, 2017)	5,50,00,000		-	
60,00,000 Units (PY NIL) of ICICI Prudential FMP Series 74 - 369 Days Plan F Direct Plan Cumulative (Maturing on May 22, 2017)	6,00,00,000		-	
40,00,000 Units (PY NIL) of HDFC FMP 478D Jan 2014-1 - Direct - GR (Maturing on June 01, 2017)	4,00,00,000		-	
33,42,186 Units (PY NIL) of Kotak FMP Series 156 - 370 Direct - Growth (Maturing on April 18, 2017)	3,34,21,860		-	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
32,50,000 Units (PY NIL) of Religare Invesco India FMP - Sr. 23 - Plan H (370 Days) - Direct Plan (Maturing on April 25, 2017)	3,25,00,000		-	
20,00,000 Units (PY NIL) of Tata FMP series 47 Scheme E - Direct Plan-Growth (Maturing on April 18, 2018)	2,00,00,000		-	
55,98,761 Units (PY NIL) of UTI Fixed Term Income Fund Series XIX - IV - Direct Growth Plan (Maturing on June 19, 2017)	5,59,87,612		-	
75,00,000 Units (PY NIL) of UTI Fixed Term Income Fund Series XIX - III - Direct Growth Plan (Maturing on June 19, 2017)	7,50,00,000		-	
50,00,000 Units (PY NIL) of UTI Fixed Term Income Fund Series XIX - I - Direct Growth Plan (Maturing on June 12, 2017)	5,00,00,000		-	
79,68,043 Units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - VII - Direct Growth Plan (Maturing on May 04, 2017)	7,96,80,431		-	
40,00,000 Units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - XIII - Direct Growth Plan (Maturing on May 31, 2017)	4,00,00,000		-	
NIL Units (PY 50,00,000) of Birla Sun Life Fixed Term Plan - Series IL 1098 Days - Gr. Direct (Maturing on October 11, 2016)	-		5,00,00,000	
NIL Units (PY 50,00,000) of Birla Sun Life Fixed term Plan - Series IO 1097 Days - Gr. Direct (Maturing on October 18, 2016)	-		5,00,00,000	
NIL Units (PY 50,00,000) of Birla Sun Life FTP Series JA - 1098 Days - Gr. Direct	-		5,00,00,000	
NIL Units (PY 38,12,795) of HDFC FMP 370D October 2013-5 - Direct - GR (Maturing on October 24, 2016)	-		3,81,27,950	
NIL Units (PY 20,00,000) of IDFC Fixed Term Plan Series 40 - Direct Plan - Growth (Maturing on October 05, 2016)	-		2,00,00,000	
NIL Units (PY 75,00,000) of Religare Invesco FMP - Sr. XXI - Plan E (370 Days) - Direct Plan - Growth (Maturing on November 29, 2016)	-		7,50,00,000	
NIL Units (PY 1,08,29,300) of SBI Debt Fund Series - 366 Days 44 - Direct Plan - Growth (Maturing on November 02, 2016)	-		10,82,93,000	
NIL Units (PY 54,26,150) of SBI Debt Fund Series - 366 Days 47 - Direct Plan - Growth (Maturing on November 30, 2016)	-		5,42,61,500	
22,50,000 Units (PY 22,50,000) of HDFC FMP 1100D April 2014-1 - Direct - GR (Maturing on April 25, 2017)	2,25,00,000		2,25,00,000	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
NIL Units (PY 60,00,000) of HDFC FMP 747D June 2014-1 - Direct - GR (Maturing on June 27, 2016)	-		6,00,00,000	
NIL Units (PY 57,50,000) of Kotak FMP Series 105 Direct - Growth (Maturing on August 03, 2016)	-		5,75,00,000	
NIL Units (PY 70,00,000) of LIC MF Fixed Maturity Plan series 85 - 730 days - Direct Growth Plan (Maturing on June 23, 2016)	-		7,00,00,000	
50,00,000 Units (PY 50,00,000) of SBI Debt Fund Series - A 36 - 36 Months - Direct - Growth (Maturing on July 17, 2017)	5,00,00,000		5,00,00,000	
NIL Units (PY 32,50,000) of DSP Blackrock FMP - Series 144 - 12M - Direct - Growth	-		3,25,00,000	
NIL Units (PY 32,50,000) of Kotak FMP Series 136 Direct - Growth	-		3,25,00,000	
NIL Units (PY 25,00,000) of Tata FMP Series 46 -Scheme-P-Direct Plan-Growth	-		2,50,00,000	
20,00,000 Units (PY 20,00,000) of Religare Invesco India FMP -Sr. 25 - Plan C (1148 Days) - Direct Plan (Maturing on April 24, 2018)	2,00,00,000		2,00,00,000	
NIL Units (PY 20,00,000) of Tata FMP Series 46 -Scheme S-Direct Plan-Growth	-		2,00,00,000	
35,04,924 Units (PY 35,04,924) of SBI Debt Fund Series A 9 - 366 Days - Direct - Growth (Maturing on April 03, 2018)	3,50,49,244		3,50,49,244	
15,00,000 Units (PY 15,00,000) of Religare Invesco India FMP -Sr. 25 - Plan F (1126 Days) -Direct Plan (Maturing on April 24, 2018)	1,50,00,000		1,50,00,000	
35,00,000 Units (PY 35,00,000) of ICICI Prudential FMP Series 76 - 1100 Days Plan T Direct Plan Cumulative (Maturing on March 27, 2018)	3,50,00,000		3,50,00,000	
		<b>1,11,61,47,917</b>		<b>92,07,31,694</b>
<b>B) UNQUOTED</b>				
<b>1) Investment in various Equity Mutual Fund Schemes</b>				
21,05,817 Units (PY 21,05,817) HDFC Gilt Fund Long Term - DP - Growth	6,00,00,000		6,00,00,000	
4,48,640 Units (PY 4,48,640) ICICI Prudential Income - Direct Plan - Growth	2,00,00,000		2,00,00,000	
17,843 Units (PY 17,843) Religare Invesco Gilt Fund-Long Term Duration- Direct Plan Growth	2,74,66,750		2,74,66,750	
29,14,753 Units (PY 29,14,753) BNP Paribas Medium Term Income Fund Direct Plan Growth	3,28,54,800		3,28,54,800	
4,54,286 Units (PY 2,22,544) DSP Blackrock Top 100 Equity Fund - Direct Plan - Growth	7,45,00,000		3,75,00,000	
17,45,762 Units (PY 8,73,000) Franklin India Bluechip Fund - Direct Plan	7,45,00,000		3,75,00,000	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	<i>As at March 31, 2016</i>		<i>As at March 31, 2015</i>	
2,10,893 Units (PY 1,03,853) HDFC Top 200 Fund - DP - Growth	7,45,00,000		3,75,00,000	
34,94,716 Units (PY 15,90,698) ICICI Prudential Top 100 Fund - Direct Plan - Dividend	7,85,03,904		3,75,00,000	
		<b>442,325,454</b>		<b>290,321,550</b>
<b>Grand Total</b>		<b>2,318,666,513</b>		<b>1,967,990,786</b>
Aggregate amount of quoted investments (Market value: CY Rs. 1,83,17,21,328/-, PY Rs. 1,53,32,58,788)		<b>1,625,597,318</b>		<b>1,430,181,095</b>
Aggregate amount of unquoted investments		<b>693,069,195</b>		<b>537,809,691</b>
Aggregate provision for diminution in value of investments		-		-

### Note 10 - Long Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Security Deposits	1,25,35,380	2,72,09,279
Loan to Employees	52,35,717	57,01,189
Accrued Interest on Loans to Employees	8,21,118	4,47,742
Capital Advances	4,31,375	95,506
Share Application Money	13,26,800	-
<b>Other Loans and Advances</b>		
Prepaid Expenses	4,53,112	8,74,782
Advance payment of taxes (Net of Provision for Tax Rs.3,62,54,17,435 (PY Rs. 3,03,36,83,374))	5,97,40,679	7,32,00,261
<b>Total</b>	<b>8,05,44,181</b>	<b>10,75,28,759</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
<b>A) QUOTED (valued at cost, unless stated otherwise)</b>				
<b>Current Maturity of Non-Current Investment</b>				
<b>1) Investment in various Fixed Maturity Plans of Debt Mutual Funds</b>				
NIL Units (PY 60,32,567) of Baroda Pioneer FMP - Series M - Plan B Growth (Maturing on April 10, 2017)	-		6,03,25,670	
NIL Units (PY 30,00,000) of Principal PNB FMP Series B-17 - Direct Plan - Growth (Maturing on May 15, 2017)	-		3,00,00,000	
NIL Units (PY 30,00,000) of Principal PNB FMP Series B-10 - Direct Plan - Growth (Maturing on April 06, 2017)	-		3,00,00,000	
NIL Units (PY 50,00,000) of Kotak FMP Series 133 Direct - Growth (Maturing on April 05, 2017)	-		5,00,00,000	
NIL Units (PY 55,00,000) of SBI Debt Fund Series - 16 Months - 1 - Direct Plan - Growth (Maturing on January 09, 2017)	-		5,50,00,000	
NIL Units (PY 12,50,000) of LIC Nomura MF Fixed Maturity Plan Series 76 -382 Days - Direct Growth Plan (Maturing on April 06, 2015)	-		1,25,00,000	
NIL Units (PY 55,98,761) of UTI Fixed Term Income Fund Series XIX - IV - Direct Growth Plan (Maturing on June 19, 2017)	-		5,59,87,612	
NIL Units (PY 75,00,000) of UTI Fixed Term Income Fund Series XIX - III - Direct Growth Plan (Maturing on June 19, 2017)	-		7,50,00,000	
NIL Units (PY 50,00,000) of UTI Fixed Term Income Fund Series XIX - I - Direct Growth Plan (Maturing on June 12, 2017)	-		5,00,00,000	
NIL Units (PY 79,68,043) of UTI Fixed Term Income Fund Series XVIII - VII - Direct Growth Plan (Maturing on May 04, 2017)	-		7,96,80,431	
NIL Units (PY 40,00,000) of UTI Fixed Term Income Fund Series XVIII - XIII - Direct Growth Plan (Maturing on May 31, 2017)	-		4,00,00,000	
NIL Units (PY 20,00,000) of Tata FMP series 47 Scheme E - Direct Plan-Growth (Maturing on April 18, 2018)	-		2,00,00,000	
NIL Units (PY 50,00,000) of Tata FMP series 47 Sch J-Direct Plan-Growth (Maturing on April 06, 2015)	-		5,00,00,000	
NIL Units (PY 32,50,000) of Religare Invesco India FMP - Sr. 23 - Plan H (370 Days) - Direct Plan (Maturing on April 25, 2017)	-		3,25,00,000	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
57,06,503.13 Units (PY 57,06,503.13) of Reliance Annual Interval Fund - Series I - Direct Plan Growth Option	7,50,00,000		7,50,00,000	
NIL Units (PY 33,42,186) of Kotak FMP Series 156 Direct - Growth (Maturing on April 18, 2017)	-		3,34,21,860	
58,41,848 Units (PY 58,41,848) of IDFC Fixed Term Plan Series 23 - Direct Plan - Growth (365 Days) (Maturing on July 27, 2016)	5,84,18,478		5,84,18,478	
NIL Units (PY 60,00,000) of ICICI Prudential FMP Series 74 - 369 Days Plan F Direct Plan Cumulative (Maturing on May 22, 2017)	-		6,00,00,000	
NIL Units (PY 35,00,000) of ICICI Prudential FMP Series 64-3 Years Plan I Cumulative (Maturing on September 06, 2015)	-		3,50,00,000	
NIL Units (PY 32,52,900) of HDFC FMP 367D May 2014-2 - Direct - GR (Maturing on June 20, 2017)	-		3,25,29,000	
NIL Units (PY 42,20,400) of HDFC FMP 370D April 2014-2 - Direct - GR (Maturing on June 01, 2017)	-		4,22,04,000	
NIL Units (PY 54,34,700) of HDFC FMP 369D April 2014-2 - Direct - GR (Maturing on June 01, 2017)	-		5,43,47,000	
NIL Units (PY 15,00,000) of Birla Sun Life FTP Series LK - 1148 days - Gr. Direct (Maturing on June 29, 2017)	-		1,50,00,000	
NIL Units (PY 32,60,310) of Birla Sun Life Fixed Term Plan - Series LC - 1099 days - Gr. Direct (Maturing on April 19, 2017)	-		3,26,03,100	
NIL Units (PY 27,50,000) of Birla Sun Life Fixed Term Plan - Series IU 1099 days - Gr. Direct (Maturing on November 07, 2016)	-		2,75,00,000	
NIL Units (PY 4,000,000) of HDFC FMP 478D Jan 2014-1 - Direct - GR (Maturing on June 01, 2017)	-		4,00,00,000	
50,00,000 Units (PY NIL) of Birla Sun Life Fixed Term Plan - Series IL 1098 Days - Gr. Direct (Maturing on October 11, 2016)	5,00,00,000		-	
50,00,000 Units (PY NIL) of Birla Sun Life Fixed term Plan - Series IO 1097 Days - Gr. Direct (Maturing on October 18, 2016)	5,00,00,000		-	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
50,00,000 Units (PY NIL) of Birla Sun Life FTP Series JA - 1098 Days - Gr. Direct (Maturing on November 28, 2016)	5,00,00,000		-	
38,12,795 Units (PY NIL) of HDFC FMP 370D October 2013-5 - Direct - GR (Maturing on October 24, 2016)	3,81,27,950		-	
20,00,000 Units (PY NIL) of IDFC Fixed Term Plan Series 40 - Direct Plan - Growth (Maturing on October 05, 2016)	2,00,00,000		-	
75,00,000 Units (PY NIL) of Religare Invesco FMP - Sr. XXI - Plan E (370 Days) - Direct Plan - Growth (Maturing on November 29, 2016)	7,50,00,000		-	
1,08,29,300 Units (PY NIL) of SBI Debt Fund Series - 366 Days 44 - Direct Plan - Growth (Maturing on November 02, 2016)	10,82,93,000		-	
54,26,150 Units (PY NIL) of SBI Debt Fund Series - 366 Days 47 - Direct Plan - Growth (Maturing on November 30, 2016)	5,42,61,500		-	
32,50,000 Units (PY NIL) of DSP Blackrock FMP - Series 144 - 12M - Direct - Growth (Maturing on February 20, 2017)	3,25,00,000		-	
32,50,000 Units (PY NIL) of Kotak FMP Series 136 Direct - Growth (Maturing on February 16, 2017)	3,25,00,000		-	
25,00,000 Units (PY NIL) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G (Maturing on March 01, 2017)	2,50,00,000		-	
20,00,000 Units (PY NIL) of Tata FMP Series 46 -Scheme S 366 Day -Direct - Growth (Maturing on March 12, 2017)	2,00,00,000		-	
20,00,000 Units (PY 20,00,000) of IDBI FMP- Series - IV- 542 Days (February 2014) - F Direct Plan - Growth (Maturing on March 21, 2017)	2,00,00,000		2,00,00,000	
27,50,000 Units (PY NIL) of Birla Sun Life Fixed Term Plan - Series IU (1099 days) - Gr. Direct (Maturing on November 07, 2016)	2,75,00,000		-	
60,00,000 Units (PY NIL) of HDFC FMP 747D June 2014-1 - Direct - GR (Maturing on June 27, 2016)	6,00,00,000		-	
57,50,000 Units (PY NIL) of Kotak FMP Series 105 Direct - Growth (Maturing on August 03, 2016)	5,75,00,000		-	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
70,00,000 Units (PY NIL) of LIC MF Fixed Maturity Plan series 85 - 730 days - Direct Growth Plan (Maturing on June 23, 2016)	7,00,00,000		-	
		<b>92,41,00,928</b>		<b>1,16,70,17,151</b>
<b>B) UNQUOTED (valued at cost, unless stated otherwise)</b>				
<b>1) Investment in various open-ended Debt Mutual Funds</b>				
1,03,847 Units (PY NIL) of HDFC Liquid Fund - DP - Dly Div Reinves	10,59,04,834		-	
13,33,215 Units (PY NIL) of Birla Sun Life Cash Plus - Daily Dividend - Direct Plan - Reinvestment	13,35,81,459		-	
1,66,314 Units (PY NIL) of LIC MF Liquid Fund - Direct - Dividend Plan	18,26,13,118		-	
60,596 Units (PY 1,23,412) of IDBI Liquid Fund - Direct Plan - Daily Dividend - Reinvestment	6,06,62,790		12,35,37,878	
19,46,397 Units (PY 4,50,757) of ICICI Prudential Liquid - Direct Plan - Daily Dividend	19,47,73,016		4,51,01,137	
NIL Units (PY 25,002) of L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan	-		2,53,02,769	
NIL Units (PY 15,413) of Principal Cash Management Fund -Direct Plan Daily - Reinvestment	-		1,54,18,924	
NIL Units (PY 49,808) of Tata Money Market Fund - Direct Plan - Daily Dividend	-		4,98,83,303	
NIL Units (PY 44,976) of IDFC Cash Fund - Daily Dividend - (Direct Plan)	-		4,56,08,727	
NIL Units (PY 16,473) of Religare Invesco Liquid Fund - Direct Plan Daily Dividend	-		1,64,86,268	
		<b>67,75,35,217</b>		<b>32,13,39,006</b>
<b>Total</b>		<b>1,60,16,36,145</b>		<b>1,48,83,56,157</b>
Aggregate amount of quoted investments (Market value: Rs. 1,12,48,15,196/-, PY Rs.1,28,45,31,883 )		<b>92,41,00,928</b>		<b>1,16,70,17,151</b>
Aggregate amount of unquoted investments		<b>67,75,35,217</b>		<b>32,13,39,006</b>
Aggregate provision for diminution in value of investments		-		-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 12 - Trade Receivables

(Unsecured)

Amount Rs.

	As at March 31, 2016	As at March 31, 2015
<b>Considered Good</b>		
Debts outstanding for a period exceeding six months	10,04,27,066	6,15,89,607
Other Debts	12,19,28,051	8,32,82,577
<b>Total Debtors (Considered Good)</b>	<b>22,23,55,117</b>	<b>14,48,72,184</b>
<b>Considered Doubtful</b>		
Debts o/s for a period exceeding six months	2,79,70,895	2,04,49,137
Other Debts	-	-
<b>Total Debtors (Considered Doubtful)</b>	<b>2,79,70,895</b>	<b>2,04,49,137</b>
<b>Total Debtors</b>	<b>25,03,26,012</b>	<b>16,53,21,321</b>
Less: Provision for doubtful debts	2,79,70,895	2,04,49,137
<b>Total</b>	<b>22,23,55,117</b>	<b>14,48,72,184</b>

### Note 13 - Cash and Bank Balances

Amount Rs.

	As at March 31, 2016	As at March 31, 2015
<b>Cash and cash equivalents</b>		
Cash on hand	76,113	59,017
<b>Balances with Banks</b>		
On Current Account	9,26,99,196	4,87,18,230
<b>Other Bank Balances</b>		
Deposit Accounts	2,47,83,560	5,96,35,916
Unclaimed Dividend Account	33,88,764	22,85,510
Money Due for Refund for Share Application	7,50,000	7,50,000
Lienmarked Deposit	7,24,523	1,49,10,000
<b>Total</b>	<b>12,24,22,156</b>	<b>12,63,58,673</b>
Deposit accounts with more than 12 months maturity	1,53,99,180	-

### Note 14 - Short Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	As at March 31, 2016	As at March 31, 2015
Loans to Employees.	43,70,292	26,24,208
Security Deposits	1,40,66,946	2,12,740
Prepaid Expense	1,18,60,748	1,05,84,040
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Service Tax, VAT, Other taxes and Statutory Deposits	1,22,65,669	51,97,925
Other Advances	9,23,469	6,87,308
<b>Total</b>	<b>4,34,87,124</b>	<b>1,93,06,221</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 15 - Other Current Assets

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Interest Accrued on Investments	1,02,65,237	1,03,49,183
Interest Accrued on Loans to Employees	1,24,837	97,740
Other Receivables*	3,76,04,176	2,18,86,988
<b>Total</b>	<b>4,79,94,250</b>	<b>3,23,33,911</b>
*Includes dues from subsidiary	3,51,38,743	1,89,64,360

### Note 16 - Revenue From Operations

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Sale of Services</b>		
Rating Income (including Surveillance)	2,62,17,58,488	2,54,92,10,361
Sale of Publications / Information Services	2,66,62,018	2,28,71,397
<b>Total</b>	<b>2,64,84,20,506</b>	<b>2,57,20,81,758</b>

### Note 17 - Other Income

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Interest on Investments</b>		
On long term investments	3,14,11,823	6,51,96,915
On short term investments	10,39,457	77,14,592
<b>Dividend on Investments</b>		
On long term investment	3,14,96,099	2,65,00,646
On short term investment	-	1,79,613
Other Interest Income	23,89,290	38,36,266
Profit on Redemption / Sale of investments (Net)	1,60,70,938	32,97,60,845
Exchange Gain / (Loss) (Net)	1,29,789	-
Reversal of Impairment	22,57,525	-
Miscellaneous Income	12,34,953	24,15,900
<b>Total</b>	<b>8,60,29,874</b>	<b>43,56,04,777</b>

### Note 18 - Employee Benefits Expense

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Salaries and Other Allowances	60,52,15,408	60,11,72,974
Contribution to Provident, Gratuity & Other Funds	3,60,23,342	3,70,59,300
Expense on Employee Stock Option Scheme (Refer Note 30)	3,84,10,096	5,29,31,954
Staff Welfare Expenses	1,69,33,818	1,55,64,201
<b>Total</b>	<b>69,65,82,664</b>	<b>70,67,28,429</b>

### Note 19 - Finance Cost

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Finance Cost	-	1,29,91,760
<b>Total</b>	<b>-</b>	<b>1,29,91,760</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 20 - Other Expenses

Amount Rs.

	<i>For the year ended March 31, 2016</i>		<i>For the year ended March 31, 2015</i>	
Electricity Charges		1,26,51,229		1,30,51,790
Postage & Telephone Charges		1,20,06,901		1,28,82,066
Rent		4,31,74,918		4,47,44,278
Travelling & Conveyance Expenses		1,95,17,073		2,24,19,597
Directors' Sitting Fees		22,12,500		20,80,000
Sitting Fees to Rating Committee		54,42,600		55,80,000
Insurance Premium		4,16,854		6,51,785
Legal & Professional Fee		4,20,66,150		4,18,95,712
Rates & Taxes		20,61,768		30,82,278
<b>Repairs &amp; Maintenance</b>				
Buildings		73,11,107		69,00,600
Others		1,64,42,273		1,49,22,112
Loss on Sale of Fixed Assets		26,996		2,80,944
Advertisement and Sponsorship Expenses		14,84,891		14,26,363
Security, Housekeeping & Office Supplies		1,29,36,471		1,39,84,785
Membership & Subscription		64,90,327		43,23,396
Provision for Bad and Doubtful Debts		2,73,84,036		4,15,64,855
<b>Auditors Remuneration</b>				
Audit Fees (including Limited Review Fees)	21,52,000		15,50,000	
Tax Audit Fees	1,00,500		1,00,000	
Other Services	3,35,600		2,05,000	
Reimbursement to Auditors	51,199	26,39,299	42,211	18,97,211
Corporate Social Responsibility (Refer Note 31)		50,00,000		50,00,000
Miscellaneous Expenses		1,15,04,132		79,72,930
<b>Total</b>		<b>23,07,69,525</b>		<b>24,46,60,702</b>

### 21. Contingent Liability & Capital Commitment

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Contingent Liability on account of Income Tax	7,96,25,408	6,84,108
Claims against the Company not acknowledged as debts	-	1,50,00,000
Bank Guarantees Issued	-	1,49,10,000

### 22. Earnings Per Share

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Net Profit After Tax (A)	1,17,68,51,455	1,40,33,00,810
Weighted average number for shares for computation of Basic Earnings Per Share (B)	2,90,68,314	2,89,99,122
<b>Basic Earnings Per Share (A/B)</b>	<b>40.49</b>	<b>48.39</b>
Weighted average number for shares for computation of Diluted Earnings Per Share (C)	2,92,53,351	2,92,74,736
<b>Diluted Earnings Per Share (A/C)</b>	<b>40.23</b>	<b>47.94</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 23. List of Related Parties- Disclosures in respect of related parties pursuant to AS-18

<i>Parties</i>	<i>Relationship</i>
<b>Related party where control exists</b>	
CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Wholly owned Subsidiary
CARE Ratings (Africa) Private Limited	Wholly owned Subsidiary
<b>Key Management Personnel</b>	
Shri D.R. Dogra	Managing Director & CEO
Shri Rajesh Mokashi	Deputy Managing Director

### Transaction with Related Party

<i>Name of the company</i>	<i>Relationship</i>	<i>Nature of Transactions</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Transactions during the year</b>				
CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Wholly Owned Subsidiary	Reimbursement of Expenses	1,64,24,671	1,48,36,537
		Additional Investment	-	1,63,85,002
		Bank Guarantee issued	-	1,40,00,000
		Sale of Fixed Assets	33,750	-
CARE Ratings (Africa) Private Limited	Wholly Owned Subsidiary	Additional Investment	32,55,600	36,36,100
		Share application money	13,26,800	-
		Reimbursement of Expenses	20,74,071	-
<b>Outstanding balances</b>				
CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Wholly Owned Subsidiary	Receivable	3,30,64,672	1,89,64,360
		Investments	10,57,83,654	10,57,83,654
		Bank Guarantee	-	1,40,00,000
CARE Ratings (Africa) Private Limited	Wholly Owned Subsidiary	Share application money	13,26,800	-
		Investments	68,91,700	36,36,100
		Reimbursement of Expenses Receivable	20,74,071	-
- 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.				

### Transaction with Key Management Personnel

<i>Key Management Personnel</i>	<i>Relationship</i>	<i>Nature of Transactions</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Mr. D. R. Dogra	Managing Director & CEO	Remuneration	3,93,63,093	1,86,13,289
Mr. Rajesh Mokashi	Deputy Managing Director	Remuneration	2,26,10,157	1,67,31,130
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 FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 24. Expenditure in foreign currency

Amount Rs.

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Foreign Travel	20,01,277	28,88,478
Administrative Expenses	97,568	3,24,043
Subscription	6,69,324	8,41,976
Licence fee	-	20,743
Membership Fees	-	6,37,395
Legal & Professional	-	35,91,187
<b>Total</b>	<b>27,68,169</b>	<b>83,03,822</b>

### 25. Earnings in foreign currency

Amount Rs.

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Information Services	51,691	33,777
Rating	37,927,289	92,15,894
Dividend	51,89,795	7,38,560
<b>Total</b>	<b>43,168,775</b>	<b>99,88,231</b>

### 26. Segment Reporting

The Company primarily operates in single business and geographical segment, hence, no additional disclosures required to be given as per AS 17 - Segmental Reporting other than those already given in the financial statements.

### 27. Disclosure as per Accounting Standard 15 (revised 2005)

#### a) Contribution to provident funds

Defined contribution plan

Contribution to defined contribution plan, recognised as expense as at March 31, 2016 are as under:

Employer's contribution to provident fund Rs. 21,401,368 (PY: Rs. 20,816,319)

#### b) Superannuation

Superannuation benefit 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 is charged to Statement of Profit & Loss.

#### c) Gratuity

The Company accounts for the liability of future gratuity benefits 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 (Defined Benefit Plan).

#### (d) Compensated Absences

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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

The following information is disclosed in terms of Accounting Standards issued by the Institute of Chartered Accountants of India:

	<i>Gratuity (Funded)</i>		<i>Compensated Leave absence (unfunded)</i>	
	<i>Apr 15 to Mar 16</i>	<i>Apr 14 to Mar 15</i>	<i>Apr 15 to Mar 16</i>	<i>Apr 14 to Mar 15</i>
<b>A) Assumptions</b>				
Discount Rate Previous	8.05%	9.31%	8.05%	9.31%
Rate of Return on Plan Assets Previous	8.05%	8.70%	NA	NA
Salary Escalation Previous	5.00%	5.00%	5.00%	5.00%
Attrition Rate Previous Year	2.00%	2.00%	2.00%	2.00%
Discount Rate Current	7.95%	8.05%	7.95%	8.05%
Rate of Return on Plan Assets Current	7.95%	8.05%	NA	NA
Salary Escalation Current	5.00%	5.00%	5.00%	5.00%
Attrition Rate Current Year	2.00%	2.00%	2.00%	2.00%
Method of Valuation	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method
<b>B) Table showing changes in Benefit Obligation</b>				
Liability at the beginning of the year	3,69,63,547	2,54,36,937	6,60,66,847	5,17,07,200
Interest Cost	29,75,566	23,68,179	53,18,381	48,13,940
Current Service Cost	93,82,322	59,99,990	45,31,260	50,74,605
Cost on account of Transitional Liability incurred during the period	-	-	-	-
Past Service Cost (Non Vested Benefit)	-	-	-	-
Past Service Cost (Vested Benefit)	-	-	-	-
Settlement	-	-	-	-
Liability Transfer in	-	-	-	-
(Liability Transfer out)	-	-	-	-
Benefit paid in the normal course	(30,40,322)	(36,80,930)	(3,56,89,483)	(3,18,16,177)
Actuarial (gain)/loss on obligations-Due to change in Financial Assumptions	14,00,774	77,75,596	17,76,250	72,46,833
Actuarial (gain)/loss on obligations- Due to Experience	(41,36,071)	(9,36,225)	3,15,22,174	2,90,40,446
Liability at the end of the year	4,35,45,816	3,69,63,547	7,35,25,429	6,60,66,847
<b>C) Table showing fair value of plan assets</b>				
Fair value of plan assets at beginning of year	3,33,25,281	2,91,02,010	-	-
Expected Return on Plan Assets	26,82,685	25,31,875	-	-
Contributions	13,85,686	55,00,000	-	-
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Benefit paid in the normal course	(30,40,322)	-	-	-
Actuarial (gain)/loss on obligations -Due to experience	4,59,456	1,27,674	-	-
Fair value of Plan Assets at the end of year	3,38,93,874	3,70,06,211	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 27. Disclosure as per Accounting Standard 15 (revised 2005)

	<i>Gratuity (Funded)</i>		<i>Compensated Leave absence (unfunded)</i>	
	<i>Apr 15 to Mar 16</i>	<i>Apr 14 to Mar 15</i>	<i>Apr 15 to Mar 16</i>	<i>Apr 14 to Mar 15</i>
<b>D) Recognition of Actuarial Gains / Losses</b>				
Actuarial (gain)/loss on obligations for the period.	(27,35,297)	68,39,371	3,32,98,424	3,62,87,279
Actuarial (gain)/loss on asset for the period.	4,59,456	1,27,674	-	-
Actuarial (gain)/loss recognized in statement of Profit & Loss	(22,75,841)	69,67,045	3,32,98,424	3,62,87,279
<b>E) Recognition of Transitional Liability</b>				
Transition Liability at start	-	-	-	-
Transition Liability Recognized during the year	-	-	-	-
Transition Liability at end	-	-	-	-
<b>F ) Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	26,82,685	25,31,875	-	-
Actuarial (gain) / loss on Plan Assets	4,59,456	1,27,674	-	-
Actual Return on Plan Assets	22,23,229	24,04,201	-	-
<b>G ) Amount recognized in the Balance Sheet</b>				
Fair Value of Plan Assets at the end of the year	3,38,93,874	3,33,25,281	-	-
Present Value of Benefit Obligation at the end of the year	(4,35,45,816)	(3,69,63,547)	(7,35,25,429)	(6,60,66,847)
Difference	-	-	-	-
Funded Status Surplus/(Deficit)	(96,51,942)	(36,38,266)	(7,35,25,429)	(6,60,66,847)
Unrecognized Past Service Cost	-	-	-	-
Unrecognized Transition Liability	-	-	-	-
Net (Liability) / Asset recognized in the Balance Sheet	(96,51,942)	(36,38,266)	(7,35,25,429)	(6,60,66,847)
Current Portion	(96,51,942)	(36,38,266)	(18,751,155)	(14,203,323)
Non-current portion	-	-	(54,774,274)	(51,863,525)
<b>H ) Amount recognized in the Income Statement</b>				
Current Service cost	93,82,322	59,99,990	45,31,260	50,74,605
Interest Cost	2,92,881	23,68,179	53,18,381	48,13,940
Expected return on Plan Assets		(25,31,875)	-	-
Actuarial (gain)/loss	(22,75,841)	69,67,045	3,32,98,424	3,62,87,279
Past Service Cost (Non Vested Benefit) Recognized	-	-	-	-
Past Service Cost (Vested Benefit) Recognized	-	-	-	-
Recognition of Transition Liability	-	-	-	-
Expense Recognized in statement of Profit & Loss	73,99,362	1,28,03,339	4,31,48,065	4,61,75,824
<b>I ) Balance Sheet Reconciliation</b>				
Opening Net Liability	36,38,266	(36,65,073)	6,60,66,847	5,17,07,200
Expense Recognized in statement of Profit & Loss	73,99,362	1,28,03,339	4,31,48,065	4,61,75,824
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 27. Disclosure as per Accounting Standard 15 (revised 2005)

	Gratuity (Funded)		Compensated Leave absence (unfunded)	
	Apr 15 to Mar 16	Apr 14 to Mar 15	Apr 15 to Mar 16	Apr 14 to Mar 15
Employer's Contribution	(13,85,686)	(55,00,000)	-	-
Benefits paid in the normal course	-	-	(3,56,89,483)	(3,18,16,177)
Benefits paid on account of Settlements	-	-	-	-
Net (Liability) / Asset recognized in the Balance Sheet	96,51,942	36,38,266	7,35,25,429	6,60,66,847

#### Gratuity (Funded)

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Defined Benefit Obligation	4,35,45,816	36,963,547	2,54,36,937	2,57,49,315	1,27,47,012
Fair Value of Plan Assets	3,38,93,874	33,325,281	2,91,02,010	2,36,20,857	1,68,76,936
Surplus or (Deficit) in plan	(96,51,942)	(36,38,266)	36,65,073	(21,28,458)	41,29,924

#### Experience adjustments arising on

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Plan Liabilities	(41,36,071)	(9,36,225)	(43,71,958)	16,11,912	(51,25,315)
Plan Assets	4,59,456	1,27,674	2,78,081	5,34,075	7,19,655

#### Compensated Leave absences

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Defined Benefit Obligation	7,35,25,429	66,066,847	5,17,07,200	4,70,17,398	3,67,09,471
Fair Value of Plan Assets	-	-	-	-	-
Surplus or (Deficit) in plan	(7,35,25,429)	(6,60,66,847)	(5,17,07,200)	(4,70,17,398)	(3,67,09,471)

#### Experience adjustments arising on

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Plan Liabilities	3,15,22,174	2,90,40,446	2,88,71,284	1,54,78,815	1,72,70,112
Plan Assets	-	-	-	-	-

### 28. 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.

On the basis of information and records available with the management, there are no outstanding dues to the Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as set out below:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
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 due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 29. Operating Lease

The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for the lease and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.

The lease payments are recognized in the Statement of Profit and Loss under rent in Note 20 - Other Expenses.

The future minimum lease payments under non-cancelable operating lease is given below:

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Rent recognized in statement of Profit & Loss	4,31,74,918	4,47,44,278
Not later than one year	71,94,679	3,69,93,036
Later than one year and not later than five years	-	89,72,074
More than five years	-	-

### 30. Disclosure under Employee Stock Options Scheme

(I) Under the Employee Stock Options Scheme - 2013 (ESOS -2013), the Company has granted options to the eligible employees of the Company. The details are as under:

#### (A) Employees Stock Option Scheme:

<i>Particulars</i>	<i>ESOS 2013</i>
Nos. of Options	5,00,000
Method of Accounting	Fair Value method
Vesting Plan	2 years from the date of grant i.e, January 01, 2016
Exercise Period	2 Years after the vesting period i.e, January 01,2018
Grant Date	January 01, 2014
Grant / Exercise Price (Per Share)	Rs . 617 per share
Market Price on the date of Grant of Option (Per Share)	Rs. 728.40 per share

#### (B) Movement of Options granted:

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Options Outstanding at beginning of the year	5,00,000	5,00,000
Granted during the year	-	-
Exercised during the year	4,01,974	-
Lapsed during the year	8,404	29,507
Options Outstanding at the end of the year	60,115	4,70,493
Options unvested at the end of year	-	-
Options exercisable at the end of the year	60,115	4,70,493
Weighted Average exercise price	Rs 617/- per share	Rs 617/- per share

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs. 38,410,096 (Previous year Rs. 52,931,954) has been charged to the current year Statement of Profit and Loss.

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 1.76 years (Previous Year: 2.76 year)

The Company has granted 5,00,000 options on January 01, 2014, to the eligible employees as the Company's Employees Stock Option Scheme (ESOS) 2013. During the quarter, eligible employees have exercised 4,01,974 options and accordingly the Company has allotted 4,01,974 equity shares of Rs. 10 each at a premium of Rs. 607/- per share.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### (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 Merton Formula . The key assumptions and the Fair Value are as under:

<i>Particulars</i>	<i>ESOS 2013</i>
Risk Free Interest Rate (%)	8.74%
Option Life (Years)	3 years
Expected Volatility	31.34%
Expected Dividend Yield (%)	3.29%
Weighted Average Fair Value per Option	228.59

### 31. Note on Corporate Social Expenditure

Amount ( Rs.)

Gross Amount required to be spent by the Company during the year amount spent during the year on

3,70,45,241

<b>Amount spent during the year on</b>	<b>In cash (Rs.)</b>	<b>Yet to be paid in cash (Rs.)</b>	<b>Total (Rs.)</b>
Construction/acquisition of any assets	-	-	-
<b>On purposes other than above :</b>			
Contribution to Prime Ministers National Relief fund	25,00,000	-	25,00,000
Contribution to Swacch Bharat Kosh	25,00,000	-	25,00,000
<b>Total</b>	<b>50,00,000</b>	<b>-</b>	<b>50,00,000</b>

### 32. Particulars of unhedged foreign currency exposures '(All amounts in Rupees, unless otherwise stated)

<i>Description</i>	<i>For the year ended March 31, 2016</i>			<i>For the year ended March 31, 2015</i>		
	<i>Currency</i>	<i>Amount in FC</i>	<i>Amount in INR</i>	<i>Currency</i>	<i>Amount in FC</i>	<i>Amount in INR</i>
Deposits	MVR	-	-	MVR	20,000	80,940
Other receivable	USD	15,731	11,34,858	USD	22,717	14,12,698
Debtors	USD	11	756			
	MRF	80,744	173,003			
	GBP	107,758	10,305,000			
Share Application Money	USD	20,000	13,26,800			
<b>Investments</b>						
Malaysian Rating Corporation Berhad	RM	50,68,000	10,73,88,087	RM	56,08,000	10,73,88,087
ARC Ratings Holdings Pte Limited	USD	5,30,000	3,06,80,300	USD	5,30,000	3,06,80,300
CARE Ratings (Africa) Pvt Limited	USD	1,08,000	68,91,700	USD	58,000	36,36,100
<b>Bank Balances</b>						
SBI Maldives - MUR account	MVR	3,241	14,047	MVR	35,762	1,44,728
SBI Maldives - USD account	USD	933	61,659	USD	4,666	2,91,754

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 33. Other Significant Notes

#### (i) Foreseeable Losses

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.

#### (ii) Note on pending litigations

The Company's pending litigations comprise of claims by or against the Company primarily by the suppliers and proceedings pending with tax and other government authorities. The Company has reviewed its pending litigations and proceedings and has adequately provided for where Provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Company has made adequate provision in the financial statements and appropriate disclosure for contingent liabilities is given in Note 21.

(iii) The previous year's figures have been reclassified / regrouped to confirm to this year's classification.

As per our attached Report of even date

For **Khimji Kunverji & Co.**

Chartered Accountants  
FRN: 105146 W

For and on behalf of the Board of Directors of  
**Credit Analysis & Research Limited**

**[Gautam V Shah]**

Partner (F-117348)

**[S B Mainak]**

Chairman  
DIN No-02531129

**[D R Dogra]**

Managing Director & CEO  
DIN No-00226775

**[Rajesh Mokashi]**

Deputy Managing Director  
DIN No-02781355

Mumbai  
Date : May 26, 2016

**[Chandresh M Shah]**

Chief Financial Officer  
M.No. 105055

**[Navin K Jain]**

Company Secretary  
ACS10703

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Credit Analysis and Research Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Credit Analysis & 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, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 respective entities 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These respective financial statements have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated 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 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 Financial Statements. 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 Financial Statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated 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 of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matters

The accompanying Consolidated Financial Statements include total assets of Rs.15.91 lac and the total revenue of Rs.1.77 lac of CARE Ratings (Africa) Private Limited, a Subsidiary Company incorporated in Mauritius. The Company has Consolidated Financial Statements of this subsidiary based on Audited financial statements for the year ended March 31, 2016 by the Other Auditor as per the requirement of International Financial Reporting Standards and have been converted as per the requirements of Indian Generally Accepted Accounting Principles by the management of the Holding Company. Our opinion on the Consolidated Financial Statements, in so far it relates to the amounts and disclosures included in respect of these subsidiary is based solely on the report of the other auditors and management certified financial statements and adjustments thereto.

## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, 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 Financial Statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the 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, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary company incorporated in India, none of the

directors of the Group's companies is disqualified as on March 31, 2016 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 subsidiary incorporated in India;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 29(ii) to the Consolidated Financial Statements;
  - ii. Provision has been made in the Consolidated 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(i) to the Consolidated 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

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

**Gautam V Shah**  
Partner (F-117348)

Mumbai  
Date: May 26, 2016



## INDEPENDENT AUDITOR'S REPORT

Company and its subsidiary incorporated in India.

### ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 (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 Financial Statements of the Company as of and for the year ended March 31, 2016, we report on internal financial controls over financial reporting of Credit Analysis & Research Limited (hereinafter referred to as "the Holding Company") and its subsidiary incorporated in India (the Holding Company and its subsidiary together referred to as "the Group"), based on the auditor's report of respective entities.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary 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 (the "Guidance Note") 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 Companies Act, 2013 ("the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of Group. 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 is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of Group.

#### 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.

#### 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

## INDEPENDENT AUDITOR'S REPORT

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, the Holding Company and its subsidiary 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, 2016, 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.

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

**Gautam V shah**  
Partner (F-117348)

Mumbai  
Date: May 26, 2016

**CONSOLIDATED BALANCE SHEET**

as at March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	29,40,10,960	28,99,91,220
Reserves and Surplus	3	3,79,25,72,337	3,29,94,45,854
<b>Non Current Liabilities</b>			
Deferred Tax Liability (Net)	4	2,57,52,900	2,94,14,579
Long Term Provisions	5	5,65,19,317	5,30,48,162
<b>Current Liabilities</b>			
Trade payables-total outstanding dues of:			
Micro enterprises and small enterprises		-	-
Creditors other than micro enterprises and small enterprises		1,00,35,000	-
Short Term Provisions	6	47,88,78,436	39,26,59,432
Other Current Liabilities	7	36,85,76,343	39,03,68,394
<b>Total</b>		<b>5,02,63,45,293</b>	<b>4,45,49,27,641</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
a. Fixed Assets			
(i) Tangible Assets	8	55,34,92,791	56,45,27,732
(ii) Intangible Assets	8	24,82,354	27,09,117
Goodwill on consolidation		7,95,03,151	7,95,03,151
b. Non Current Investments	9	2,20,59,91,159	1,85,85,71,032
c. Long Term Loans and Advances	10	9,44,91,820	11,39,27,525
<b>Current Assets</b>			
Deferred Tax Asset	4	34,24,476	-
Current Investments	11	1,60,16,36,145	1,48,83,56,157
Trade Receivables	12	23,61,15,321	15,74,03,413
Cash and Bank Balances	13	12,77,15,520	14,80,80,180
Short Term Loans and Advances	14	4,84,07,977	2,34,86,324
Other Current Assets	15	7,30,84,579	1,83,63,010
<b>Total</b>		<b>5,02,63,45,293</b>	<b>4,45,49,27,641</b>

Significant Accounting Policies

1

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

As per our attached Report of even date

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

For and on behalf of the Board of Directors of

**Credit Analysis & Research Limited****[Gautam V Shah]**

Partner (F-117348)

**[S B Mainak]**Chairman  
DIN No-02531129**[D R Dogra]**Managing Director & CEO  
DIN No-00226775**[Rajesh Mokashi]**Deputy Managing Director  
DIN No-02781355**[Chandresh M Shah]**Chief Financial Officer  
M.No. 105055**[Navin K Jain]**Company Secretary  
ACS10703Mumbai  
Date : May 26, 2016

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Income</b>			
Revenue From Operations	16	2,79,36,67,637	2,60,54,98,270
Other Income	17	8,68,99,402	43,69,24,349
<b>Total Revenue</b>		<b>2,88,05,67,039</b>	<b>3,04,24,22,619</b>
<b>Expenditure</b>			
Employee Benefits Expense	18	75,63,24,987	74,71,00,345
Finance Cost	19	-	1,29,91,760
Depreciation	8	4,17,37,051	5,09,13,260
Other expenses	20	29,85,77,803	26,27,59,959
<b>Total Expenses</b>		<b>1,09,66,39,841</b>	<b>1,07,37,65,324</b>
<b>Profit before Tax</b>		<b>1,78,39,27,198</b>	<b>1,96,86,57,295</b>
Current Tax		60,15,90,769	58,78,19,092
Deferred Tax Expense		(70,86,156)	(62,38,535)
MAT Credit Utilised		(52,18,700)	-
Add/(Less) : Income tax adjustment for earlier years		(13,67,725)	88,79,268
<b>Total Tax Expense</b>		<b>58,79,18,188</b>	<b>59,04,59,825</b>
<b>Profit after Tax</b>		<b>1,19,60,09,010</b>	<b>1,37,81,97,470</b>
<b>Profit after Tax attributable to</b>			
Owners of parent		1,19,60,09,010	1,37,81,97,470
Minority Interest		-	-
<b>Profit after Tax</b>		<b>1,19,60,09,010</b>	<b>1,37,81,97,470</b>
Earning Per Share (Face Value Rs.10/- each)	23		
- Basic		41.14	47.53
- Diluted		40.88	47.08

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 26, 2016

**[S B Mainak]**  
Chairman  
DIN No-02531129

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

For and on behalf of the Board of Directors of

**Credit Analysis & Research Limited**

**[D R Dogra]**  
Managing Director & CEO  
DIN No-00226775

**[Rajesh Mokashi]**  
Deputy Managing Director  
DIN No-02781355

**[Navin K Jain]**  
Company Secretary  
ACS10703

## CASH FLOW STATEMENT

for the year ended March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2016</i>	<i>For the Year ended March 31, 2015</i>
<b>Cash flows from Operating Activities</b>		
Profit before tax (after Minority interest)	1,78,39,27,198	1,96,86,57,295
<b>Adjustments for</b>		
Interest on investments	(8,02,00,730)	(43,41,15,032)
Reversal of Impairment	(22,57,525)	1,29,91,760
Deferred Employee Stock Option	3,84,10,096	5,29,31,954
Unrealised Foreign Exchange (Gain) / Loss	(8,10,354)	(1,74,482)
Provision for Compensated Absence	79,31,707	1,43,59,648
Provision for Gratuity	66,18,060	45,13,302
Provision for Bad Debts	2,76,75,723	4,15,64,855
Profit on sale of fixed assets	-	(1,93,778)
Loss on Sale of Fixed Assets	26,996	2,80,944
Depreciation	4,17,37,051	5,09,13,259
<b>Operating Profit before working capital changes</b>	<b>1,82,30,58,222</b>	<b>1,71,17,29,725</b>
<b>Movements in working capital</b>		
Decrease/(Increase) in Trade Receivables	(10,63,87,631)	(5,10,15,635)
Decrease/(Increase) in Deposits	5,13,288	18,575
Decrease/(Increase) in Advances and Other Current Assets	(5,17,37,566)	1,27,84,469
Increase/(Decrease) in Unearned Revenue	(3,59,69,505)	87,68,912
Increase/(Decrease) in Trade Payable	1,00,35,000	-
Increase/(Decrease) in Other Liabilities	1,46,74,459	(2,60,13,913)
<b>Cash generated from Operations</b>	<b>(16,88,71,955)</b>	<b>(5,54,57,592)</b>
Taxes paid	(59,04,20,434)	(58,37,84,122)
<b>Net cash from operations</b>	<b>1,06,37,65,833</b>	<b>1,07,24,88,011</b>
<b>Cash flows from Investing Activities</b>		
Income from investments	8,02,90,433	45,39,70,413
Investment in a company	-	(9,76,56,032)
Sale of fixed assets	3,90,299	6,15,941
Purchase of fixed assets	(2,86,35,117)	(11,37,03,246)
Purchase of investments	(1,53,13,47,352)	(6,25,91,89,426)
Sale of investments	1,07,06,94,392	7,58,10,99,137
<b>Net cash from investing</b>	<b>(40,86,07,345)</b>	<b>1,56,51,36,787</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issue of equity shares	24,80,17,958	-
Amounts borrowed	-	72,85,26,267

**CASH FLOW STATEMENT**

for the year ended March 31, 2016

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2016</i>	<i>For the Year ended March 31, 2015</i>
Amounts repaid	-	(72,85,26,267)
Interest on loan	-	(1,29,91,760)
Dividend and Dividend Tax paid	(91,03,72,021)	(6,00,53,941)
Interim Dividend and Dividend Tax paid	-	(2,68,80,75,406)
<b>Net cash from financing</b>	<b>(66,23,54,063)</b>	<b>(2,76,11,21,107)</b>
Net increase / (decrease) in cash and cash equivalents	(71,95,575)	(12,34,96,309)
Effects of unrealised exchange gain on cash & cash equivalents	86,862	(81,593)
<b>Cash And Cash Equivalents At The Beginning</b>	<b>13,01,34,670</b>	<b>25,37,12,572</b>
<b>Cash And Cash Equivalents At The End</b>	<b>12,28,52,233</b>	<b>13,01,34,670</b>
<b>Cash and cash equivalents comprise of: (Refer note 13)</b>		
Cash on hand	2,10,421	1,33,583
<b>Other Bank balances</b>		
On Current Account	9,39,92,662	6,54,88,607
Deposit Accounts	2,86,49,150	6,45,12,480
<b>Total</b>	<b>12,28,52,233</b>	<b>13,01,34,670</b>

Significant Accounting Policies

1

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

As per our attached Report of even date

For **Khimji Kunverji & Co.**Chartered Accountants  
FRN: 105146 WFor and on behalf of the Board of Directors of  
**Credit Analysis & Research Limited****[Gautam V Shah]**

Partner (F-117348)

**[S B Mainak]**Chairman  
DIN No-02531129**[D R Dogra]**Managing Director & CEO  
DIN No-00226775**[Rajesh Mokashi]**Deputy Managing Director  
DIN No-02781355**[Chandresh M Shah]**Chief Financial Officer  
M.No. 105055**[Navin K Jain]**Company Secretary  
ACS10703

Mumbai

Date : May 26, 2016



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

## 1 Summary of Significant Accounting Policies

### a. Principles of Consolidation

The consolidated financial statement relate to Credit Analysis and Research Limited ("CARE" or "the Company") and its subsidiary companies. The consolidated financial statements have been prepared on the following basis.

- i) The financial statements of the Company and its subsidiary companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction in accordance with Accounting Standard AS 21 "Consolidated Financial Statements"
- ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- iv) The list of subsidiary company is as under:

Name of the Company: **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: **100%**

### b. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standard notified under section 133 of the Companies Act, 2013 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs to the extent applicable. The accounting policies have been consistently followed by the Group.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as upto twelve months for the purpose of current/non-current classification of assets and liabilities.

### c. Use of Estimates

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results may differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### d. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can reliably measured.

Initial rating fee is recognized as income on assignment of rating by the Rating Committee. The company recognizes a portion of surveillance fees as income, commensurate with the efforts involved, on the date the surveillance activity is completed. The balance surveillance fee is recorded equally over the twelve months surveillance period which commences one year after the date of assigning a 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Income on subscription to information services primarily pertains to sale of research reports and the income thereon is recognized on sale of such reports.

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 services is accounted for on accrual basis.

'Unbilled revenue' with respect to CARE KRTPL represents revenues in excess of amounts billed. These amounts are billed after the milestones specified are achieved as per the terms of the contract. Warranty costs on sale of services are accrued based on management's estimates and historical data at the time related revenue are recorded.

Revenue from maintenance contracts is recognized over the term of maintenance.

"Dividends on investments are recognised as income as and when the right to receive the same is established. Interest income is recognised on accrual basis. Profit or loss on redemption / sale of investment is recognized on accrual basis on trade date of transaction."

e. **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost for internally developed software assets in CARE KRTPL are accumulated and capitalized when ready for intended use.

f. **Depreciation**

Depreciation on fixed assets is provided on Straight-Line method using the rates arrived at based on useful lives as provided in Schedule II of the Companies Act, 2013.

Depreciation on fixed assets in CARE KRTPL 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.

g. **Operating Leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit & Loss, on a straight line basis, over the lease term.

h. **Investments**

Investments, which are readily realisable and intended to be held for not more than 12 months from the date on which such investment are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost. Provision for diminution, if any, is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value. Any reduction in fair value and reversals of such reduction are included in Statement of Profit & Loss.

i. **Foreign Currency Translation**

Foreign currency transactions are recorded, on initial recognition in the reporting currency, at the prevailing rates as at the date of such transactions.

Foreign currency monetary items are reported using the closing rates. Non-monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences, arising on settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### j. Retirement Benefits

- i) The Group provides retirement benefits to its employees in the form of Provident fund, Superannuation and Gratuity.
- ii) Contribution to the Provident Fund is made at the prescribed rates to the Provident Fund Trust / Commissioner. Contribution to Provident Fund is charged to Statement of Profit & Loss.
- iii) Superannuation benefit is contributed by CARE to Life Insurance Corporation of India (LIC) @ 10% of basic salary of the employees with respect to certain employees. Contribution to Superannuation Fund is charged to Statement of Profit & Loss.
- iv) The Group accounts for the liability of future gratuity benefits based on actuarial valuation. CARE has created a trust for future payment of gratuities which is funded through gratuity-cum-life insurance scheme of LIC of India (Defined Benefit Plan).
- v) Actuarial gain and losses are recognized immediately in the statement of Profit and Loss as income or expenses.
- vi) All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits are recognised as expenses at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.
- vii) Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the project credit unit method except for Short Term compensated absences are provided based on estimates

### k. Accounting for taxes

- i) Current Tax : Current tax is provided on the taxable income in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred Tax : The Deferred tax is accounted in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The Deferred tax for the year on timing differences are accounted at tax rates that have been enacted by the Balance Sheet date.

"Deferred tax assets arising from the timing difference are recognized to the extent that there is reasonable certainty that sufficient future taxable income will be available.

In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit. At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets."

### l. Impairment of Assets

"In accordance with AS 28 on 'Impairment of Assets' where there is an indication of impairment of the Group's assets, the carrying amounts of the Group's assets are reviewed at the Balance Sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life, or a reasonable estimate thereof."

### m. Earnings per share ('EPS)

The basic earnings per equity share are computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average of equity and dilutive equity equivalent shares outstanding during the reporting year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

n. **Provisions and Contingent Liabilities**

The Group creates a provision where there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

o. **Employee Stock Options**

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Options Scheme, Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI, whereby the fair value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option.

The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of the value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

p. **Cash and Cash Equivalents**

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash on hand and cash / fixed deposits at bank including short-term highly liquid investments with an original maturity of three months or less.

q. **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 2 Share Capital

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount Rs.	Number	Amount Rs.
<b>Authorised</b>				
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
<b>Issued, subscribed and fully paid up</b>				
Equity Shares of Rs.10/- each	2,94,01,096	29,40,10,960	2,89,99,122	28,99,91,220
<b>Total issued, subscribed and fully paid up share capital</b>	<b>2,94,01,096</b>	<b>29,40,10,960</b>	<b>2,89,99,122</b>	<b>28,99,91,220</b>

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	2,89,99,122	28,99,91,220	2,89,99,122	28,99,91,220
Issued during the year - ESOP Allotment	4,01,974	40,19,740	-	-
<b>Outstanding at the end of the year</b>	<b>2,94,01,096</b>	<b>29,40,10,960</b>	<b>2,89,99,122</b>	<b>28,99,91,220</b>

#### b. Terms / rights 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.

During the year ended March 31, 2016, interim dividends of Rs.18/- per share (Previous Year: Rs. 6 per share) and special dividend of Rs. Nil per share (Previous Year: Rs. 65/-) was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs. 10/- per share ((Previous Year: Rs. 8/- per share).

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.

#### c. 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

Equity Shares	As at March 31, 2016 Number	As at March 31, 2015 Number
Equity Shares allotted as fully paid up bonus shares (issued in year ended March 31, 2013)	2,04,85,869	2,04,85,869
Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash	Nil	Nil
Equity Shares bought back by the company	Nil	Nil

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### d. Details of shareholders holding more than 5% shares in the Company.

Equity Shares of Rs. 10/- each fully paid	As at March 31, 2016		As at March 31, 2015	
	Number	% holding in the class	Number	% holding in the class
Life Insurance Corporation of India	28,82,136	9.80%	28,82,136	9.94%
Canara Bank	27,29,765	9.28%	28,70,018	9.90%
IDBI Bank Limited	14,92,097	5.07%	18,00,773	6.25%
Franklin Templeton Investment Funds	17,53,834	5.97%	13,89,165	4.79%

### e. 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: 27

### Note 3 - Reserves and Surplus

Amount Rs.

	As at March 31, 2016	As at March 31, 2015
<b>a. Capital Redemption Reserve</b>	<b>22,50,000</b>	<b>22,50,000</b>
<b>b. Securities Premium Account</b>		
Opening Balance as per last audited Financial Statement	26,56,44,194	26,56,44,194
Add :		
Premium on allotment of ESOP	24,39,98,218	-
Transferred from Deferred Employees Compensation	9,18,87,237	-
<b>Closing Balance</b>	<b>60,15,29,649</b>	<b>26,56,44,194</b>
<b>c. Employees Stock Options Outstanding</b>		
Opening Balance as per last audited Financial Statement	10,75,50,216	11,42,95,000
Add :		
Options granted during the year	-	-
Less:		
Options exercised during the year	(9,18,87,237)	-
Options lapsed during the year	(19,21,292)	(67,44,784)
Closing Balance	1,37,41,687	10,75,50,216
<b>Less :Deferred Employees Compensation</b>		
Opening Balance as per last audited Financial Statement	(4,03,31,388)	(10,00,08,126)
Add :		
Options granted during the year	-	-
Less:		
Options lapsed during the year	19,21,292	67,44,784
Amortization of deferred employees compensation	3,84,10,096	5,29,31,954
	-	(4,03,31,388)
<b>Closing Balance</b>	<b>1,37,41,687</b>	<b>6,72,18,828</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>d. Foreign Exchange Fluctuation Reserve</b>		
Opening Balance	-	-
Add:		
Current year revaluation reserve	(2,75,433)	-
<b>Closing Balance</b>	<b>(2,75,433)</b>	<b>-</b>
<b>e. General Reserve</b>		
Opening Balance	1,49,75,35,419	1,35,48,31,844
Add:		
Transfer from surplus in the statement of profit and loss	15,00,00,000	15,00,00,000
Less:		
Transitional provision of schedule II impact net of deferred tax amounting to Rs. Nil (Previous Year- Rs 36,41,670/-)	-	(72,96,425)
<b>Closing Balance</b>	<b>1,64,75,35,419</b>	<b>1,49,75,35,419</b>
<b>f. Surplus / (deficit) in the statement of profit and loss</b>		
Opening balance	1,46,67,97,413	2,92,66,75,349
Add:		
Net Profit for the current year	1,19,60,09,010	1,37,81,97,470
Less :		
Proposed Dividend	29,40,10,960	23,19,92,976
Interim Dividend	52,43,96,040	2,05,89,37,662
Tax on Proposed Dividend	5,98,53,714	4,72,28,311
Tax on Interim Dividend	10,67,54,694	34,99,16,457
Transfer to Reserves	15,00,00,000	15,00,00,000
<b>Closing Balance</b>	<b>1,52,77,91,015</b>	<b>1,46,67,97,413</b>
<b>Total Reserves &amp; Surplus</b>	<b>3,79,25,72,337</b>	<b>3,29,94,45,854</b>

### Note 4 - Deferred Tax Liabilities (Net)

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Deferred Tax Liability</b>		
Depreciation on Fixed Assets	6,47,96,911	6,20,58,422
<b>Less : Deferred Tax Assets</b>	<b>4,24,68,486</b>	<b>3,26,43,843</b>
Provision for Compensated Absence	2,56,10,890	2,28,65,736
Provision for Gratuity	39,92,166	12,59,204
Provision for Doubtful Debts	1,05,99,627	70,77,446
Expenses Disallowed	1,02,573	3,72,750
Rent Equilisation	13,11,001	10,68,707
Others	8,52,229	-
<b>Total</b>	<b>2,23,28,425</b>	<b>2,94,14,579</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Deferred Tax presented in Balance Sheet</b>		
Deferred Tax Liabilities (Net) - CARE	25,752,900	29,414,579
Deferred Tax Assets (Net) - CARE KRTPL	3,424,476	-
<b>Net Deferred Tax Liabilities</b>	<b>22,328,424</b>	<b>29,414,579</b>

**Note:** "Deferred Tax Assets of Subsidiary company have not been recognised in the previous year on account of prodence."

### Note 5 - Long Term Provisions

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Provision for employee benefits</b>		
Provision for Compensated Absence	5,47,74,274	5,18,63,525
Provision for Gratuity	17,45,043	11,84,637
<b>Total</b>	<b>5,65,19,317</b>	<b>5,30,48,162</b>

### Note 6 - Short Term Provisions

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Provision for employee benefits</b>		
Provision for Salary, Performance Related Pay & Commission	7,71,12,865	7,65,65,754
Provision for Compensated Absence	1,92,24,281	1,42,03,323
Provision for Gratuity	97,89,784	37,32,130
Provision for Leave Travel Allowance	1,88,86,832	1,89,36,938
<b>Others</b>		
Proposed Dividend	29,40,10,960	23,19,92,976
Provision for Dividend Distribution Tax	5,98,53,714	4,72,28,311
<b>Total</b>	<b>47,88,78,436</b>	<b>39,26,59,432</b>

### Note 7 - Other Current Liabilities

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Sundry Creditors for Expenses	2,60,43,791	2,00,37,674
Unearned Revenue	23,85,63,871	27,45,33,376
Advance from customers	8,47,22,293	8,77,18,621
Statutory Dues	1,51,07,624	50,43,213
Unclaimed Dividend	33,88,764	22,85,510
Money Due for Refund for Share Application	7,50,000	7,50,000
<b>Total</b>	<b>36,85,76,343</b>	<b>39,03,68,394</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 8 Fixed Assets for the year ended March 31, 2016

Description of Assets	Gross Block				Impairment			Depreciation			Amount Rs.		
	As at April 1, 2015	Additions during the year	Deductions during the year	Addition / deletion on account of consolidation	As at March 31, 2016	As at April 1, 2015	Reversal During the year	As at March 31, 2016	Upto April 1, 2015	For the year	On deletions / disposals during the year	Upto March 31, 2016	As at March 31, 2016
<b>Tangible Assets</b>													
Furniture & Fixtures	4,55,90,408	47,48,396	-	-	5,03,38,804	-	-	-	2,59,96,510	53,51,769	-	3,13,48,279	1,89,90,525
Office Equipments	5,66,90,238	35,84,847	2,57,810	-	6,00,17,275	-	-	-	2,77,37,438	1,16,76,330	2,57,810	3,91,55,958	2,08,61,317
Computers	7,19,95,556	98,61,354	11,39,050	-	8,07,17,860	-	-	-	5,55,60,778	1,19,95,425	11,39,050	6,64,17,153	1,43,00,707
Vehicles	61,42,743	-	10,09,822	-	51,32,921	-	-	-	21,12,738	7,12,152	5,92,527	22,32,363	29,00,558
Electrical Installations	81,15,057	37,10,096	-	-	1,18,25,153	-	-	-	35,54,685	12,34,244	-	47,88,929	70,36,222
Buildings	53,40,64,831	55,78,725	-	-	53,96,43,556	22,57,525	(22,57,525)	-	4,18,44,379	89,36,241	-	5,07,80,620	48,88,62,936
Leasehold improvements	10,76,250	-	-	-	10,76,250	-	-	-	83,298	4,52,428	-	5,35,726	5,40,524
<b>Total Tangible Assets (A)</b>	<b>72,36,75,083</b>	<b>2,74,83,418</b>	<b>24,06,682</b>		<b>74,87,51,819</b>	<b>22,57,525</b>	<b>(22,57,525)</b>	<b>-</b>	<b>15,68,89,826</b>	<b>4,03,58,589</b>	<b>19,89,387</b>	<b>19,52,59,028</b>	<b>55,34,92,791</b>
<b>Intangible Assets</b>													
Computer Software	3,60,70,867	11,51,699	-	-	3,72,22,566	-	-	-	3,33,61,750	13,78,462	-	3,47,40,212	24,82,354
Software development	3,02,05,295	-	-	-	3,02,05,295	-	-	-	3,02,05,295	-	-	3,02,05,295	-
<b>Total Intangible Assets (B)</b>	<b>6,62,76,162</b>	<b>11,51,699</b>	<b>-</b>		<b>6,74,27,861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,35,67,045</b>	<b>13,78,462</b>	<b>-</b>	<b>6,49,45,507</b>	<b>24,82,354</b>
<b>Total Assets (A+B)</b>	<b>78,99,51,245</b>	<b>2,86,35,117</b>	<b>24,06,682</b>		<b>81,61,79,680</b>	<b>22,57,525</b>	<b>(22,57,525)</b>	<b>-</b>	<b>22,04,56,871</b>	<b>4,17,37,051</b>	<b>19,89,387</b>	<b>26,02,04,535</b>	<b>55,59,75,145</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 8 Fixed Assets for the year ended March 31, 2015

Description of Assets	Gross Block						Impairment				Depreciation					Amount Rs.	
	As at April 1, 2014	Additions during the year	Deductions during the year	Addition / deletion on account of consolidation	As at March 31, 2015	As at April 1, 2014	During the year	As at March 31, 2015	Upto April 1, 2014	For the year	On deletions / disposals during the year	Charge to General Reserve on account of schedule II	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2015	Net Block	
<b>Tangible Assets</b>																	
Furniture & Fixtures	4,46,08,068	34,30,933	24,48,593	-	4,55,90,408	-	-	-	1,95,16,686	83,58,773	21,87,969	3,09,020	2,59,96,510	1,95,93,898			
Office Equipments	5,51,95,635	23,51,693	8,57,090	-	5,66,90,238	-	-	-	81,02,033	1,51,14,670	7,42,417	52,63,153	2,77,37,439	2,89,52,799			
Computers	6,69,21,449	51,45,707	71,600	-	7,19,95,556	-	-	-	3,29,96,947	1,72,69,509	71,600	53,65,922	5,55,60,778	1,64,34,778			
Vehicles	71,52,565	-	10,09,822	-	61,42,743	-	-	-	16,73,657	9,27,284	4,88,204	-	21,12,737	40,30,006			
Electrical Installations	74,90,507	12,89,775	6,65,225	-	81,15,057	-	-	-	28,93,064	13,26,876	6,65,255	-	35,54,685	45,60,372			
Buildings	43,67,42,697	9,73,22,134	-	-	53,40,64,831	22,57,525	-	22,57,525	3,43,89,165	74,55,214	-	-	4,18,44,379	48,99,62,927			
Leasehold improvements	4,00,137	10,76,250	4,00,137	-	10,76,250	-	-	-	4,00,137	83,298	4,00,137	-	83,298	9,92,952			
<b>Total Tangible Assets (A)</b>	<b>61,85,11,058</b>	<b>11,06,16,492</b>	<b>54,52,467</b>	<b>-</b>	<b>72,36,75,083</b>	<b>22,57,525</b>	<b>-</b>	<b>22,57,525</b>	<b>9,99,71,689</b>	<b>5,05,35,624</b>	<b>45,55,582</b>	<b>1,09,38,095</b>	<b>15,68,89,826</b>	<b>56,45,27,732</b>			
<b>Intangible Assets</b>																	
Computer Software	3,29,84,114	30,86,753	-	-	3,60,70,867	-	-	-	3,29,84,114	3,77,636	-	-	3,33,61,750	27,09,117			
Software Development	3,02,05,295	-	3,02,05,295	-	3,02,05,295	-	-	-	3,02,05,295	-	-	-	3,02,05,295	-			
<b>Total Intangible Assets (B)</b>	<b>6,31,89,409</b>	<b>30,86,753</b>	<b>-</b>	<b>-</b>	<b>6,62,76,162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,31,89,409</b>	<b>3,77,636</b>	<b>-</b>	<b>-</b>	<b>6,35,67,045</b>	<b>27,09,117</b>			
<b>Total Assets (A+B)</b>	<b>68,17,00,467</b>	<b>11,37,03,245</b>	<b>54,52,467</b>	<b>-</b>	<b>78,99,51,245</b>	<b>22,57,525</b>	<b>-</b>	<b>22,57,525</b>	<b>16,31,61,098</b>	<b>5,09,13,260</b>	<b>45,55,582</b>	<b>1,09,38,095</b>	<b>22,04,56,871</b>	<b>56,77,36,849</b>			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
<b>Trade Investment</b>				
<b>UNQUOTED (valued at cost)</b>				
<b>1) Other Investments</b>				
53,000 Ordinary Shares of USD 10 each fully paid up (PY 53,000) ARC Ratings Holdings PTE Limited		3,06,80,300		3,06,80,300
20,00,000 ordinary shares of RM 1 each fully paid up (PY 20,00,000) in Malaysian Rating Corporation Berhard		10,73,88,087		10,73,88,087
<b>Other Investments (valued at cost, unless stated otherwise)</b>				
<b>A) QUOTED</b>				
<b>1) Investment in Bonds of PSUs</b>				
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022)	5,32,83,100		5,32,83,100	
300 Bonds FV. Rs.1,00,000/- (PY 300 Bonds) 6.32% Tax Free Bonds of Indian Railway Finance Corporation Ltd (Maturing on December 20, 2017)	3,00,00,000		3,00,00,000	
1,30,000 Bonds FV. Rs.1,000/- (PY 1,30,000) of 8.10% Tax Free Bonds of Housing and Urban Development Corporation Ltd (Maturing on March 05, 2022)	13,41,34,000		13,41,34,000	
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation Ltd (Maturing on March 05, 2027)	5,29,75,000		5,29,75,000	
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.12% Tax Free Bonds of Rural Electrification Corporation Ltd (Maturing on March 27, 2027)	5,36,59,400		5,36,59,400	
80,000 Bonds FV. Rs.1,000/- (PY 80,000) of 8.20% Tax Free Bonds of Power Finance Corporation Ltd (Maturing on February 01, 2027)	8,58,16,000		8,58,16,000	
		<b>40,98,67,500</b>		<b>40,98,67,500</b>
<b>2) Investment in Gold ETF</b>				
14,807 Units (PY 14,807 Units) UTI MF - Gold Exchange Traded Fund	3,75,38,398		3,75,38,398	
5,247 Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Open Ended	1,50,07,017		1,50,07,017	
52,790 Units (PY 52,790 Units) Kotak Mahindra Asset Management Company Ltd - Gold ETF - Open Ended Scheme	1,50,13,259		1,50,13,259	
11,80,689 Units (PY 11,80,689 Units) SBI Gold Fund - Regular Plan - Growth	1,19,99,998		1,19,99,998	
6,881 Units (PY 6,881 ) Goldman Sachs MF - Gold Benchmark Exchange Traded Scheme - Units	2,00,23,229		2,00,23,229	
		<b>9,95,81,901</b>		<b>9,95,81,901</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
<b>3) Investment in various Fixed Maturity Plans of Debt Mutual Funds</b>				
50,00,000 Units (PY NIL) of ICICI Prudential FMP Series 77 - 1144 Days Plan T Direct Plan Cumulative (Maturing on October 25, 2018)	5,00,00,000		-	
32,52,900 Units (PY NIL) of HDFC FMP 367D May 2014-2 - Direct - GR (Maturing on June 20, 2017)	3,25,29,000		-	
42,20,400 Units (PY NIL) of HDFC FMP 370D April 2014-2 - Direct - GR (Maturing on June 01, 2017)	4,22,04,000		-	
54,34,700 Units (PY NIL) of HDFC FMP 369D April 2014-2 - Direct - GR (Maturing on June 01, 2017)	5,43,47,000		-	
15,00,000 Units (PY NIL) of Birla Sun Life FTP Series LK - 1148 days - Gr. Direct (Maturing on June 29, 2017)	1,50,00,000		-	
32,60,310 Units (PY NIL) of Birla Sun Life Fixed Term Plan - Series LC - 1099 days - Gr. Direct (Maturing on April 19, 2017)	3,26,03,100		-	
60,32,567 Units (PY NIL) of Baroda Pioneer FMP - Series M - Plan B Growth (Maturing on April 10, 2017)	6,03,25,670		-	
50,00,000 Units (PY NIL) of Kotak FMP Series 133 Direct - Growth (Maturing on April 05, 2017)	5,00,00,000		-	
30,00,000 Units (PY NIL) of Principal PNB FMP Series B-17 - Direct Plan - Growth (Maturing on May 15, 2017)	3,00,00,000		-	
30,00,000 Units (PY NIL) of Principal PNB FMP Series B-10 - Direct Plan - Growth (Maturing on April 06, 2017)	3,00,00,000		-	
55,00,000 Units (PY NIL) of SBI Debt Fund Series - 16 Months - 1 - Direct Plan - Growth (Maturing on January 09, 2017)	5,50,00,000		-	
60,00,000 Units (PY NIL) of ICICI Prudential FMP Series 74 - 369 Days Plan F Direct Plan Cumulative (Maturing on May 22, 2017)	6,00,00,000		-	
40,00,000 Units (PY NIL) of HDFC FMP 478D Jan 2014-1 - Direct - GR (Maturing on June 01, 2017)	4,00,00,000		-	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
33,42,186 Units (PY NIL) of Kotak FMP Series 156 - 370 Direct - Growth (Maturing on April 18, 2017)	3,34,21,860		-	
32,50,000 Units (PY NIL) of Religare Invesco India FMP - Sr. 23 - Plan H (370 Days) - Direct Plan (Maturing on April 25, 2017)	3,25,00,000		-	
20,00,000 Units (PY NIL) of Tata FMP series 47 Scheme E - Direct Plan-Growth (Maturing on April 18, 2018)	2,00,00,000		-	
55,98,761 Units (PY NIL) of UTI Fixed Term Income Fund Series XIX - IV - Direct Growth Plan (Maturing on June 19, 2017)	5,59,87,612		-	
75,00,000 Units (PY NIL) of UTI Fixed Term Income Fund Series XIX - III - Direct Growth Plan (Maturing on June 19, 2017)	7,50,00,000		-	
50,00,000 Units (PY NIL) of UTI Fixed Term Income Fund Series XIX - I - Direct Growth Plan (Maturing on June 12, 2017)	5,00,00,000		-	
79,68,043 Units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - VII - Direct Growth Plan (Maturing on May 04, 2017)	7,96,80,431		-	
40,00,000 Units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - XIII - Direct Growth Plan (Maturing on May 31, 2017)	4,00,00,000		-	
NIL Units (PY 50,00,000) of Birla Sun Life Fixed Term Plan - Series IL 1098 Days - Gr. Direct	-		5,00,00,000	
NIL Units (PY 50,00,000) of Birla Sun Life Fixed term Plan - Series IO 1097 Days - Gr. Direct	-		5,00,00,000	
NIL Units (PY 50,00,000) of Birla Sun Life FTP Series JA - 1098 Days - Gr. Direct	-		5,00,00,000	
NIL Units (PY 38,12,795) of HDFC FMP 370D October 2013-5 - Direct - GR	-		3,81,27,950	
NIL Units (PY 20,00,000) of IDFC Fixed Term Plan Series 40 - Direct Plan - Growth	-		2,00,00,000	
NIL Units (PY 75,00,000) of Religare Invesco FMP - Sr. XXI - Plan E (370 Days) - Direct Plan - Growth	-		7,50,00,000	
NIL Units (PY 1,08,29,300) of SBI Debt Fund Series - 366 Days 44 - Direct Plan - Growth	-		10,82,93,000	
NIL Units (PY 54,26,150) of SBI Debt Fund Series - 366 Days 47 - Direct Plan - Growth	-		5,42,61,500	
22,50,000 Units (PY 22,50,000) of HDFC FMP 1100D April 2014-1 - Direct - GR (Maturing on April 25, 2017)	2,25,00,000		2,25,00,000	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
NIL Units (PY 60,00,000) of HDFC FMP 747D June 2014-1 - Direct - GR	-		6,00,00,000	
NIL Units (PY 57,50,000) of Kotak FMP Series 105 Direct - Growth	-		5,75,00,000	
NIL Units (PY 70,00,000) of LIC MF Fixed Maturity Plan series 85 - 730 days - Direct Growth Plan	-		7,00,00,000	
50,00,000 Units (PY 50,00,000) of SBI Debt Fund Series - A 36 - 36 Months - Direct - Growth (Maturing on July 17, 2017)	5,00,00,000		5,00,00,000	
NIL Units (PY 32,50,000) of DSP Blackrock FMP - Series 144 - 12M - Direct - Growth	-		3,25,00,000	
NIL Units (PY 32,50,000) of Kotak FMP Series 136 Direct - Growth	-		3,25,00,000	
NIL Units (PY 25,00,000) of Tata FMP Series 46 -Scheme-P-Direct Plan-Growth	-		2,50,00,000	
20,00,000 Units (PY 20,00,000) of Religare Invesco India FMP -Sr. 25 - Plan C (1148 Days) - Direct Plan (Maturing on April 24, 2018)	2,00,00,000		2,00,00,000	
NIL Units (PY 20,00,000) of Tata FMP Series 46 -Scheme S-Direct Plan-Growth	-		2,00,00,000	
35,04,924 Units (PY 35,04,924) of SBI Debt Fund Series A 9 - 366 Days - Direct - Growth (Maturing on April 03, 2018)	3,50,49,244		3,50,49,244	
15,00,000 Units (PY 15,00,000) of Religare Invesco India FMP -Sr. 25 - Plan F (1126 Days) -Direct Plan (Maturing on April 24, 2018)	1,50,00,000		1,50,00,000	
35,00,000 Units (PY 35,00,000) of ICICI Prudential FMP Series 76 - 1100 Days Plan T Direct Plan Cumulative (Maturing on March 27, 2018)	3,50,00,000		3,50,00,000	
		<b>1,11,61,47,917</b>		<b>92,07,31,694</b>
<b>B) UNQUOTED</b>				
<b>1) Investment in various Equity Mutual Fund Schemes</b>				
21,05,817 Units (PY 21,05,817) HDFC Gilt Fund Long Term - DP - Growth	6,00,00,000		6,00,00,000	
4,48,640 Units (PY 4,48,640) ICICI Prudential Income - Direct Plan - Growth	2,00,00,000		2,00,00,000	
17,843 Units (PY 17,843) Religare Invesco Gilt Fund-Long Term Duration- Direct Plan Growth	2,74,66,750		2,74,66,750	
29,14,753 Units (PY 29,14,753) BNP Paribas Medium Term Income Fund Direct Plan Growth	3,28,54,800		3,28,54,800	
4,54,286 Units (PY 2,22,544) DSP Blackrock Top 100 Equity Fund - Direct Plan - Growth	7,45,00,000		3,75,00,000	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 9 - Non Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
17,45,762 Units (PY 8,73,000) Franklin India Bluechip Fund - Direct Plan	7,45,00,000		3,75,00,000	
2,10,893 Units (PY 1,03,853) HDFC Top 200 Fund - DP - Growth	7,45,00,000		3,75,00,000	
34,94,716 Units (PY 15,90,698) ICICI Prudential Top 100 Fund - Direct Plan - Dividend	7,85,03,904		3,75,00,000	
		<b>44,23,25,454</b>		<b>29,03,21,550</b>
<b>Grand Total</b>		<b>2,20,59,91,159</b>		<b>1,85,85,71,032</b>
Aggregate amount of quoted investments (Market value: CY Rs. 1,83,17,21,328/-, PY Rs. 1,53,32,58,788)		<b>1,62,55,97,318</b>		<b>1,43,01,81,095</b>
Aggregate amount of unquoted investments		<b>58,03,93,841</b>		<b>42,83,89,937</b>
Aggregate provision for diminution in value of investments		-		-

### Note 10 - Long Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	As at March 31, 2016	As at March 31, 2015
Capital Advances	1,25,35,380	95,506
Security Deposits	62,85,717	2,82,59,279
Loan to Employees	8,21,118	57,01,189
Accrued Interest on Loans to Employees	4,31,375	4,47,742
<b>Other Loans and Advances</b>		
Prepaid Expenses	4,53,112	8,74,782
Advance payment of taxes	6,87,46,418	7,83,50,073
(Net of Provision for Tax Rs.3,63,20,86,417 (PY Rs. 3,03,35,83,374))		
Mat Credit Entitlement	52,18,700	198,954
<b>Total</b>	<b>9,44,91,820</b>	<b>11,39,27,525</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
<b>A) QUOTED (valued at cost, unless stated otherwise)</b>				
<b>Current Maturity of Non-Current Investment</b>				
<b>1) Investment in various Fixed Maturity Plans of Debt Mutual Funds</b>				
NIL Units (PY 60,32,567) of Baroda Pioneer FMP - Series M - Plan B Growth	-		6,03,25,670	
NIL Units (PY 30,00,000) of Principal PNB FMP Series B-17 - Direct Plan - Growth	-		3,00,00,000	
NIL Units (PY 30,00,000) of Principal PNB FMP Series B-10 - Direct Plan - Growth	-		3,00,00,000	
NIL Units (PY 50,00,000) of Kotak FMP Series 133 Direct - Growth	-		5,00,00,000	
NIL Units (PY 55,00,000) of SBI Debt Fund Series - 16 Months - 1 - Direct Plan - Growth	-		5,50,00,000	
NIL Units (PY 12,50,000) of LIC Nomura MF Fixed Maturity Plan Series 76 -382 Days - Direct Growth Plan	-		1,25,00,000	
NIL Units (PY 55,98,761) of UTI Fixed Term Income Fund Series XIX - IV - Direct Growth Plan	-		5,59,87,612	
NIL Units (PY 75,00,000) of UTI Fixed Term Income Fund Series XIX - III - Direct Growth Plan	-		7,50,00,000	
NIL Units (PY 50,00,000) of UTI Fixed Term Income Fund Series XIX - I - Direct Growth Plan	-		5,00,00,000	
NIL Units (PY 79,68,043) of UTI Fixed Term Income Fund Series XVIII - VII - Direct Growth Plan	-		7,96,80,431	
NIL Units (PY 40,00,000) of UTI Fixed Term Income Fund Series XVIII - XIII - Direct Growth Plan	-		4,00,00,000	
NIL Units (PY 20,00,000) of Tata FMP series 47 Scheme E - Direct Plan-Growth	-		2,00,00,000	
NIL Units (PY 50,00,000) of Tata FMP series 47 Sch J-Direct Plan-Growth	-		5,00,00,000	
NIL Units (PY 32,50,000) of Religare Invesco India FMP - Sr. 23 - Plan H (370 Days) - Direct Plan	-		3,25,00,000	
57,06,503.13 Units (PY 57,06,503.13) of Reliance Annual Interval Fund - Series I - Direct Plan Growth Option	7,50,00,000		7,50,00,000	
NIL Units (PY 33,42,186) of Kotak FMP Series 156 Direct - Growth	-		3,34,21,860	
58,41,848 Units (PY 58,41,848) of IDFC Fixed Term Plan Series 23 - Direct Plan - Growth (365 Days) (Maturing on March 27, 2018)	5,84,18,478		5,84,18,478	
NIL Units (PY 60,00,000) of ICICI Prudential FMP Series 74 - 369 Days Plan F Direct Plan Cumulative	-		6,00,00,000	
NIL Units (PY 35,00,000) of ICICI Prudential FMP Series 64-3 Years Plan I Cumulative	-		3,50,00,000	
NIL Units (PY 32,52,900) of HDFC FMP 367D May 2014-2 - Direct - GR	-		3,25,29,000	
NIL Units (PY 42,20,400) of HDFC FMP 370D April 2014-2 - Direct - GR	-		4,22,04,000	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
NIL Units (PY 54,34,700) of HDFC FMP 369D April 2014-2 - Direct - GR	-		5,43,47,000	
NIL Units (PY 15,00,000) of Birla Sun Life FTP Series LK - 1148 days - Gr. Direct	-		1,50,00,000	
NIL Units (PY 32,60,310) of Birla Sun Life Fixed Term Plan - Series LC - 1099 days - Gr. Direct	-		3,26,03,100	
NIL Units (PY 27,50,000) of Birla Sun Life Fixed Term Plan - Series IU 1099 days - Gr. Direct	-		2,75,00,000	
NIL Units (PY 4,000,000) of HDFC FMP 478D Jan 2014-1 - Direct - GR	-		4,00,00,000	
50,00,000 Units (PY NIL) of Birla Sun Life Fixed Term Plan - Series IL 1098 Days - Gr. Direct (Maturing on October 11, 2016)	5,00,00,000		-	
50,00,000 Units (PY NIL) of Birla Sun Life Fixed term Plan - Series IO 1097 Days - Gr. Direct (Maturing on October 18, 2016)	5,00,00,000		-	
50,00,000 Units (PY NIL) of Birla Sun Life FTP Series JA - 1098 Days - Gr. Direct (Maturing on November 28, 2016)	5,00,00,000		-	
38,12,795 Units (PY NIL) of HDFC FMP 370D October 2013-5 - Direct - GR (Maturing on October 24, 2016)	3,81,27,950		-	
20,00,000 Units (PY NIL) of IDFC Fixed Term Plan Series 40 - Direct Plan - Growth (Maturing on October 05, 2016)	2,00,00,000		-	
75,00,000 Units (PY NIL) of Religare Invesco FMP - Sr. XXI - Plan E (370 Days) - Direct Plan - Growth (Maturing on November 29, 2016)	7,50,00,000		-	
1,08,29,300 Units (PY NIL) of SBI Debt Fund Series - 366 Days 44 - Direct Plan - Growth (Maturing on November 02, 2016)	10,82,93,000		-	
54,26,150 Units (PY NIL) of SBI Debt Fund Series - 366 Days 47 - Direct Plan - Growth (Maturing on November 30, 2016)	5,42,61,500		-	
32,50,000 Units (PY NIL) of DSP Blackrock FMP - Series 144 - 12M - Direct - Growth (Maturing on February 20, 2017)	3,25,00,000		-	
32,50,000 Units (PY NIL) of Kotak FMP Series 136 Direct - Growth (Maturing on February 16, 2017)	3,25,00,000		-	
25,00,000 Units (PY NIL) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G (Maturing on March 01, 2017)	2,50,00,000		-	
20,00,000 Units (PY NIL) of Tata FMP Series 46 -Scheme S 366 Day -Direct - Growth (Maturing on March 12, 2017)	2,00,00,000		-	
20,00,000 Units (PY 20,00,000) of IDBI FMP- Series - IV- 542 Days (February 2014) - F Direct Plan - Growth (Maturing on March 21, 2017)	2,00,00,000		2,00,00,000	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 11 - Current Investments

Amount Rs.

	As at March 31, 2016		As at March 31, 2015	
27,50,000 Units (PY NIL) of Birla Sun Life Fixed Term Plan - Series IU (1099 days) - Gr. Direct (Maturing on November 07, 2016)	2,75,00,000		-	
60,00,000 Units (PY NIL) of HDFC FMP 747D June 2014-1 - Direct - GR (Maturing on June 27, 2016)	6,00,00,000		-	
57,50,000 Units (PY NIL) of Kotak FMP Series 105 Direct - Growth (Maturing on August 03, 2016)	5,75,00,000		-	
70,00,000 Units (PY NIL) of LIC MF Fixed Maturity Plan series 85 - 730 days - Direct Growth Plan (Maturing on June 23, 2016)	7,00,00,000		-	
		<b>92,41,00,928</b>		<b>1,16,70,17,151</b>
<b>B) UNQUOTED</b>				
<b>1) Investment in various open-ended Debt Mutual Funds</b>				
1,03,847 Units (PY NIL) of HDFC Liquid Fund - DP - Dly Div Reinves	10,59,04,834		-	
13,33,215 Units (PY NIL) of Birla Sun Life Cash Plus - Daily Dividend - Direct Plan - Reinvestment	13,35,81,459		-	
1,66,314 Units (PY NIL) of LIC MF Liquid Fund - Direct - Dividend Plan	18,26,13,118		-	
60,596 Units (PY 1,23,412) of IDBI Liquid Fund - Direct Plan - Daily Dividend - Reinvestment	6,06,62,790		12,35,37,878	
19,46,397 Units (PY 4,50,757) of ICICI Prudential Liquid - Direct Plan - Daily Dividend	19,47,73,016		4,51,01,137	
NIL Units (PY 25,002) of L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan	-		2,53,02,769	
NIL Units (PY 15,413) of Principal Cash Management Fund -Direct Plan Daily - Reinvestment	-		1,54,18,924	
NIL Units (PY 49,808) of Tata Money Market Fund - Direct Plan - Daily Dividend	-		4,98,83,303	
NIL Units (PY 44,976) of IDFC Cash Fund - Daily Dividend - (Direct Plan)	-		4,56,08,727	
NIL Units (PY 16,473) of Religare Invesco Liquid Fund - Direct Plan Daily Dividend	-		1,64,86,268	
		<b>67,75,35,217</b>		<b>32,13,39,006</b>
<b>Total</b>		<b>1,60,16,36,145</b>		<b>1,48,83,56,157</b>
Aggregate amount of quoted investments (Market value: Rs. 1,12,48,15,196/-, PY Rs.1,28,45,31,883 )		<b>92,41,00,928</b>		<b>1,16,70,17,151</b>
Aggregate amount of unquoted investments		<b>67,75,35,217</b>		<b>32,13,39,006</b>
Aggregate provision for diminution in value of investments		-		-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 12 - Trade Receivables

(Unsecured)

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Considered Good</b>		
- Debts outstanding for a period exceeding six months	10,61,39,369	6,44,02,498
- Other Debts	12,99,75,952	9,30,00,915
<b>Total (Considered Good)</b>	<b>23,61,15,321</b>	<b>15,74,03,413</b>
<b>Considered Doubtful</b>		
- Debts o/s for a period exceeding six months	3,06,26,062	2,26,46,420
-Other Debts	-	-
<b>Total Debtors (Considered Doubtful)</b>	<b>3,06,26,062</b>	<b>2,26,46,420</b>
<b>Total Debtors</b>	<b>26,67,41,383</b>	<b>18,00,49,833</b>
<b>Less: Provision for doubtful debts</b>	<b>(3,06,26,062)</b>	<b>(2,26,46,420)</b>
<b>Total</b>	<b>23,61,15,321</b>	<b>15,74,03,413</b>

### Note 13 - Cash and Bank Balances

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
<b>Cash and cash equivalents</b>		
Cash on hand	2,10,421	1,33,583
<b>Balances with Banks</b>		
On Current Account	9,39,92,662	6,54,88,607
<b>Other Bank balances</b>		
Deposit Accounts	2,86,49,150	6,45,12,480
Unclaimed Dividend Account	33,88,764	22,85,510
Money Due for Refund for Share Application	7,50,000	7,50,000
Lienmarked Deposit	7,24,523	1,49,10,000
<b>Total</b>	<b>12,77,15,520</b>	<b>14,80,80,180</b>
Deposit accounts with more than 12 months maturity	1,53,99,180	-

### Note 14 - Short Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Loans to Employees	43,70,292	26,24,208
Security Deposit	1,45,23,851	3,63,240
Prepaid Expense	1,20,28,011	1,09,26,851
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Service Tax, VAT, Other taxes and Statutory Deposits	1,62,86,354	86,67,427
Other Advances	11,99,469	9,04,598
<b>Total</b>	<b>4,84,07,977</b>	<b>2,34,86,324</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 15 - Other Current Assets

Amount Rs.

	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Interest Accrued on Investments	1,02,73,228	1,03,62,931
Interest Accrued on Loans to Employees	1,24,837	97,741
Other Receivables	24,69,933	31,41,628
Unbilled revenue	6,02,16,581	47,60,710
<b>Total</b>	<b>7,30,84,579</b>	<b>1,83,63,010</b>

### Note 16 - Revenue From Operations

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Sale of Services</b>		
Rating Income (including Surveillance)	2,62,19,35,988	2,54,92,10,361
Sale of Publications / Information Services	2,66,62,018	2,28,71,397
Licence and implementation fees	14,09,60,563	3,00,52,062
Advisory services	41,09,068	33,64,450
<b>Total</b>	<b>2,79,36,67,637</b>	<b>2,60,54,98,270</b>

### Note 17 - Other Income

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Interest on Investments</b>		
On long term investment	3,14,11,823	6,51,96,915
On short term investment	11,97,975	77,14,592
<b>Dividend on Investments</b>		
On long term investments	3,14,96,099	2,65,00,646
On short term investments	20,597	1,79,613
Other Interest Income	23,89,290	47,62,421
Profit on Redemption / Sale of investments (Net)	1,60,74,236	32,97,60,845
Exchange Gain / (Loss) (Net)	8,10,354	1,99,639
Reversal of impairment	22,57,525	-
Miscellaneous Income	12,41,503	26,09,678
<b>Total</b>	<b>8,68,99,402</b>	<b>43,69,24,349</b>

### Note 18 - Employee Benefits Expense

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Salaries and Other Allowances	66,21,62,728	63,88,36,772
Contribution to Provident, Gratuity & Other Funds	3,84,26,894	3,95,45,375
Expense on Employee Stock Option Scheme ( Refer Note 27)	3,84,10,096	5,29,31,954
Staff Welfare Expenses	1,73,25,269	1,57,86,244
<b>Total</b>	<b>75,63,24,987</b>	<b>74,71,00,345</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Note 19 - Finance Cost

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Finance Cost	-	1,29,91,760
<b>Total</b>	-	<b>1,29,91,760</b>

### Note 20 - Other expenses

Amount Rs.

	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Electricity Charges	1,32,09,920	1,36,35,191
Postage & Telephone Charges	1,26,98,464	1,33,41,349
Rent	4,67,85,759	4,76,16,452
Travelling & Conveyance Expenses	3,14,57,152	2,83,39,924
Commission on Sales	2,50,29,689	12,76,290
Directors' Sitting Fees	22,52,500	21,11,000
Sitting Fees to Rating Committee	54,42,600	55,80,000
Insurance Premium	9,27,949	6,51,785
Legal/Professional Fee	6,21,93,719	4,47,22,736
Rates & Taxes	25,47,141	33,27,374
<u>Repairs &amp; Maintenance</u>		
Buildings	73,11,107	69,00,600
Others	1,72,69,814	1,67,84,344
Loss on Sale of Fixed Assets	26,996	2,80,944
Advertisement and Sponsorship Expenses	29,13,682	16,92,071
Security, Housekeeping & Office Supplies	1,34,93,521	1,40,02,564
Provision for Bad and Doubtful Debts/ Bad debts written off	2,76,75,723	4,15,64,855
Membership & Subscription	64,90,327	43,23,396
Auditors Remuneration	32,89,299	22,47,211
Expenditure on Corporate Social Responsibility	50,00,000	50,00,000
Miscellaneous Expenses	1,25,62,441	93,61,873
<b>Total</b>	<b>29,85,77,803</b>	<b>26,27,59,959</b>

### 21. Contingent Liability & Capital Commitment

Amount Rs.

<i>Particulars</i>	<i>As at March 31, 2016</i>	<i>As at March 31, 2015</i>
Contingent Liability on account of Income Tax	8,79,83,515	90,42,215
For Claims against the company not acknowledged as Debt	-	1,50,00,000
Bank Guarantees issued	-	1,49,10,000

### 22 . Disclosure as per Accounting Standard 15 (revised 2005)

#### a) Contribution to provident funds

Defined contribution plan

Contribution to defined contribution plan, recognised as expense as at March 31, 2016 are as under:

Employer's contribution to provident fund Rs. 2,32,00,536 (PY: Rs.2,24,27,358)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 22 . Disclosure as per Accounting Standard 15 (revised 2005)

#### b) Superannuation

Superannuation benefit is contributed by the CARE to Life Insurance Corporation of India (LIC) @ 10% of basic salary with respect to certain employees. Contribution to Superannuation Fund contribution is charged to Statement of Profit & Loss.

#### c) Gratuity

The Company accounts for the liability of future gratuity benefits based on actuarial valuation. CARE has created a trust for future payment of gratuities which is funded through gratuity-cum-life insurance scheme of LIC of India (Defined Benefit Plan).

#### (d) Compensated Absences

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.

The following information is disclosed in terms of Accounting Standards issued by the Institute of Chartered Accountants of India:

Amount Rs.

	Gratuity (Funded)		Compensated Leave absence	
	Apr 15 to Mar 16	Apr 14 to Mar 15	Apr 15 to Mar 16	Apr 14 to Mar 15
<b>A) Assumptions</b>				
Discount Rate Previous	8%-8.05%	8% - 8.25%	8.05%	9.31%
Rate of Return on Plan Assets Previous	8.05%	8.70%	NA	NA
Salary Escalation Previous	5%-6%	5% - 6%	5.00%	5.00%
Attrition Rate Previous Year	2%-5%	2% - 5%	2.00%	2.00%
Discount Rate Current	7.95%-8%	8.78% - 9.31%	7.95%	8.05%
Rate of Return on Plan Assets Current	7.95%	8.70%	NA	NA
Salary Escalation Current	5%-6%	5% - 6%	5.00%	5.00%
Attrition Rate Current Year	2%-5%	2% - 5%	2.00%	2.00%
Method of Valuation	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method
<b>B) Table showing changes in Benefit Obligation</b>				
Liability at the beginning of the year	3,82,42,048	2,73,14,063	6,60,66,847	5,17,07,200
Interest Cost	30,77,846	24,57,236	53,18,381	48,13,940
Current Service Cost	99,58,745	62,64,043	50,04,386	50,74,605
Cost on account of Transitional Liability incurred during the period	-	-	-	-
Past Service Cost (Non Vested Benefit)	-	-	-	-
Past Service Cost (Vested Benefit)	-	-	-	-
Settlement	-	-	-	-
Liability Transfer in	-	-	-	-
(Liability Transfer out)	-	-	-	-
Benefit paid in the normal course	(30,40,322)	(51,54,591)	(3,56,89,483)	(3,18,16,177)
Actuarial (gain)/loss on obligations-Due to change in Financial Assumptions	13,26,455	82,97,522	17,76,250	72,46,833
Actuarial (gain)/loss on obligations- Due to Experience	(41,36,071)	(9,36,225)	3,15,22,174	2,90,40,446
Liability at the end of the year	4,54,28,701	3,82,42,048	7,39,98,555	6,60,66,847

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 22 . Disclosure as per Accounting Standard 15 (revised 2005)

Amount Rs.

	Apr 15 to Mar 16	Apr 14 to Mar 15	Apr 15 to Mar 16	Apr 14 to Mar 15
<b>c) Table showing fair value of plan assets</b>				
Fair value of plan assets at beginning of year	3,33,25,281	2,91,02,010	-	-
Expected Return on Plan Assets	26,82,685	25,31,875	-	-
Contributions	13,85,686	69,73,661	-	-
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Benefit paid in the normal course	(30,40,322)	(51,54,591)	-	-
Actuarial (gain)/loss on obligations -Due to experience	4,59,456	1,27,674	-	-
Fair value of Plan Assets at the end of year	3,38,93,874	3,33,25,281	-	-
<b>d) Recognition of Actuarial Gains / Losses</b>				
Actuarial (gain)/loss on obligations for the period.	(74,319)	73,61,297	-	3,62,87,279
Actuarial (gain)/loss on asset for the period.	(27,35,297)	1,27,674	3,32,98,424	-
Actuarial (gain)/loss recognized in statement of Profit & Loss	(28,09,616)	74,88,971	3,32,98,424	3,62,87,279
<b>e) Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	-	25,31,875	-	-
Actuarial gain / (loss) on Plan Assets	26,82,685	(1,27,674)	-	-
Actual Return on Plan Assets	26,82,685	24,04,201	-	-
<b>f) Amount recognized in the Balance Sheet</b>				
Fair Value of Plan Assets at the end of the year	3,38,93,874	3,33,25,281	-	-
Present Value of Benefit Obligation at the end of the year	(4,54,28,701)	(3,82,42,048)	(7,39,98,555)	(6,60,66,847)
Difference	-	-	-	-
Funded Status Surplus/(Deficit)	(1,15,34,827)	(49,16,767)	(7,39,98,555)	(6,60,66,847)
Unrecognized Past Service Cost	-	-	-	-
Unrecognized Transition Liability	-	-	-	-
Amount recognized in the Balance Sheet	(1,15,34,827)	(49,16,767)	(7,39,98,555)	(6,60,66,847)
Current portion	(97,89,784)	(49,16,767)	(1,92,24,281)	(1,42,03,323)
Non-current portion	(17,45,043)	-	(5,47,74,274)	(5,18,63,524)
<b>g) Amount recognized in the Income Statement</b>				
Current Service cost	5,76,423	62,64,043	-	50,74,605
Interest Cost	94,84,602	24,57,236	50,04,386	48,13,940
Expected return on Plan Assets	2,92,881	(25,31,875)	53,18,381	-
Actuarial (gain)/loss	(74,319)	74,88,971	-	3,62,87,279
Past Service Cost (Non Vested Benefit) Recognized	(22,75,841)	-	3,32,98,424	-
Past Service Cost (Vested Benefit) Recognized	-	-	-	-
Recognition of Transition Liability	-	-	-	-
Expense Recognized in statement of Profit & Loss	80,03,746	1,36,78,375	4,36,21,191	4,61,75,824

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 22 . Disclosure as per Accounting Standard 15 (revised 2005)

Amount Rs.

	Apr 15 to Mar 16	Apr 14 to Mar 15	Apr 15 to Mar 16	Apr 14 to Mar 15
<b>h) Balance Sheet Reconciliation</b>				
Opening Net Liability	12,78,501	(17,87,947)	6,60,66,847	5,17,07,200
Expense Recognized in statement of Profit & Loss	42,42,650	1,36,78,375	4,36,21,191	4,61,75,824
Transfer from other company	73,99,362	-	-	-
Transfer to other company	-	-	-	-
Employer's Contribution	-	(55,00,000)	-	-
Benefits paid in the normal course	(13,85,686)	-	(3,56,89,483)	(3,18,16,177)
Benefits paid on account of Settlements	-	(14,73,661)	-	-
Amount Recognized in Balance Sheet	1,15,34,827	49,16,767	7,39,98,555	6,60,66,847

### Gratuity

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Defined Benefit Obligation	4,54,28,701	3,82,42,048	2,73,14,073	2,72,80,965	1,38,86,754
Fair Value of Plan Assets	3,38,93,874	3,33,25,281	2,91,02,010	2,36,20,857	1,68,76,936
Surplus or (Deficit) in plan	(1,15,34,827)	(49,16,767)	17,87,937	(36,60,108)	29,90,182

### Experience adjustments arising on

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Plan Liabilities	(74,319)	(10,30,089)	(44,62,418)	15,63,739	(52,74,795)
Plan Assets	(41,36,071)	(1,27,674)	2,78,081	5,34,075	7,19,655

### Compensated Leave absences

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Defined Benefit Obligation	7,39,98,555	6,60,66,847	5,17,07,200	4,70,17,398	3,67,09,471
Fair Value of Plan Assets	-	-	-	-	-
Surplus or (Deficit) in plan	(7,39,98,555)	(6,60,66,847)	(5,17,07,200)	(4,70,17,398)	(3,67,09,471)

### Experience adjustments arising on

Amount Rs.

	2015-16	2014-15	2013-14	2012-13	2011-12
Plan Liabilities	3,15,22,174	2,90,40,446	2,88,71,284	1,54,78,815	1,72,70,112
Plan Assets	-	-	-	-	-

### 23. Earnings Per Share

Amount Rs.

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit After Tax (A)	1,19,60,09,010	1,37,81,97,470
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (B)	2,90,68,314	2,89,99,122
<b>Basic / Diluted Earnings Per Share (A/B)</b>	<b>41.14</b>	<b>47.53</b>
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (C)	2,92,53,351	2,92,74,736
<b>Diluted Earnings Per Share (A/C)</b>	<b>40.88</b>	<b>47.08</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 24. Disclosure in accordance with Accounting Standard – 18 – Related Party Transactions

Amount Rs.

<i>Parties</i>	<i>Relationship</i>	<i>Nature of Transactions</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
<b>Key Management Personnel</b>				
Mr. D.R. Dogra	Managing Director & CEO- CARE	Remuneration	3,93,63,093	1,86,13,289
Mr. Rajesh Mokashi	Deputy Managing Director - CARE	Remuneration	2,26,10,157	1,67,31,130
Mr. P D Baburaj	Whole time Director and CEO in CARE KRTPL till 25th September, 2014	Remuneration	-	9,46,177
Mr. Shirish Atre	Whole time Director in CARE KRTPL till 25th September, 2014	Remuneration	-	15,05,816
Mr. Puneet Talwar	CEO in CARE KRTPL wef 26th September, 2014	Remuneration	58,14,692	28,14,548
		Reimbursement of expenses	17,00,145	4,31,065

Remuneration does not include provision made for compensated absence, leave travel allowance, gratuity since the same is provided for the group as a whole based on independent actuarial valuation.

### 25. Segment Reporting

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisational structure as well as differential risk and returns of these segments.

The Group has considered business segment as the primary segment for disclosure. The Group primarily operates in single business, hence, no additional disclosures required to be given as per AS 17 - Segmental Reporting other than those already given in the financial statements.

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>			<i>For the year ended March 31, 2015</i>		
	<i>External</i>	<i>Intersegment</i>	<i>Total</i>	<i>External</i>	<i>Intersegment</i>	<i>Total</i>
<b>a. Segment Revenue</b>						
Ratings and related services	2,648,598,006	-	2,648,598,006	2,572,080,758	-	2,572,080,758
Others	145,069,631	-	145,069,631	34,466,831	-	34,466,831
<b>Total Segmental Revenue</b>	<b>2,793,667,637</b>		<b>2,793,667,637</b>	<b>2,606,547,589</b>		<b>2,606,547,589</b>
<b>b. Segment Results (Profit before Finance Costs and Tax)</b>						
Ratings and related services			1,672,052,235			1,558,155,858
Others			24,975,561			(26,422,911)
<b>Total Segment Result</b>			<b>1,697,027,796</b>			<b>1,531,732,947</b>
Less: Finance Costs			-			-
Add: Other Un-allocable Income - net			86,899,402			436,924,349
<b>Profit before Tax</b>			<b>1,783,927,198</b>			<b>1,968,657,296</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016			For the year ended March 31, 2015		
	External	Interseg- ment	Total	External	Interseg- ment	Total
<b>c. Segment Assets</b>						
Ratings and related services	4,989,984,012	-	4,989,984,012	4,448,865,781	-	4,448,865,781
Others	105,994,528	-	105,994,528	51,306,721	-	51,306,721
			<b>5,095,978,540</b>			<b>4,500,172,502</b>
Less : Elimination			69,633,247			45,244,861
Less : Unallocated Assets			3,887,130,661			3,430,066,440
			<b>1,139,214,632</b>			<b>1,024,861,201</b>
<b>d. Segment Liabilities</b>						
Ratings and related services	4,989,984,013	-	4,989,984,013	4,448,865,784	-	4,448,865,784
Others	105,994,527	-	105,994,527	51,306,720	-	51,306,720
			<b>5,095,978,540</b>			<b>4,500,172,504</b>
Less : Elimination			69,633,247			45,244,863
			<b>5,026,345,293</b>			<b>4,454,927,641</b>

### 26. Operating Lease

The Group has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for the lease and are renewable by mutual consent on mutually agreeable terms. The group has given refundable interest free security deposits under certain agreements.

The lease payment are recognized in the statement of profit and loss under rent in Note 20 - other Expenses.

The future minimum lease payments under non-cancelable operating lease is given below:

Particulars	Amount Rs.	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent recognized in statement of Profit & Loss	46,785,759	4,76,16,452
Not later than one year	4,52,74,918	3,90,93,036
Later than one year and not later than five years	1,18,30,693	1,26,47,074
More than five years	-	-

### 27. Disclosure under Employee Stock Options Scheme

(i). Under the Employee Stock Options Scheme - 2013 (ESOS -2013), the Company has granted options to the eligible employees of the Company. The details are as under:

#### (A) Employees Stock Option Scheme:

Particulars	ESOS 2013
Nos. of Options	5,00,000
Method of Accounting	Fair Value method
Vesting Plan	2 years from the date of grant i.e, January 01, 2016
Exercise Period	2 Years after the vesting period i.e, January 1,2018
Grant Date	January 01, 2014
Grant / Exercise Price (Rs. Per Share)	Rs . 617 per share
Market Price on the date of Grant of Option (Rs Per Share)	Rs. 728.40 per share

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### (B) Movement of Options granted:

<i>Particulars</i>	<i>For the year ended March 31, 2016</i>	<i>For the year ended March 31, 2015</i>
Options Outstanding at beginning of the year	5,00,000	5,00,000
Granted during the year	-	-
Exercised during the year	4,01,974	-
Lapsed during the year	8,404	29,507
Options Outstanding at the end of the year	60,115	4,70,493
Options unvested at the end of year	-	-
Options exercisable at the end of the year	60,115	4,70,493
Weighted Average exercise price	Rs 617/- per share	Rs 617/- per share

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs 38,410,096/- (Previous year Rs. 52,931,954/-) has been charged to the current year Statement of Profit and Loss.

The Company has granted 500,000 options on January 01, 2014, to the eligible employees as the Company's Employees Stock Option Scheme (ESOS) 2013. During the quarter, eligible employees have exercised 401,974 options and accordingly the Company has allotted 401,974 equity shares of Rs. 10/- each at a premium of Rs. 607/- per share.

The weighted average remaining contractual life for the stock options outstanding as at 31st March 2016 is 1.76 years (Previous Year: 2.76 year)

### (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 Merton Formula . The key assumptions and the Fair Value are as under:

<i>Particular</i>	<i>On the date of Grant</i>
Risk Free Interest Rate (%)	8.744%
Option Life (Years)	3 years
Expected Volatility	31.34%
Expected Dividend Yield (%)	3.30%
Weighted Average Fair Value per Option	Rs. 228.59

### 28. Additional Information Pursuant to Schedule III of Companies Act, 2013 for Consolidated Financial Statement for the year ended on March 31, 2016

<i>Name of the Entity</i>	<i>Net Assets</i>		<i>Share in Profit &amp; Loss</i>	
	<i>% of Consolidated Net Assets</i>	<i>Amount</i>	<i>% of Consolidated Profit &amp; Loss</i>	<i>Amount</i>
<b>Holding Company</b>				
Credit Analysis and Research Limited	99.90%	4,08,24,90,421	98.40%	1,17,68,51,455
<b>Subsidiary Company</b>				
<b>Indian :</b>				
Care Kalypto Risk Technology and Advisory Services Pvt Ltd	0.99%	4,04,65,965	2.45%	2,92,50,136
<b>Foreign :</b>				
CARE RATINGS (AFRICA) Pvt Ltd	-0.05%	(21,49,517)	-0.85%	(1,00,92,581)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 29. Other Significant Notes

#### (i) Foreseeable Losses

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.

#### (ii) Note on pending litigations

The Group's pending litigations comprise of claims by or against the Group primarily by the suppliers and proceedings pending with tax and other government authorities. The Group has reviewed its pending litigations and proceedings and has adequately provided for where Provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Group has made adequate provision in the financial statements and appropriate disclosure for contingent liabilities is given in Note 21.

(iii) The previous year's figures have been reclassified / regrouped to confirm to the current year's classification.

As per our attached Report of even date

#### 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

For and on behalf of the Board of Directors of  
**Credit Analysis & Research Limited**

**[Gautam V Shah]**

Partner (F-117348)

**[S B Mainak]**

Chairman  
DIN No-02531129

**[D R Dogra]**

Managing Director & CEO  
DIN No-00226775

**[Rajesh Mokashi]**

Deputy Managing Director  
DIN No-02781355

Mumbai

Date : May 26, 2016

**[Chandresh M Shah]**

Chief Financial Officer  
M.No. 105055

**[Navin K Jain]**

Company Secretary  
ACS10703

**Particulars of subsidiaries/ associate companies/ joint ventures**

**FORM AOC-1**

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

**Part "A" : Subsidiaries**

1 Name of the Subsidiary: **CARE Kalypto Risk Technologies and Advisory Services Private Limited**

Reporting period : April to March

**Amount Rs.**

	<b>As on March 31, 2016</b>	<b>As on March 31, 2015</b>
Share Capital	80,135,000	80,135,000
Reserves and Surplus	(39,393,604)	(68,643,740)
Total Assets (Non-Current Assets + Current Assets)	105,994,528	51,306,722
Total Liabilities (Non-Current Liabilities + Current Liabilities)	65,253,132	39,815,463
Details of Investments (excluding investments in subsidiary company)	-	-
Revenue from Operations	146,857,379	33,416,512
Profit/(Loss) before Tax	25,825,662	(25,103,336)
Tax Expenses (Deferred Tax)	3,424,476	-
Profit/(Loss) for the Year	29,250,138	(25,103,336)
Proposed / Interim Dividend (including Dividend Tax)	-	-
% of shareholding	100	100

Name of the Subsidiary : **CARE Ratings (Africa) Private Limited**

Reporting period : April to March

	<b>As on March 31, 2016</b>	<b>As on March 31, 2015</b>
Share Capital	6,891,700	3,636,100
Reserves and Surplus	(10,368,017)	
Total Assets (Non-Current Assets + Current Assets)	1,591,905	3,636,100
Total Liabilities (Non-Current Liabilities + Current Liabilities)	3,741,423	
Details of Investments (excluding investments in subsidiary company)	-	-
Revenue from Operations	177,500	-
Profit/(Loss) before Tax	(10,092,581)	-
Tax Expenses (Deferred Tax)	-	-
Profit/(Loss) for the Year	(10,092,581)	-
Proposed / Interim Dividend (including Dividend Tax)	-	-
% of shareholding	100	100

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

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

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



# NOTES



**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 Third Annual General Meeting of Credit Analysis and Research Limited (the "Company") will be held on Tuesday, September 27, 2016 at 3.00 p.m. at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6<sup>th</sup> Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 to transact the following business:

#### 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, 2016 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. 10/- (Rupees Ten Only) per equity share for the financial year ended March 31, 2016.

**3. To appoint a director in place of Mr. S. B. Mainak (DIN 02531129), who retires by rotation and being eligible, offers himself for re-appointment.**

**4. Appointment of Auditors**

To consider the reappointment of auditors and in this regard, if thought fit, to pass, the following 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 thereof for the time being in force) read with rules under the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (FRN 105146W) be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the Annual General Meeting to be held for the financial year 2020-21 subject to the ratification by the members at every Annual General Meeting to be held during the period at a remuneration as may be fixed by the Board of Directors and Auditors."

#### Special Business

**5. Reappointment of Mr. A. K. Bansal (DIN 06752578) as an Independent Director**

To consider and if thought fit, to pass, the following resolution as a Special 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. A. K. Bansal (DIN 06752578) 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

reappointed as an Independent Director of the Company with effect from September 29, 2016 to September 28, 2018, not liable to retire by rotation.”

#### 6. Reappointment of Dr. Ashima Goyal (DIN 00233635) as an Independent Director

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Ashima Goyal (DIN 00233635) 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 her candidature for the office of the Director be and is hereby reappointed as an Independent Director of the Company with effect from September 29, 2016 to September 28, 2018, not liable to retire by rotation.”

#### 7. Appointment of Mr. Rajesh Mokashi (DIN 02781355) as a Managing Director & Chief Executive Officer.

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment (s) thereof for the time being in force), read with Schedule V of the Companies Act, 2013, SEBI Regulations for Credit Rating Agencies, 1999 and on the basis of the recommendation of the Nomination and Remuneration Committee and the Board of Directors and subject to the requisite approval of the Central Government, if any, the consent of the Company be and is hereby accorded for the appointment of Mr. Rajesh Mokashi (DIN 02781355) as Managing Director & Chief Executive Officer of the Company for a period of five years effective from August 22, 2016 to August 21, 2021, on the following terms and conditions:

##### Terms of appointment

##### I. Tenure :

The appointment of Mr. Rajesh Mokashi as Managing Director & Chief Executive Officer (MD) will be for a period of five years with effect from August 22, 2016.

##### II. The MD will be entitled to a remuneration of Rs. 1,74,50,000/- p.a. as per break-up in the table below and after benefits as under:

No.	Particulars	Amount (Rs.) per annum
a)	Basic Salary	1,20,00,000
b)	House Rent Allowance (HRA) – 25% of Basic Salary	30,00,000
c)	Leave Encashment (As per Company’s rules )	12,50,000
d)	Leave Travel Allowance (LTA) (As per Company’s rules )	10,00,000
e)	Reimbursement of Medical Expenses (on actuals upto Rs. 2 lakhs) *	2,00,000
	<b>TOTAL</b>	<b>1,74,50,000</b>

\* The Board may approve medical expenses over and above Rs. 2 Lakhs as per actuals on a case to case basis.

##### III. MD will be entitled for annual increment upto 10% effective from 1<sup>st</sup> September every year as may be decided by the Nomination and Remuneration Committee and approved by the Board.

- IV. Other benefits over and above remuneration payable as per table above.
1. Performance Linked Variable pay as may be decided by the Nomination and Remuneration Committee and approved by the Board.
  2. Contribution to Superannuation Fund as per rules of the Company.
  3. Gratuity as per rules of the Company.
  4. Company's contribution to Provident Fund @ 12% of Basic Salary as per rules of the Company.
  5. Cost of Car and Telephone (Cost of car, maintenance, petrol, drivers salary and mobile phone bill will be covered by the Company and not to be counted for the purpose of perquisite).
  6. Leave  
Leave will be permitted to be accumulated in accordance with the Company's rules and procedures in force from time to time. Leave encashment can be done as per Company's rules and procedures in force from time to time.
  7. Entertainment expenses  
The Company will reimburse entertainment expenses on actual basis if properly incurred by MD for the purpose of the Company's business.
  8. General  
Such other benefits as are made available by the Company to other members of the staff from time to time.
- V. Minimum remuneration  
Minimum Remuneration: Notwithstanding anything to the contrary herein contained, wherein in any financial year during the currency of the tenure of the Managing Director & Chief Executive Officer, the Company has no profits or its profits are inadequate, MD shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013.
- VI. The appointment will be subject to all the rules and regulations of CARE including but not limited to compliance with Code of Conduct, Staff Rules, etc.
- VII. The appointment can be terminable by three months' notice or payment of three months' salary in lieu of notice by either party."

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

**By Order of the Board of Directors  
For Credit Analysis & Research Ltd.**

**Mahendra Naik  
Company Secretary**

**Place: Mumbai  
Date: August 23, 2016**

**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 23<sup>rd</sup> Annual General Meeting.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, as amended (the "Companies Act" or the "Act") with respect to Item No. 5 to 7 of the notice set out above is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (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 Tuesday, September 20, 2016 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 Tuesday, September 20, 2016.
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 & 7 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 23<sup>rd</sup> 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 – 500008 ("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 20, 2016 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 Friday, September 23, 2016

Conclusion of remote e-voting: At 5.00 p.m. on Monday, September 26, 2016



The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

Instructions and other information relating to e-voting are as under:

**(a) Members receiving an email from Karvy:**

- i. Open the email which contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the URL: <https://evoting.karvy.com>
- iii. Enter the login credentials (i.e. User ID and password mentioned above/ in the Attendance Slip, as the case maybe). Your Folio No./DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iv. After entering these details appropriately, click on "LOGIN".
- v. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the E-Voting Event Number for 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 cut-off 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](mailto: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](mailto:evoting@karvy.com) or phone no. 040-6716 1500 or call Karvy's toll free No. 1-800-4-54-001 for any further clarifications.
2. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
3. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e September 20, 2016, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399**  
Example for NSDL:  
MYEPWD <SPACE> IN30039412345678 (DP-ID + CL-ID)  
Example for CDSL:  
MYEPWD <SPACE> 1202300012345678 (16 DIGITS NUMERIC)  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890 (EVEN NO. + FOLIO NO.)
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

**(d) Common Instructions:**

1. Remote e-voting shall not be allowed beyond 5.00 p.m. on September 26, 2016. 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 Practising Company Secretary as Scrutinizer to scrutinize the remote e-voting process and voting at the AGM is conducted in a fair and transparent manner.
4. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and shall make a Scrutinizer's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.
5. In case of Members who are entitled to vote but have not exercised their right to vote by electronic means, the

Company will offer an opportunity to such Members to vote at the Meeting for all businesses specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercised their right to vote by electronic means may attend the AGM but shall not be entitled to vote at the Meeting. A Member can opt for only single mode of voting i.e. either through remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

6. The scrutinizer, after scrutinising the votes cast at the AGM and through remote e-voting, make a consolidated scrutinizers report and submit to the Chairman or Managing Director. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.careratings.com](http://www.careratings.com)) and on Karvy's website (<https://evoting.karvy.com>) and simultaneously be communicated to the Stock Exchanges .
7. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. September 27, 2016.

**18. Appointment of Directors:**

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the total number of directors of the Company.

At the ensuing Annual General Meeting, Mr. S. B. Mainak, Non-Executive Director retires by rotation and being eligible offers himself for re-appointment.

**19. 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 Credit Analysis & Research Ltd.**

**Mahendra Naik  
Company Secretary**

**Place: Mumbai**

**Date: August 23, 2016**

**EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013****Agenda Item No. 5**

Mr. A.K. Bansal is an Independent Director of your Company. He worked as Executive Director of Indian Overseas Bank between 2010-13. He is a Post Graduate in Agriculture from the renowned G. B. Pant Agriculture University, Pant Nagar, Nainital and recipient of ICAR Junior Research Scholarship. He joined Union Bank of India as Agricultural Field Officer at the age of 23 years in the year 1976. He has had a highly successful and rewarding career path at Union Bank during which he was awarded Super Achiever and Star Performer status, conferred with the Chairman Club Membership and was entrusted with some of the most challenging and coveted assignments of the Bank. He was also the driving force for setting up the Bank's Capital Market Cell at Mumbai and establishing the Bank's first museum at M S M branch in Mumbai. At Indian Overseas Bank, he held a diversified portfolio including corporate, MSME/Priority sector, International, NPA Management etc. He has been conferred the "Indira Super Achiever Award" for the year 2010-11 by the Indira Group of Institutions, Pune in recognition of his high contribution value to the field of Banking and Finance during his banking career. He is also on the Board of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, Cent Bank Home Finance Limited, APL Apollo Tubes Limited, IFCI Infrastructure Development Limited, Alankit Finsec Limited, GVFL Trustee Company Limited and Ushdev International Limited. He is the chairman of the Nomination and Remuneration Committee and member of Audit Committee and Corporate Social Responsibility Committee. He has been associated with your company since December 03, 2013.

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. A. K. Bansal 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. A. K. Bansal as a candidate for the office of Director of the Company along with a deposit of Rs. 100,000/-.

In the opinion of the Board, Mr. A. K. Bansal 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 reappointment as Independent Director upto September 28, 2018. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the reappointment of Mr. A. K. Bansal as an Independent 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 Special 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. A. K. Bansal 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**

Dr. Ashima Goyal is an Independent Director of your Company. She is a B.A. (Honours) Economics from Delhi University and M.A. and M. Phil. from Delhi School of Economics, Delhi University, and Ph.D. from Bombay University. She has rich experience in the field of open economy macroeconomics, international finance, institutional and development economics, in which she is widely published. Her research has received national and international awards. She is an editor of an OUP handbook on the Indian economy and a Routledge journal on Macroeconomics and Finance. She is a Professor at Indira Gandhi Institute of Development Research, member of the Monetary Policy Technical Advisory Committee of the RBI, Chairperson and a Public Interest Director at Metropolitan Stock Exchange of India Limited and has been a member of various committees of Reserve Bank, Government of India, Governing Council of the Exchange Traded Currency Derivatives Segment (ETCD) of the Bombay Stock Exchange Ltd., and Indian Merchants Chamber. She is on the Board of Cynergy Creators Private Limited, SBI Mutual Fund Trustee Co. Pvt. Ltd. and Metropolitan Stock Exchange of India Limited. She is the chairperson of the Audit Committee and member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

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. Dr. Ashima Goyal has given a declaration to the Board that she meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. A notice has been received from a member

proposing Dr. Ashima Goyal as a candidate for the office of Director of the Company along with a deposit of Rs. 100,000/-.

In the opinion of the Board, Dr. Ashima Goyal fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and she is independent of the management. The Board recommends her reappointment as Independent Director upto September 28, 2018. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the reappointment of Dr. Ashima Goyal as an Independent 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 Special 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 Dr. Ashima Goyal 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. 7**

Mr. Rajesh Mokashi has been associated with the Company since 1993 and was appointed on the Board as Whole time Director, designated as Dy. Managing Director (DMD) of the Company w.e.f. August 22, 2009. At the 16<sup>th</sup> Annual General Meeting of the Company held on September 29, 2009, Mr. Rajesh Mokashi was appointed as the Deputy Managing Director of the Company for a period of 5 years w.e.f. August 22, 2009. The Company under the guidance of Mr. Rajesh Mokashi has achieved good performance and emerged as a strong enterprise. Further at the 21<sup>st</sup> Annual General Meeting of the Company held on September 29, 2014, Mr. Rajesh Mokashi was reappointed as Deputy Managing Director for a further period of five years w.e.f. August 22, 2014.

The tenure of Mr. D. R. Dogra who was the Managing Director & Chief Executive Officer of the Company expired on August 21, 2016. The Nomination and Remuneration Committee recommended to the Board the appointment of Mr. Rajesh Mokashi as Managing Director & Chief Executive Officer of the Company for a period of five years w.e.f. August 22, 2016 to August 21, 2021. The Board accepted the recommendation of the Nomination and Remuneration Committee and at its meeting held on August 05, 2016 decided to appoint Mr. Rajesh Mokashi as the Managing Director & Chief Executive Officer of the Company for a period of five years w.e.f. August 22, 2016 to August 21, 2021.

Mr. Rajesh Mokashi holds a Bachelor's degree in Mechanical Engineering from VJTI, Mumbai and MMS (Master of Management Studies) degree from Bombay University (NMIMS). He has completed the CFA Program both from CFA Institute, USA and ICFAI Hyderabad. He has obtained a Diploma in Import and Export Management from Indian Institute of Materials Management. He has more than 30 years of experience in finance, commerce and credit risk sectors. He was appointed as member of panel by DICGC / RBI on a committee for determining differential premium for Banks in India. He played a crucial role in the deliberations which required developing rating models for all categories of Banks. He was a member of the working group formed by National Housing Bank (NHB) from promoting RMBS and other Alternate Capital Market Instruments - Covered Bonds. He has been associated with OTIS Elevators Company (India) Limited, DSP Financial Consultants Limited and Kotak Mahindra Finance Limited in the past. He is on Board of CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. and CARE Ratings (Africa) Pvt. Ltd. He is the member of Stakeholders Relationship Committee and Corporate Social Responsibility Committee. He has been associated with your Company since 1993 and was appointed on the Board on August 22, 2009.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 7 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. Rajesh Mokashi 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 Credit Analysis & Research Ltd.**

**Mahendra Naik  
Company Secretary**

**Place: Mumbai  
Date: August 23, 2016**

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	Mr. S. B. Mainak	Mr. A. K. Bansal	Dr. Ashima Goyal	Mr. Rajesh Mokashi
Director Identification Number	02531129	06752578	00233635	02781355
Date of Birth	09.02.1956	22.05.1953	13.08.1955	01.09.1961
Nationality	Indian	Indian	Indian	Indian
Date of appointment on the Board	17.08.2015	03.12.2013	26.08.2014	22.08.2009
Number of equity shares held in the Company	NIL	NIL	NIL	71,818 shares*
Qualifications	Chartered Accountant from The Institute of Chartered Accountants of India	Post Graduate in Agriculture from G. B. Pant Agriculture University/	ICS, Science B.A. (Honours), Economics from Delhi University M.A. from Delhi School of Economics, Delhi University M. Phil from Delhi School of Economics, Delhi University Ph.D from Bombay University	CFA from CFA Institute, USA and ICAI Hyderabad MMS (Master of Management Studies) from Mumbai University B E (Mech) from V.J.T.I. Mumbai, Mumbai University
Expertise in functional area	He has experience in several functions spanning Investments, Finance & Accounts and Marketing and held various positions including Senior / Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in the Investment department.	He has had a highly successful and rewarding career path at Union Bank during which he was awarded Super Achiever and Star Performer status, conferred with the Chairman Club Membership and was entrusted with some of the most challenging and coveted assignments of the Bank.	She has rich experience in the field of open economy macro economics, international finance, institutional and development economics, in which she is widely published. Her research has received national and international awards.	He has more than 30 years of experience in finance, commerce and credit risk sectors.  He has been associated with OTIS Elevators Company (India) Limited, DSP Financial Consultants Limited and Kotak Mahindra Finance Limited in the past.
List of Directorship held in other companies	1) ITC Limited 2) Mahindra & Mahindra Limited	1) Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited 2) Cent Bank Home Finance Limited 3) APL Apollo Tubes Limited 4) IFCI Infrastructure Development Limited 5) Alankit Finsec Limited 6) GVFL Trustee Company Private Limited 7) Ushdev International limited	1) Cynergy Creators Private Limited 2) Metropolitan Stock Exchange of India Limited. 3) SBI Mutual Fund Trustee Co. Pvt. Ltd.	1) CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. 2) CARE Ratings (Africa) Pvt. Ltd.



Name of the Director	Mr. S. B. Mainak	Mr. A. K. Bansal	Dr. Ashima Goyal	Mr. Rajesh Mokashi
Chairman / Member of the Committees of the Boards of other companies in which he/she is a director	<p>1) ITC Limited</p> <p>CSR &amp; Sustainability Committee – Member</p> <p>Nomination and Remuneration Committee - Member</p>	<p>1) Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee – Member</li> <li>• Corporate Social Responsibility Committee – Chairman</li> <li>• Nomination and Remuneration Committee – Member</li> <li>• Policy Protection Committee - Member</li> </ul> <p>2) APL Apollo Tubes Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee – Chairman</li> <li>• Corporate Social Responsibility Committee – Member</li> </ul> <p>3) Cent Bank Home Finance Limited</p> <ul style="list-style-type: none"> <li>• Nomination and Remuneration Committee - Member</li> </ul>	<p>1 ) Metropolitan Stock Exchange of India Limited.</p> <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> <li>• Arbitration Committee - Chairperson</li> <li>• Trading And Surveillance Oversight Committee - Chairperson</li> <li>• Nomination And Remuneration Cum Compensation Committee - Member</li> <li>• Committee to Monitor Compliance with SEBI Inspection Report- Chairperson</li> <li>• Executive Committee (Futures &amp; Options) - Member</li> <li>• Ethics Committee - Chairperson</li> <li>• Investor Service Committee - Chairperson</li> <li>• Public Interest Director - Chairperson</li> <li>• Stakeholders Relationship Committee - Chairperson</li> <li>• Executive Committee (Capital Market Segment)- Member</li> <li>• Advisory Committee - Chairperson</li> </ul>	<p>1) CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.</p> <p>Audit Committee - Member</p>
Terms & Conditions of reappointment / variation of remuneration	NA	NA	NA	Specified in resolution no. 7 of the Notice
Inter-se relationship with other Directors	NIL	NIL	NIL	NIL

Name of the Director	Mr. S. B. Mainak	Mr. A. K. Bansal	Dr. Ashima Goyal	Mr. Rajesh Mokashi
Last drawn remuneration	Rs. 2,00,000 (Sitting fees for FY 2015-16)	Rs. 7,70,000 (Sitting fees for FY 2015-16)	Rs. 7,20,000 (Sitting fees for FY 2015-16)	Rs. 2,26,10,157
No. of Board meetings attended during the year	4 (Four)	6 (Six)	6 (Six)	6 (Six)

\*Includes 20,000 equity shares allotted on August 05, 2016 under CARE Employees Stock Option Scheme, 2013.

# NOTES

## 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 **23<sup>rd</sup> ANNUAL GENERAL MEETING** of the company, Credit Analysis and Research Limited at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6<sup>th</sup> Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 3.00 p.m. on Tuesday, September 27, 2016. (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-

## 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 Credit Analysis and Research Limited, hereby appoint

1) Name.....Email.....

Address.....

..... or failing him

2) Name.....Email.....

Address.....

..... or failing him

3) Name.....Email.....

Address.....

.....

-Tear Here-

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 **23<sup>rd</sup> ANNUAL GENERAL MEETING** of Credit Analysis and Research Limited at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6<sup>th</sup> Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 3.00 p.m. on Tuesday, September 27, 2016 and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

No	Description of Resolution	For	Against	Abstain
	<b>Ordinary Business</b>			
1	To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2016, 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. 10/- (Rupees Ten Only) per equity share for the financial year ended March 31, 2016.			
3	To appoint a director in place of Mr. S. B. Mainak (DIN 02531129), who retires by rotation and being eligible, offers himself for re-appointment.			
4	To re-appoint M/s. Khimji Kunverji & Co., Chartered Accountant as Auditors of the Company for a period of five years.			
	<b>Special Business</b>			
5	Re-appointment of Mr. A. K. Bansal (DIN 06752578) as an Independent Director of the Company for a period of two years.			
6	Re-appointment of Dr. Ashima Goyal (DIN 00233635) as an Independent Director of the Company for a period of two years.			
7	Appointment of Mr. Rajesh Mokashi (DIN 02781355) as Managing Director & Chief Executive Officer of the Company for a period of five years.			

Signed this..... day of..... 2016

Signature of Member.....

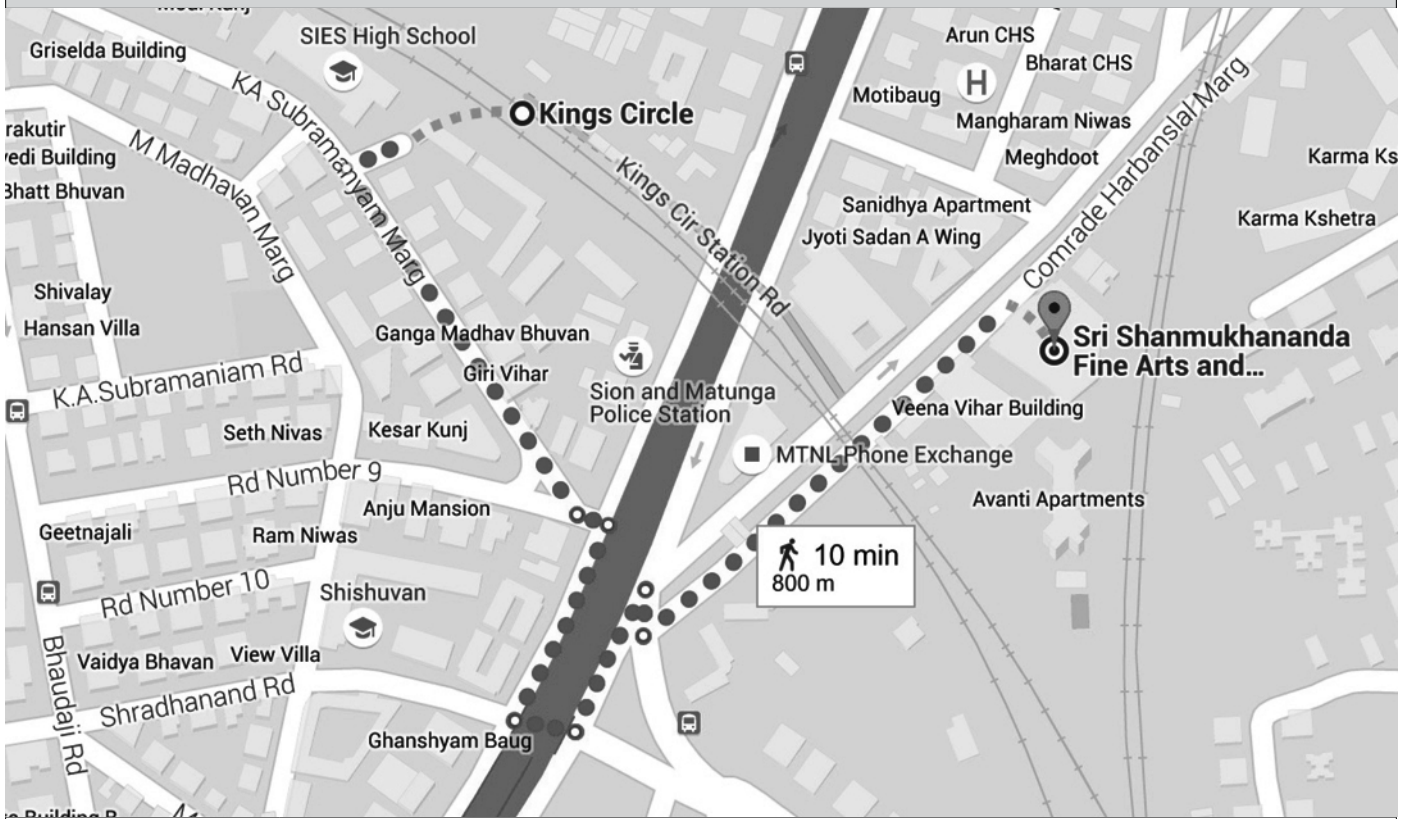
1) Signature of Proxy holder..... 2) Signature of Proxy holder.....

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.

**23rd Annual General Meeting  
Venue Route Map**



**Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6<sup>th</sup> Floor, 292  
Harbanslal Marg, Sion (East), Mumbai – 400 022**

↑	Walk south-west towards KAS Road / KA Subramanyam Marg
↙	Turn left at Rashtriya Dairy Farm onto onto KAS Road / KA Subramanyam Marg
↖	Slight left at Ganesh CHS onto Road No. 9
↘	Turn right at Shri Vasupujya Swami Jain Mandir Chowk onto Dr. Baba Saheb Ambedkar Road
↙	Turn left at Shantinath Bhavan onto Rafi Ahmed Kidwai Marg / Shradhanand Road
↙	Turn left onto Dr. Baba Saheb Ambedkar Road
↗	Sharp Right onto Rafi Ahmed Kidwai Marg
↙	Turn left at Om Shanti Communication Center onto Comrade Harbanslal Marg / Flank Road



**Credit Analysis & Research Ltd.**

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## REGIONAL OFFICES

### AHMEDABAD

32, Titanium,  
Praladnagar 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,  
Pappanaickenpalayam,  
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