

24th

ANNUAL REPORT

2016-2017

Credit Analysis & Research Limited



Vision

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

Values

- ◆ Integrity and Transparency: Commitment to be ethical, sincere and open in our dealings
- ◆ Pursuit of Excellence: Committed to strive relentlessly to constantly improve ourselves
- ◆ Fairness: Treat clients, employees and other stakeholders fairly
- ◆ Independence: Unbiased and fearless in expressing our opinion
- ◆ Thoroughness: Rigorous analysis and research on every assignment that we take

Mission

- ◆ To offer a range of high-quality services to all the stakeholders in the capital market
- ◆ To build a pre-eminent position for ourselves in India in securities analysis, research and information services and to be an international credit rating agency
- ◆ To earn customer satisfaction and investor confidence through fairness and professional excellence
- ◆ To remain deeply committed to our internal and external stakeholders
- ◆ To apply the best possible tools & techniques for securities analysis aimed to ensure efficiency and top quality
- ◆ To ensure globally comparable quality standards in our rating, research and information services



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Message from Chairman



S.B. Mainak
Chairman

The Indian economy traversed some interesting times in FY17. It was largely expected that the consumer demand revival would take place during the harvest cum festival season starting in October. Growth for the year according to the CSO is expected to be 7.1% this year, which is still impressive, compared to other countries but lower than 8.0% in FY16. This was also accompanied by lower investment in the country with gross capital formation being lower at 27.1% compared with 29.3% in FY16. This was notwithstanding the fact that the government kept up with the promise of capital expenditure which was Rs 2.79 lakh crore as per revised estimates for FY17 compared with Rs 2.47 lakh crore in FY16.

With lower level of economic activity in FY17, there was more moderate growth in bank credit to manufacturing and services (the relevant sectors for a rating agency) which grew by 5.8% compared with 2.2% last year. Total debt issuances were higher this year. Private placements were Rs 6.41 lakh crore compared with Rs 4.58 lakh crore last year. Public issuances were lower at Rs 0.295 lakh crore as against Rs 0.338 lakh crore during the same period in previous year. However, the financial sector continued to dominate the corporate debt market and there was limited fund-raising by non-financial companies.

I am happy to inform you that even though external conditions were not too congenial in terms of heightened activity in the credit and debt markets, your company has performed quite satisfactorily with growth of 5.9% in income from operations and 9% in operating profits. Net profit growth was 28.7% in FY17. More importantly from the point of view of building a strong base for future growth we have increased our active clients from 12,373 to 15,098 during the year. We do believe that having such a strong client base helps to build business when the economy is on a high trajectory path with some buoyancy in the debt market as well as bank credit.

In terms of volumes of business, there was an increase in the volume of fresh debt rated in the corporate debt segment from Rs 4.23 lakh crore to Rs 5.98 lakh crore, while bank loan ratings increased from Rs 5.45 lakh crore to Rs 5.93 lakh crore. By juxtaposing these numbers with the changes in the corresponding figures for the aggregate markets, one can be satisfied with the performance.

We are cognizant of the reality that credit rating business will be linked largely to what happens in the economy and while client acquisition across competition has been a continuous process, the corresponding changes in the business numbers would not be commensurate. This is why we have been working on diversification and here I am happy to announce the launch of our new outfit, CARE Advisory Research and Training Ltd. which will work in three areas and supplement the rating business. We do believe that there is a lot of potential in these fields and would like to leverage the same.

On the global front, your company continues to work tirelessly in the Mauritius market with the subsidiary CARE Rating Africa progressing well. We have also entered into an agreement with Vishal group of Nepal to set up a credit rating agency and have received the certificate of incorporation for our new subsidiary, CARE Ratings Nepal. We believe that this will help also in the development of the financial markets in this territory.

We are sanguine about the future and assuming a normal monsoon should be able to continue to move along the path of higher growth. The initiatives taken by the government and RBI to boost the corporate bond market in terms of both the large exposures notification as well as credit enhancements will move borrowers gradually away from the banking system which is facing challenges from the NPA problem.

We would continue to remain focused on enhancing shareholder value and will be looking at various other opportunities in other related areas as well as geographies. As your company has done reasonably well when economic conditions were tough, easing of the economic shackles in the coming year should help to generate the requisite momentum.

Message from Managing Director & CEO

The rating business in the last few years has been somewhat challenging considering that as the market matures the volumes we rate are dependent on what comes on the borrowing floor. When the economy does not grow at the desired rate, the level of borrowing slows down which then impacts the rating industry canvas.

In the past there was space to be sought on the bank loan rating piece when the Basel II approach was implemented. It was easy to grow business as there were unrated companies. Progressively with time, as the backlog of unrated bank loans reduces, the overall mass of ratable universe becomes dependent on growth in credit. Hence, rating agencies have to be alert and have to adapt with alacrity to the changing circumstances.

However, a positive development has been that the corporate debt market has been showing signs of a higher growth trajectory with issuances being steady. More importantly, the thrust being provided by both the RBI and SEBI towards its development will provide the right impetus going ahead. As large exposures are moved to the debt market, we do see a major transformation taking place here.

In 2016-17 we have looked at various possibilities. While our core business is credit rating, where we continue to maintain lead in terms of our share in the FE Top 500, ET Top 500 and BS Top 1000, we do recognize that growth in incremental business does tend to get linked with growth in the macros. In this scenario your company has looked at both diversification and expansion.

Believing that the future of the financial markets would be in the areas of education, research and training we have set up CARE Advisory Research & Training Limited (CART) which has made a slow but steady start. In case of ratings, we have looked beyond the domestic market in geographies like Nepal and Mauritius. These different models put together, we believe, should make a difference to our business architecture over a period of time.

There have been some regulatory changes in the banking and debt market areas which augur well for us in the coming years and we are well geared up for these challenges. On the other hand regulatory changes also can make a difference to the smoothness of the business curve as has been seen in case of the NSIC-SME rating. This has also been a useful lesson for us since it is now clear that models cannot be based on subsidies being provided forever and hence there is need to innovate when these flows slowdown or stop.

The approach going ahead will be wider in scope as we look at ratings, grading products and diversification to balance out the odds that may arise. We have been building on the alternative rating products, but these are challenging to push as they are not mandated by regulation. Efforts to build these pillars are always an ongoing process, which will remain an integral part of our strategy.

But we do see exciting changes evolving in the debt market which holds promise for our business. We all believe in the India growth story which would require substantial investments to fructify. This should resuscitate the debt and credit markets and with the government and RBI taking some giant steps to sort out the issue of NPAs which is affecting the banks' ability and willingness to further long-term lending.

We are hence cautiously optimistic for FY18 as most of the preconditions for better economic conditions appear to be in place. However, we have seen that in this volatile world uncertainty always prevails and one has to constantly adapt and change, which is the prudent way forward.



Rajesh Mokashi
Managing Director & CEO

Directors & Committee Members

● Directors	Mr. S. B. Mainak	Chairman
	Mr. A. K. Bansal	Director
	Dr. Ashima Goyal	Director
	Mr. Milind Sarwate (w.e.f. November 04, 2016)	Additional Director (Independent)
	Mr. Rajesh Mokashi (w.e.f. August 22, 2016)..... (Deputy Managing Director upto August 21, 2016)	Managing Director & CEO
	Ms. Sadhana Dhamane (w.e.f. June 02, 2017)	Additional Director (Non -Executive)
● Audit Committee	Mr. Milind Sarwate (w.e.f. November 04, 2016)	Chairman
	Mr. S. B. Mainak (w.e.f. May 26, 2016).....	
	Dr. Ashima Goyal	
	Mr. A. K. Bansal	
	Mr. Rajesh Mokashi (upto May 26, 2016).....	
● Stakeholders Relationship Committee	Mr. S. B. Mainak	Chairman
	Mr. Rajesh Mokashi	
	Mr. D. R. Dogra (upto August 21, 2016)	
● Nomination & Remuneration Committee	Mr. A. K. Bansal	Chairman
	Mr. S. B. Mainak (w.e.f. May 26, 2016).....	
	Dr. Ashima Goyal	
● Rating Committee*	Mr. Y. H. Malegam.....	Chairman
	Mr. V. Leeladhar.....	
	Mr. V. K. Chopra.....	
	Mr. H. R. Khan (w.e.f. December 13, 2016)	
	Mr. P. P. Pattanayak (upto December 6, 2016).....	
	Mr. Rajesh Mokashi (w.e.f August 23, 2016)	
	Mr. D. R. Dogra (upto August 21, 2016).....	
* Upto 31st March, 2017		
● Corporate Social Responsibility Committee	Mr. Milind Sarwate (w.e.f. November 04, 2016)	Chairman
	Dr. Ashima Goyal (w.e.f. May 26, 2016)	
	Mr. A. K. Bansal.....	
	Mr. Rajesh Mokashi.....	
	Mr. D. R. Dogra (upto August 21, 2016).....	
● Bankers	IDBI Bank Ltd.	
	HDFC Bank Ltd.	
	State Bank of India	
● Statutory Auditors	M/s. Khimji Kunverji & Co. Chartered Accountants	
● Internal Auditors	M/s. Pravin Chandak & Associates Chartered Accountants	

Board of Directors



Mr. S. B. Mainak

Chairman

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. Milind Sarwate

Independent Director

Founder & CEO - Increate Value Advisors LLP



Ms. Sadhana Dhamane

Additional Director (Non - Executive)

Chief (INVM - Stress Asset Cell) LIC of India



Mr. Rajesh Mokashi

**Managing Director & CEO,
CARE Ratings**

Senior Management Team



T. N. Arun Kumar
Executive Director



Mehul Pandya
Executive Director



Revati Kasture
Senior Director



Swati Agrawal
Senior Director



Milind Gadkari
Senior Director



Sanjay Agarwal
Senior Director



Amod Khanorkar
Senior Director



Madan Sabnavis
Chief Economist



Chandresh Shah
Chief Financial Officer



Umesh Ikhe
Chief Technology Officer

23rd Annual General Meeting

CARE Ratings held its 23rd Annual General Meeting on 23rd September 2016 at Shanmukhananda Hall in Mumbai.



From left – Mr. Rajesh Mokashi, MD & CEO, Mr. S. B. Mainak, Chairman, Mr. A. K. Bansal, Independent Director & Dr. Ashima Goyal, Independent Director



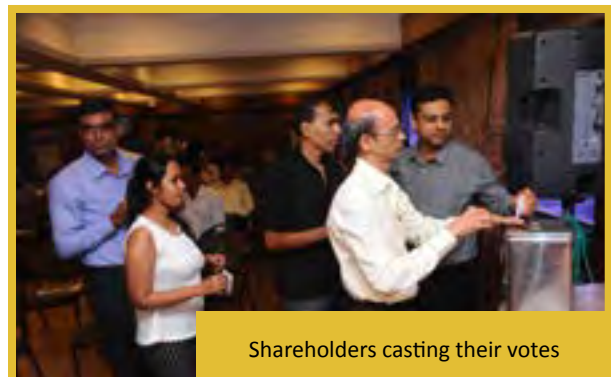
Mr. S. B. Mainak, Chairman addresses the shareholders



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



Shareholders' interaction



Shareholders casting their votes

CARE Ratings' Conversations Over Dinner @ Delhi

CARE Ratings hosted its 2016-17 edition of Conversations Over Dinner at The Lalit, New Delhi on 15th Dec 2016. The Special Guest for the evening was Mr. Pratip Chaudhuri, Former Chairman, SBI. The panel speakers from CARE Ratings included Mr. Rajesh Mokashi, MD & CEO and Ms. Swati Agrawal, Senior Director.



CARE Ratings' Conversations Over Dinner @ Mauritius

As a part of its stakeholder education initiatives to create greater awareness about the concept of credit rating in Mauritius, CARE Ratings Africa (CRAF) organised "Conversations over Dinner" at Port Louis, Mauritius on January 18, 2017.

The event was attended by CEOs / CFOs / Directors and senior functionaries of the financial and corporate world of Mauritius. Top officials from the regulators, Financial Services Commission (FSC) and Bank of Mauritius (BoM), were also present. The Indian High Commissioner to Mauritius, His Excellency Mr. Abhay Thakur, graced the occasion as the Special Guest.

Addressing the audience, Chairman of CARE Ratings, Mr. S.B. Mainak, stressed on CARE Ratings' experience in India and assured support to CRAF in terms of the methodology and rating approaches.

Speaking on the occasion, MD & CEO of CARE Ratings, Mr. Rajesh Mokashi, delved on the benefits of credit rating for the development of a robust debt market in Mauritius. He also explained about the various debt transactions rated in the Indian market by CARE Ratings and urged the stakeholders in Mauritius to explore similar opportunities.



MD and CEO of CARE Ratings, Mr. Rajesh Mokashi addressing the guests in the presence of top officials from Financial Services Commission (FSC) and Bank of Mauritius (BoM)



Mr. S.B. Mainak, Chairman of CARE Ratings addressing the guests



Mr. Abhay Thakur, Indian High Commissioner addressing the guests



CARE Ratings' launch of its Expected Loss Ratings (EL Ratings) for Infrastructure Projects

CARE Ratings hosted an event on launch of its Expected Loss Ratings (EL Ratings) for Infrastructure Projects on 31st January 2017, at Hotel Intercontinental, Mumbai.

Mr Sabyasachi Mukherjee - Chief Operating Officer - Project Debt Syndication, IL&FS Financial Services Limited (IFIN), Mr Shameek Ray, Head Debt Capital Markets at ICICI Securities Primary Dealership Ltd. (I-Sec PD) and Mr Avinash Welekar, Sr Vice President, Debt Capital Markets, Kotak Mahindra Bank were the guest speakers at the Event.

MD & CEO, Mr. Rajesh Mokashi opened the discussion forum & Executive Director Mr. T. N. Arun Kumar gave the technical presentation. This was followed by our Guest Speakers' address, Q & A session and High Tea.



Nepal MoU

CARE Ratings signed MoU to establish Credit Rating Agency in Nepal – 31st August 2016

CARE Ratings signed a MoU with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal to be called CARE Ratings (Nepal) Limited.



Rating Committee Members' Farewell

To felicitate & honour the contribution of our Rating Committee Members a farewell function was organized at HO on 31st March 2017. Special mementoes were handed over to the Committee Members by MD & CEO, Mr. Rajesh Mokashi.



To,
Mr. Y. H. Malegam,
Chairman Rating
Committee



To,
Mr. V. K. Chopra



To,
Mr. V. Leeladhar



To,
Mr. H. R. Khan



Events & Representations

The Confederation of Indian Industry (CII) had hosted a conference on 'Insolvency and Bankruptcy Code 2016' in Mumbai on 24 March 2017. Mr. Rajesh Mokashi, MD & CEO was part of the eminent speaker panel and shared his insights and expertise at the event.



Mr. Rajesh Mokashi, MD&CEO, CARE Ratings was a Guest of Honour and addressed the SMEs at "India SME Business Summit", on 9th January 2017 at Hotel Hilton, Mumbai, organized by Small & Medium Business Development Chamber of India (SME Chamber of India).



CARE Ratings was associated with Outlook Money Awards 2016 as Knowledge Partner to evaluate and form the criteria for award selection. Mr. Rajesh Mokashi, MD & CEO, CARE Ratings was part of the jury panel.

Events & Representations



Mr. Rajesh Mokashi, MD & CEO was a member of the Jury to finalise the Best Bank Award winners for the 9th Best Banks Awards, hosted by Businessworld in Mumbai.



YES BANK and Business World hosted their edition of 'CFO Awards 2017'. This is to recognize and acknowledge the exemplary achievements and the professional contributions made by the Chief Financial Officers (CFOs) of India Inc. Mr. Rajesh Mokashi MD & CEO was part of the distinguished Jury Members who met, assessed & evaluated, to pick the winners in Mumbai.



CARE Ratings was associated as 'Knowledge Partner' at the Bond Market Summit hosted by Assocham on 21st November 2016, at Four Seasons Hotel, Worli, Mumbai. CARE Ratings published the knowledge book, which was released by Mr. H R Khan, Former Dy Governor, RBI along with Mr T. N Arun Kumar, ED, CARE Ratings (first from left) and others. Ms Revati Kasture, Senior Director, CARE Ratings addressed a technical session on 'Ratings and Corporate Bond Market in India'.

Events & Representations



Ms. Revati Kasture, Senior Director was a speaker at Assocham's 12th Annual Banking Summit-Cum-Social Banking Excellence Awards 2016. She spoke on Multiple Banking Models covering different niches. This event was held in Mumbai on 3rd March 2017 at Hotel Four Season.



Ms. Revati Kasture, Senior Director, CARE Ratings was a speaker at a Seminar on Changing Landscape in Banking & Financial Services organized by WIRC, ICAI, Mumbai on 23rd December 2016. She spoke on recent regulatory changes for credit rating agencies.



Mr Sanjay Kumar Agarwal, Senior Director was a speaker at the conference on "Bond Financing for Infrastructure" held on February 9, 2017 at Grand Hyatt, Mumbai. His session was on "Credit Enhancement" which was followed by Q&A with the delegates.



Mr. Sanjay Agarwal, Senior Director, CARE Ratings (first from right) participated at Hindu Business Line - Surge event in Pune on the 4th November 2016. He was a part of the panel discussion on "MSME Funding: Opportunities & Challenges".



ZEE Media hosted FINANCING MSMEs an event with the theme CELEBRATING MAKERS OF INDIA held on 3rd February 2017 at Kolkata. Mr. Saikat Roy, Director, CARE Ratings (first form left) participated as a speaker in this event.



Ms. Priti Agarwal, Director, CARE Ratings was a panel speaker at the 2nd Eastern India Microfinance Summit 2016 held on November 18th, 2016, at the Lalit Great Eastern, Kolkata. This was organized by The Association of Micro Finance Institutions – West Bengal.

FE Award

Awards are just milestones in a journey towards excellence..!

Credit Analysis & Research Ltd. was awarded The Financial Express CFO Platinum Award (1st rank in services category for companies with turnover of less than 500 crores). The award was received by our CFO, Chandresh Shah on behalf of CARE Ratings.

The awards celebrate excellence, best practices and outstanding achievements. The awards were adjudged by an eminent jury panel headed by Mr. R Seshasayee, Chairman, Infosys and includes Mr. Amit Chandra, MD-Bain Capital; Mr. Leo Puri, MD, UTI Asset Management; Mr. Y M Deosthalee, Chairman, L&T Finance Holdings and Mr. Pradip Shah, Founder, IndAsia Fund Advisors. The distribution ceremony was held at ITC Grand Central, Mumbai on 24th March 2017.



Social Responsibility

CARE Ratings invited two NGOs Gulmeher & Soul Mountain to display and sell their wares during Diwali, 26-10-2016, at our Mumbai office. Gulmeher, supports a group of women waste pickers from Ghazipur, Delhi and focuses on empowerment by organizing them into a self-managed organisation. Soul Mountain provides training to rural women from Jammu to make a wide range of tote bags and crochet and hence helps them in creating sustainable livelihood. Mr. Rajesh Mokashi, MD&CEO inaugurated the display. This social cause received an overwhelming response from the employees.



Social Responsibility

CARE Ratings sponsored and hosted an event at old age home, Bhayender in Mumbai on November 6, 2016 along with Umang Foundation. Lunch was organized along with distribution of Mithai, farsan and dry fruit packets to the residents. Entertainment programs were organized by CARE Ratings' employees, who volunteered for this special cause.



Publications



Publications



CARE Ratings in Media

MD & CEO Interactions

ET QA **RAJESH MOKASHI**
Managing Director, CARE Ratings

Credit Outlook Easing, Do Not See Sharp Rise in NPAs

Restructuring is yielding results. Companies are coming for refinancing. But it will take some time. There is an urgency to move on rather than getting stuck with it. Interest rate cycle changing direction will also help



ON OTHER SEGMENTS
Trying to do things in non-ratings business. We already have an advisory firm and also doing something in research and training. Diversifying through subsidiaries

How to Care Ratings diversify?
We are trying to diversify in the non-ratings business. We already have an advisory firm and also doing something in research and training.

ON SECTORS
Consumption-oriented sectors will see the positive effects first and they are all pervading. Goods like refrigerators and cars will also give a boost to other sectors

Which sectors will benefit most?
Automobiles, consumer goods, real estate, etc.

लोकसत्ता

विकासाला केंद्राबद्ध मानणारा अर्थसंकल्प

आर्थिक संकटामध्ये असताना विकासाला केंद्राबद्ध मानणारा अर्थसंकल्प हा देशाच्या अर्थव्यवस्थेसाठी एक उत्तम उपाय आहे. या अर्थसंकल्पात विकासाला केंद्राबद्ध मानण्याचा निर्णय घेतला आहे. या निर्णयाने देशाच्या अर्थव्यवस्थेमध्ये बदल होईल. विकासाला केंद्राबद्ध मानण्याचा निर्णय घेतल्याने देशाच्या अर्थव्यवस्थेमध्ये बदल होईल. विकासाला केंद्राबद्ध मानण्याचा निर्णय घेतल्याने देशाच्या अर्थव्यवस्थेमध्ये बदल होईल.

CARE Ratings appoints new chief

Mumbai, August 1

CARE Ratings on Friday said Rajesh Mokashi will take charge as MD and CEO of the company with effect from August 22. Currently, Mokashi, who has been with the credit rating agency since inception in 1993, is the Deputy Managing Director. The tenure of the previous chief, K. S. Sankaranarayanan, ends on August 1.

BusinessLine

'Core of CARE is analytics; we will build on that'

Company also plans to offer loan services as green and NCD rating; MD & CEO



Core of CARE is analytics; we will build on that

Company also plans to offer loan services as green and NCD rating; MD & CEO

ON OTHER SEGMENTS
Trying to do things in non-ratings business. We already have an advisory firm and also doing something in research and training. Diversifying through subsidiaries

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



Mr. Rajesh Mokashi, MD&CEO speaks to BTVi on Interaction on CARE Ratings signing MoU to establish Credit Rating Agency in Nepal – 2-08-2016



Mr. Rajesh Mokashi, MD&CEO, speaks to CNBC Awaaz on our Financial Results – 7-11-2016



Mr. Rajesh Mokashi, MD&CEO speaks to CNBC TV18 on Discussion on RBI Reviews Risk Weights For Exposures To Corporates, AFCs & NBFC-IFCs – 26-08-2016



Mr. Rajesh Mokashi, MD&CEO speaks to ET Now on Announcement on Corporate Bond Market – 25-08-2017



Mr. Rajesh Mokashi, MD&CEO speaks to CNBC Awaaz on our Financial Results – 6-02-2017



CARE Ratings in Media

Other Interactions

Mr. Saikat Roy, Director, Speaking on Financing SMEs with the theme CELEBRATING MAKERS OF INDIA - 3rd Feb 2017 at ZEE Business



Mr. Vidhyasagar L, Associate Director speaks to Bloomberg TV on CARE Ratings report on Impact of GST on Indian Logistics Industry – 18-07-2017



Mr. Gaurav Dixit, Associate Director, speaks to CNBC Bajar on Bids by Telecom Companies During Spectrum Auction – 06-10-2017



Mr. Aditya Acharekar, Associate Director, speaks to CNBC TV18 on Company Ratings – 12-07-2016



Ms. Anuja Shah, Economist, speaks to ET Now on Challenges in Fiscal Management – 25-10-2017

Business Standard

Weak investment demand for corporate bond issues

Long-term fundraising from the corporate bond market by non-financial companies in the April-October period declined by 6.7% from a year earlier, indicating that investment demand is not yet out of the woods. CARE Ratings warns in a note that the kind of manufacturing-led boom starting, down which is indicative of limited capacity creation given the surplus space that is building.

Investment Bank of India (IBI) said that the share of corporate bond issues in the FY16 was lower than the FY15, but the share of corporate bond issues in the FY16 was higher than the FY15.

Surge in CASA deposits may reduce rates

With the surge in CASA deposits, banks may be able to reduce the cost of funds, which could lead to a reduction in the interest rates on loans. The Reserve Bank of India (RBI) has been monitoring the growth of CASA deposits, which have risen from 15% in FY15 to 18% in FY16. The RBI has also been monitoring the growth of the deposit-to-credit ratio, which has risen from 1.5x in FY15 to 1.6x in FY16.

Care: Major changes regime likely in Budget

The Budget for FY18 is expected to bring major changes to the tax framework for individuals and corporates following the recommendations of the Finance Commission. It said the Budget will address issues with respect to "a number of issues on account of IDS".

Will Property Become Cheaper Now?

Real estate market expected to see greater impact. Land prices, too, may soften. The real estate market is expected to see a significant impact from the Budget. Land prices, too, may soften. The real estate market is expected to see a significant impact from the Budget.

Stocks gain on rate cut hope

Economists at CARE Ratings assigned a 30 per cent probability for a rate cut. The stock market has gained momentum on the hope of a rate cut. Economists at CARE Ratings assigned a 30 per cent probability for a rate cut.

MINT - 22/12/2016

Work profile

Employees are among the top indicators when it comes to hiring.

Category	Value
Employees	1.1
Unemployed	1.2
Unemployed and seeking work	1.3
Unemployed and seeking work	1.4
Unemployed and seeking work	1.5
Unemployed and seeking work	1.6
Unemployed and seeking work	1.7
Unemployed and seeking work	1.8
Unemployed and seeking work	1.9
Unemployed and seeking work	2.0

Employment by firms rose by 1.6% in FY16

Firms have 1.6% more employees when compared to FY15, according to CARE Ratings. Firms have 1.6% more employees when compared to FY15, according to CARE Ratings.

Fumbling debt

After four months of stability, debt quality weakens in September. The debt quality index shows a decline in September, indicating a weakening of debt quality.

Month	CARE Ratings Debt Quality Index	Change
Jan	91.54	0.00
Feb	90.89	0.33
Mar	90.60	0.09
Apr	90.80	0.10
May	90.84	0.04
Jun	90.50	0.07
Jul	91.56	0.18
Aug	90.89	-0.19

Source: CARE Ratings

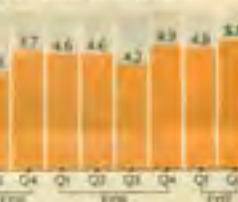
Vijay Sankar, MINT

Debt quality index shows weakness

Leveraged Indian companies with high debt are not yet out of the woods in terms of service.

A welcome sign

Interest cover has been improving in all major sectors for FY16 companies. The interest cover ratio has improved in all major sectors for FY16 companies.



Source: CARE Ratings

Agarwal, MINT

Companies' interest cover improves in Q2

CARE Ratings analysis of 2,425 firms under the Banking, Finance, Information Technology and Oil sectors, indicates that interest cover—calculated as a ratio of profit before depreciation, interest, and taxes—has improved from 4.8 in the first quarter of fiscal year 2017 to 5.1 in the second quarter. Higher interest cover indicates that companies are better able to finance their interest costs with operating profits. Of course, it must be noted that these aggregate numbers mask the fact that for some

MINT - 19/10/2016

Share of pie

Share of various industries in India's total apparel exports in FY16.



Source: CARE Ratings

Vijay Sankar, MINT

Indian apparel exports to remain moderate

Indian apparel exports are expected to remain moderate in FY17. The Indian apparel export market is expected to remain moderate in FY17.

CRR diktat may cost banks ₹18,000 crore more annually

The Reserve Bank of India (RBI) has directed banks to maintain a higher CRR, which could cost them ₹18,000 crore more annually. The RBI has directed banks to maintain a higher CRR, which could cost them ₹18,000 crore more annually.

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MSME Financing – The Next Boom

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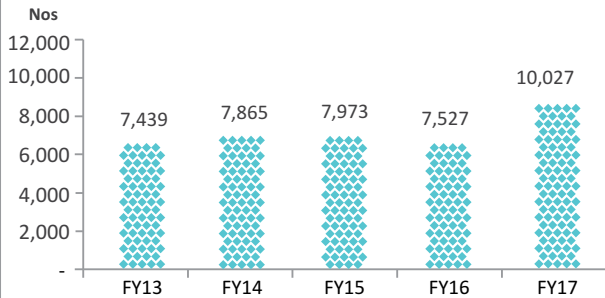
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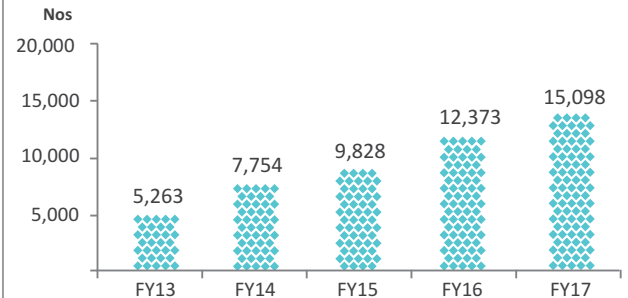
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Performance Snapshot

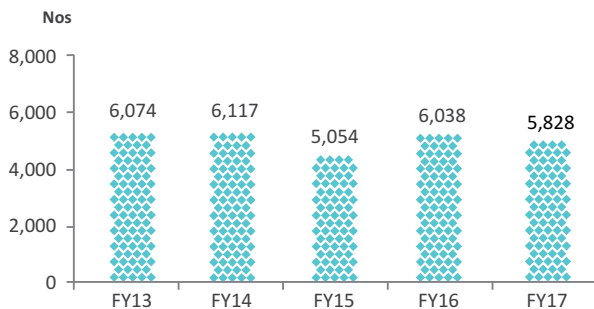
Number of assignments



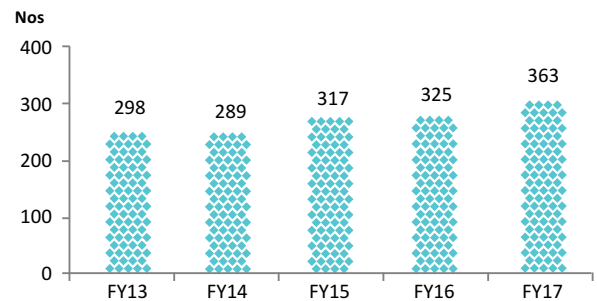
Number of Active client relationships



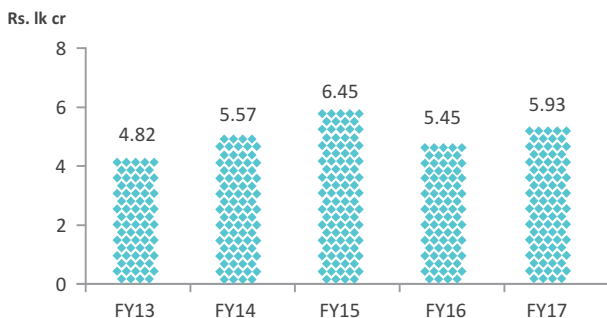
Bank Facility - No. of Instruments Rated



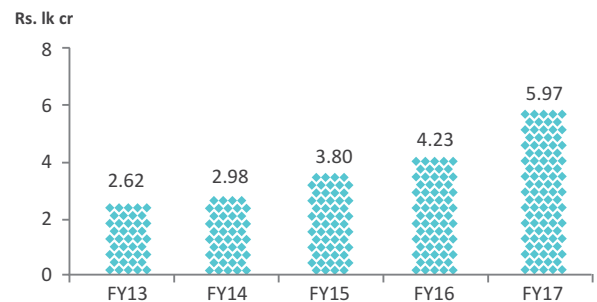
Debentures/Bonds - No. of Instruments Rated



Volume of Bank Facilities Rated

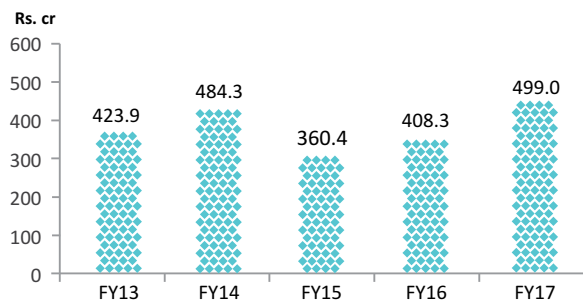


Volume of Debentures/Bonds Rated

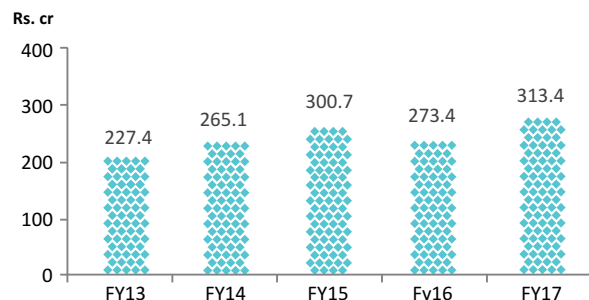


Performance Snapshot

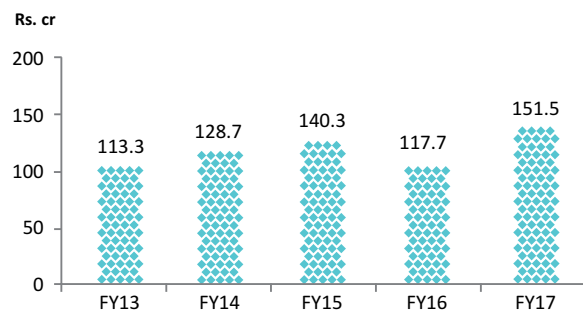
Networth



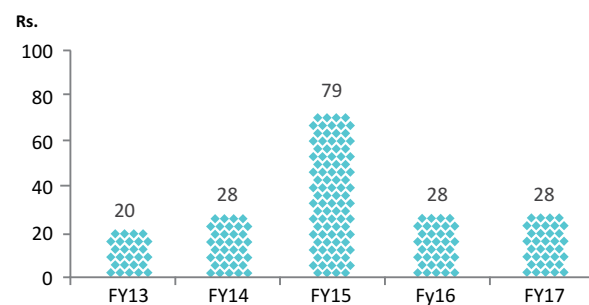
Total Income



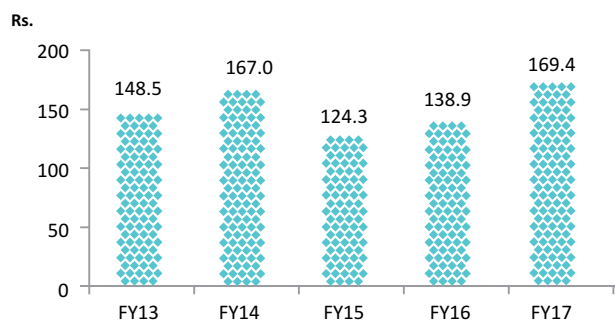
Profit After Tax



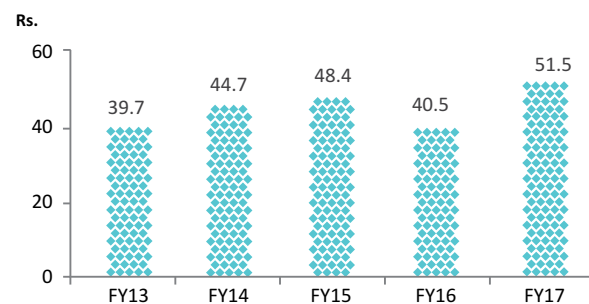
Dividend Per Share



Book Value Per Share



Earnings Per Share



Highlights

Business

- CARE Ratings is the second largest credit rating agency in terms of domestic rating income.
- Rated a large volume of debt of around Rs. 92 lakh crore as of March 31, 2017 and has completed 56,908 rating assignments since inception.
- Client base has increased from 12,373 in FY16 to 15,098 in FY17.
- Total number of assignments rated in FY17 is 10,027. The number of bank facilities rated was 5,828 and the number of bonds/debentures rated was 363.
- PAT margin of 48.3% in FY17.
- Healthy cash position of approx Rs. 427 crore as of March 31, 2017.

MoUs

CARE Ratings signed a MoU with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal to be called CARE Ratings (Nepal) Limited.

Global Operations

As a part of its stakeholder education initiatives to create greater awareness about the concept of credit rating in Mauritius CARE Ratings Africa Ltd. (CRAF) had organised “Conversations over Dinner” at Port Louis, Mauritius on January 18, 2017. CEOs / CFOs / Directors and senior functionaries of the financial and corporate world of Mauritius, Top officials from the regulators, FSC and BoM, were also present. The Indian High Commissioner to Mauritius, His Excellency Mr. Abhay Thakur, graced the occasion as the Special Guest.

Awards

CARE Ratings won The Financial Express CFO Platinum Award (1st rank in services category for companies with turn-over of less than Rs. 500 crores). The award celebrates excellence, best practices and outstanding achievements.

Knowledge Partners

- CARE Ratings was associated with Outlook Money Awards 2016 as Knowledge Partner to evaluate and form the criteria for award selection. Mr. Rajesh Mokashi, MD & CEO was part of the jury panel.
- YES BANK and Business World hosted their edition of ‘CFO Awards 2017’. This is to recognize and acknowledge the exemplary achievements and the professional contributions made by the Chief Financial Officers (CFOs) of India Inc. Mr. Rajesh Mokashi MD & CEO was part of the distinguished Jury Members who met, assessed & evaluated, to pick the winners in Mumbai.
- Mr. Rajesh Mokashi, MD & CEO was a member of the Jury to finalise the Best Bank Award winners for the 9th Best Banks Awards, hosted by Businessworld in Mumbai.
- CARE Ratings was associated as ‘Knowledge Partner’ at the Bond Market Summit hosted by Assocham on 21st November 2016, at Four Seasons Hotel, Worli, Mumbai. CARE Ratings published the knowledge book, which was released by Mr. H R Khan, Former Dy Governor, RBI along with Mr T. N Arun Kumar, Executive Director, CARE Ratings and others. Ms Revati Kasture, Senior Director addressed a technical session on ‘Ratings and Corporate Bond Market in India’.
- CARE Ratings associated as ‘Knowledge Partner’ in a CII’s Financial Conclave event held in Kolkata on 30th July 2016. CARE Ratings prepared and released the knowledge paper on ‘Growth Drivers for the Financial Sector’ on this occasion.

New Initiatives

- CARE Ratings in consultation with the Ministry of Finance and other stakeholders launched a new credit rating system, Expected Loss Ratings (EL Ratings) for infrastructure projects.
- Launch of CARE Advisory Research & Training Ltd. (CART), a wholly-owned subsidiary of Credit Analysis & Research Ltd. (CARE). CART is engaged in the business of rendering financial and management advisory services, undertaking diligence studies and appraisals of all types of projects and other related research. CART also caters to the training needs of corporates and professionals through its training programme offerings.
- CARE Executive Training Programs were conducted across branches for corporates and professionals.

Events

- CARE Ratings hosted its 2016-17 edition of ‘Conversations Over Dinner’ at The Lalit, New Delhi on 15th Dec 2016. The Special Guest of the evening was Mr. Pratip Chaudhuri, Former Chairman, SBI.
- CARE Ratings Africa Ltd.(CRAF) organised “Conversations over Dinner” at Port Louis, Mauritius on January 18, 2017.
- CARE Ratings hosted an event on launch of its Expected Loss Ratings (EL Ratings) for Infrastructure Projects on 31st January 2017, at Hotel Intercontinental, Mumbai.

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Fourth Annual Report of your Company along with the audited Financial Statements for the year ended March 31, 2017.

Financial Performance

Your Company's Financial Performance for the year ended March 31, 2017, is summarized below:

(Rs. Lakhs)

<i>Particulars</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Income from Operations	28,048	26,484
Other Income	3,289	861
Total Income	31,337	27,345
Total Expenditure	9,709	9,663
Profit Before Tax (PBT)	21,628	17,682
Provision for Tax	6,477	5,913
Profit After Tax (PAT)	15,151	11,769
Balance brought forward from previous year	15,232	14,814
Appropriations		
Interim Dividend	5,300	5,244
Tax on Interim Dividend	1,079	1,068
Final Dividend	4*	2,940
Tax on final dividend	1*	599
Total (Dividend Outflow)	6,384	9,851
Transferred to General Reserve	1,500	1,500
Balance carried forward to next year	22,499	15,232

*The Central Government has amended the Companies (Accounting Standards) Rules, 2006, through a notification issued by the Ministry of Corporate Affairs dated March 30, 2016. On account of the amendments in Para 8.5 of AS-4 - Contingencies and Events occurring after Balance Sheet date, from April 01, 2016, the Company recognises a liability to make cash or noncash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

Income from operations increased by about 5.9% during the year due to increase in volume of debt rated in the long term debt instruments and bank loan ratings. This was supported by surveillance income. Other income increased from Rs 8.61 crore to Rs.32.89 crore mainly due to income on maturity / realization of FMP's.

Total expenditure increased marginally by 0.5%. The staff expenditure was lower by Rs. 2.77 crores mainly due to savings of ESOP charges corresponding to the financial year 2015-16. Other expenses increased mainly due to increase in professional fees paid for off roll business development teams hired through a manpower agency and other incidental marketing expenses. Higher operating income resulted in increase by 9% in operating profits. The maturity gain on FMPs resulted in increase of 22.3% in Profit Before Tax and 28.7% in Profit After Tax. There was hence overall improvement in profit margins over previous year.

Dividend

Your Company paid a total interim dividend of Rs. 18/- per share amounting to a payout of Rs.63.79 crores. The Board has recommended final dividend of Rs. 10/- per share amounting to a payout of Rs. 35.45 crores for FY 2016-17, to be approved at the ensuing Annual General Meeting. The dividend would be paid in compliance with the applicable rules and regulations. In terms of Regulation 43A of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, The Dividend Distribution Policy is appended as **Annexure I** to the report and also available on the website of the Company at www.careratings.com.

Transfer to reserves

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

Share Capital

The Authorised Share Capital of your Company is 3,00,00,000 Equity Shares of face value Rs.10/- each amounting to Rs.30,00,00,000/- (Rupees Thirty Crores only) and the Paid-up Share Capital is 2,94,51,201 Equity Shares amounting to Rs.29,45,12,010/- (Rupees Twenty Nine Crores Forty Five Lakhs Twelve Thousand Ten Only). During the financial year ended March 31, 2017, the Company has issued and allotted 50,105 equity shares of Rs. 10/- each at a premium of Rs. 607/- per share to its eligible employees under the CARE Employees Stock Option Scheme, 2013 (ESOS 2013).

Economic Backdrop

The hope for economic revival in FY17 aided by anticipated higher growth in the last 2 quarters of the fiscal, on the back of favorable monsoons, did not materialize due to the shock of demonetization of high value currency notes announced by the Government on 8 November'16. As per the Government's second advance estimates, India's GDP growth in FY17 is estimated at 7.1%, lower than the 8.0% growth of FY16.

In terms of sectoral performance, barring public spending and agriculture, the performance across sectors has been rather subdued and has not provided the required momentum to stimulate the economy. Public spending (public administration, defense and other services) is estimated (as per second advance estimates) to have grown by 11.3% in FY17, notably higher than the growth of 6.9% in the previous year. Agriculture, aided by favorable monsoons is estimated to have grown by 4.9% in FY17, compared with the 0.7% growth in FY16. The improved performance of the agriculture sector that was expected to provide the required impetus for the other sectors of the economy did not fructify partly due to the demonetization induced cash crunch.

Industrial growth has now been reckoned with a new base year of 2011-12. Growth in FY17 was 5.0% compared with the 3.4% growth in the corresponding period of FY16. In particular, capital goods output grew by just 1.9% compared with 2.1% in FY16. Also, capital formation or investment rate has deteriorated further to 27.1% of GDP in FY17 from 29.3% in the previous year. The low capacity utilization rate, which as per the RBI data has seen a successive decline to around 73% in Q3 FY17, has further pressured fresh investments in the economy.

Overall corporate performance did not see a significant pickup during the year. For a sample of 810 companies (non-banks/finance/oil/refinery and IT companies) growth in net sales was 6.1% compared with 8.8% last year. Also, the performance across industries has shown a differing trend with those based on consumer spending not having done well while those in the infra space having performed relatively better.

The economic scenario was not favorable enough for the funding segment. Demand for funding was muted during the year with bank credit growth falling to a multi-decade low. In FY17 (up to 17 March'17), bank credit grew by a mere 4.4%, the lowest growth rate in five decades. This improved to 8.7% (10.9%) by March 31, 2017. Credit growth in FY16 was 10.9%. The growth in bank credit was driven by the services and retail segment in FY17.

The industrial sector which comes within the scope of credit rating, saw low credit growth. Credit growth to Industry contracted (-) 1.9% in FY17 as against growth of 2.7% in FY16, while credit offtake towards services registered a 19.5% increase during FY17 compared with the growth in the previous year of 9.1%. The retail segment registered growth of 16.7% in FY17, 2.7% lower than that of FY16. Credit growth to services in FY17 was led by the professional services (32% growth), shipping (11.7% growth), transport operators (10.7% growth), trade (12.3% growth) and NBFC segment (10.9% growth). Credit offtake in FY17 contracted in various segments. In case of the computer software segment it contracted by (-) 6.3%, for medium sized industries by (-) 8.7% and for large industries by (-) 1.8%. The growth in the rating business in the bank loan segment needs to be viewed in relation with the growth in bank credit at the aggregate level to help highlight the challenges faced by the rating business.

Along with tepid credit growth, the banking system was also weighed down by the build-up of NPAs and stressed assets. As per the RBI's financial stability report, gross NPA's has increased sharply to 9.1% in Sep'16 from 7.8% in Mar'16. As per CARE's own study on Performance of Banks, bank gross NPA have risen further 9.15% in March 2017 from 7.73% in March 2016 for a set of 35 banks.

The corporate debt market recorded an increase in issuances in FY17. Based on SEBI data, in FY17, public debt issuances amounting to Rs. 29,559 crore were issued compared with Rs 33,812 crore in FY16. Private placements aggregated Rs. 6.41 lakh crore in FY17 as against Rs. 4.58 lakh crore in FY16. Although, there has been an increase in corporate debt issuances, it need be noted the major share of these issuances have been by the financial sector which comprises banks and NBFCs and the funds raised by them are used for on-lending purposes. The funds raised by the non-financial sector reflect the direct/fresh investment in the respective industries.

With regard to inflation, the picture has been mixed during the year. While inflationary pressures viz. that of retail (CPI) inflation has moderated in recent months (from 5.4% in Apr'16 to 3.8% in Mar'17) mainly on account of the decline in food prices viz. vegetables and pulses consequent to the favorable monsoons, Wholesale Price Inflation (WPI) on the other hand has been firming up, from -1.1% in Apr'16 to 5.3% in Mar'17 as per the new methodology, with the increase in fuel and manufactured good prices. Despite the increase, WPI, continues to be within the RBI's target levels of 4% with a band of $\pm 2\%$. CPI too continues to be well within the RBI target.

While the RBI on the whole adopted a cautious approach towards monetary policy in FY17, with continued focus on inflation targeting, it also indicated a change in its policy stance from accommodative to neutral in its February'17 policy review. The RBI lowered repo rate by 50 bps during the year.

The government has successfully adhered to the fiscal deficit targets of 3.5% of GDP for FY17, aided in large part by the benign global commodity prices viz. crude oil prices and the buoyancy in receipts – tax revenue, non-tax revenue and non-debt capital receipts that helped the government in its fiscal management. With government fiscal management not being an area of concern, the RBI was able to focus on inflation.

The market interest rates had been moving in tandem with the RBI's policy changes as seen from the decline in 10-years GSec rates which came down from 7.7% to 6.6% during the year. This was also replicated in the CP market which witnessed higher issuances during the year. In FY17, the CPs worth Rs. 18.83 lakh crore were issued by corporates, 20.5% higher than CP issuances in FY16. Higher issuances were accompanied with lower yields. The average yield for 365-days CPs was 7.72%, 77 bps lower than the average yield of 8.49% in FY16. The lower rates in the CP market were seen to have prompted migration from bank credit to CP in case of some large corporates who carry high ratings.

The rupee was fairly stable for most part of FY17. The rupee depreciated by 1% against the US dollar during Apr'16 to mid-Feb'17 (from average 66.47 in Apr'16 to 67.14 in Feb'17). It however appreciated quite sharply (to Rs. 64.95 by end Mar'17) due to improved investor sentiments. This was based on expectations that the government would be better placed to accelerate the pace of reforms and bring about higher growth in the economy. The RBI has been effectively managing the orderly movement of the currency and has maintained healthy forex reserves of over \$ 368 bn.

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 56,908 rating assignments since inception to March 31, 2017. The cumulative amount of debt rated has increased to Rs. 91.99 lakh crore as of March 31, 2017, which is around 60% of GDP at current market prices. As of March 31, 2017, we had business relationships with 15,098 clients (12,373 as on March 31, 2016). During the year your Company added 4,676 new clients.

Assignment Type (Instruments)	Number of assignments completed		Volume of debt rated (Rs crore)	
	2016-17	2015-16	2016-17	2015-16
Short & Medium Term	82	92	128,414	116,706
Long term	363	325	597,361	423,391
Bank facility rating	5,828	6,038	592,978	545,246
Others including NSIC grading	3,754	1,072	-	-
Total	10,027	7,527	13,18,753	10,85,343

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

1. The total number of assignments rated increased by 33.2% in FY17. This was mainly due to increase in number of assignments on account of long term rating and number of assignments in the miscellaneous category which includes SME ratings among others. However, the number of assignments decreased for bank facility ratings by 3.5%
2. Bank facilities accounted for 58.1% of total assignments in FY17, down from 80.2% in FY16. The miscellaneous assignments including NSIC gradings witnessed sharp increase from 14.2% in FY16 to 37.4% in FY17.
3. The total volume of debt rated increased from Rs 10.85 lakh crore to Rs 13.18 lakh crore. The increase was mainly attributed to increase in volumes rated in the short, long term categories and bank facility ratings.
4. In terms of volume of debt rated, the long term assignments witnessed an increase in share from 39.0% to 45.3% while that of bank facilities came down from 50.2% to 45%.

Business during the year

Large and Medium Enterprises (LME)

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 launched a New Credit Rating system for infrastructure projects. The product has been developed in consultation with the Ministry of Finance and other stakeholders. The new ratings will be a comment on the expected loss (EL) of a debt instrument after factoring in the probability of default (PD) and recovery prospects. The new rating will be assigned on a scale from (Infra) EL 1 to (Infra) EL 7, with EL 1 having the lowest expected loss and EL 7 the highest. The rating scale can be used to assess projects across sub – sectors in infrastructure throughout their life cycle.

During the year, your company launched the Green Initiative Rating (GIR) aimed at measuring the green initiatives of entities beyond the basic compliance requirements. A risk assessment by an independent entity such as a credit rating agency would enable the lenders, the investors and the society at large to understand the initiatives undertaken by the company beyond minimum requirement for minimizing the adverse impact caused by the units' economic activity on the environment with focus on sustainability.

Recognising the need for independent evaluation of cooperative banks, your company also developed the Cooperative Banks Financial Strength Grading. The product would focus on the financial strength/capability of a co-operative bank in long-term as well as short term. It indicates bank's intrinsic safety and soundness.

CARE Advisory Research & Training Ltd. (CART) got incorporated on September 6, 2016 and is a wholly-owned subsidiary of CARE Ratings. CART has been formed with the objective of rendering financial and management advisory services, undertaking diligence studies and appraisals of all types of projects and other related research. CART also caters to the training needs of corporates and professionals through its training programme offerings.

Your company started the CARE Executive Training Programme (CETP); conducting its first training programme on Fundamentals of Corporate Credit on 19th May 2016 at Mumbai.

Your Company also signed a MoU subject to regulatory approvals in India and Nepal with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal to be called CARE Ratings (Nepal) Limited. As per the terms of the MoU, CARE Ratings will hold 51% of the equity of NR 5 crore while Vishal group will own 19% and Emerging Nepal Limited 10%. The balance 20% will be held by banks, insurance companies, FIs and corporate bodies in Nepal subject to a maximum of 9% per legal entity.

Small and Medium Enterprises (SME)

The SME rating business comprises two parts: the NSIC based grading and bank loan ratings. The former is dependent on the subsidy provided by the government in the Budget which has been volatile of late. While the amount increased for FY17, the revised figure was lower at Rs 55.72 crore as against a budgeted amount of Rs 200 crore. For FY18, this amount has come down sharply to Rs 10 crore.

Our focus has been on widening the coverage of business on both the segments. Several SMEs also have the potential to grow and as their size increases they would come directly under the bucket of bank loan ratings. The revised model of SME business hence focuses on human resources which can be used for not just the NSIC product but also bank loan ratings as well as cross-selling of other products.

Future prospects and Outlook of the Company

We do expect the Indian economy to do better in the coming year with GDP growth of 7.6-7.8% being projected by CARE Ratings for the year. This is predicated on a good monsoon stabilizing inflation further thus enabling the RBI to lower interest rates during the course of the year.

While both bank credit and corporate debt are expected to improve gradually in FY18, a major challenge for the financial sector will continue to be the issue of NPAs which have created considerable strain on the lending ability of the banking system. The reforms which are expected in the debt market and banking sector may be expected to provide some modicum of buoyancy to the system in the coming years.

A critical element of the growth process of the economy is the pick-up in investment in the private sector. Presently, investment has emanated only from the government and there is need to witness more from the private sector. We do believe that with the government focusing on infrastructure, roads, transport, railways and urban development including affordable housing & development of smart cities, there will be some impetus for the private sector which will help to supplement the investment cycle. However, the pace of growth would be gradual in FY18.

Developments on the external front would continue to be uncertain given the present behaviour of the rupee which has been strengthening of late due to FPI inflows. Hence, while the fundamentals will probably indicate a weaker rupee by the end of the year, in the short run, a stronger rupee is expected which could lead to some intervention from the RBI.

Knowledge dissemination

CARE has always been proactive in presenting its views in various areas. Our views on various issues are immediately presented so that clients, regulators, government departments and the media are being informed about CARE's stance on various issues.

This year CARE continued with its monthly release of a CARE Debt Quality Index and Modified Credit Ratio that suggest the status of debt in the country. In addition, CARE has introduced knowledge sharing sessions with its employees wherein the experts in various fields are invited to present on various topics and share their views with the employees of CARE. The employees are also encouraged to conduct webinars on their subject, which gives employees of CARE an opportunity to discuss their research.

Economics

The Economics team has been coming out promptly with CARE's view on the economic indicators by way of its timely reports. It brings out the regular reports pertaining to GDP, Industrial growth, monsoons, fiscal scene, monetary policy etc. Special studies are also carried out on subjects like the debt market, state finances, employment etc. The quarterly analysis of corporate results is undertaken that analyses the trends in performance at the aggregate level as well as industry and size levels.

Sectoral Views

This year has been marked with strengthening of the Industry Research Team that aims to come out with industry reports from time to time. Various industries have been identified on which the team writes research reports such as textile, auto and auto components, tyres, steel, retail, roads and highways, real estate, cement, sugar, telecom, edible oils, power among others. Sector specialists also give their views on various developments in the areas from time to time. All this put together helps in the better assessment of the industry while undertaking the rating exercise.

Branding and Media

Our main objective is to present the Brand “CARE Ratings” in different forums. In this regard our corporate communication team shares all reports and analysis with the media. CARE’s top management and sector specialists regularly interact with the media to express our views. They also participate in various seminars and conferences and showcase the brand of CARE Ratings.

ET Now had hosted its Leaders of Tomorrow event on “Spirit of Excellence in the MSME Space”, 20th May 2016, at Hotel Myriad, Lucknow. CARE Ratings was invited to be part of the speaker panel. The event was attended by over 100 MSME and start up entrepreneurs, policy makers and academia.

CARE Ratings was associated as ‘Knowledge Partner’ in a CII’s Financial Conclave event held in Kolkata on 30th July 2016. CARE Ratings prepared and released the knowledge paper on ‘Growth Drivers for the Financial Sector’ on this occasion.

CARE Ratings was associated as ‘Knowledge Partner’ at the Bond Market Summit hosted by Assocham on 21st November 2016, at Four Seasons Hotel, Worli, Mumbai. CARE Ratings published the knowledge book, which was released by Mr. H R Khan, Former Dy Governor, RBI along with Mr. T. N. Arun Kumar, ED, CARE Ratings and others. Ms. Revati Kasture, Senior Director addressed a technical session on ‘Ratings and Corporate Bond Market in India’.

CARE Ratings held a seminar on “Performance and Credit Rating for SC/ST Entrepreneurs” at MCCI Hall, Pune, on November 16, 2016 for the members of Annabhau Sathe Matang Chamber for Commerce and Industries. Over 60 participants attended the seminar.

CARE Ratings hosted its 2016-17 edition of ‘Conversations Over Dinner’ at The Lalit, New Delhi on 15th Dec 2016. The Special Guest of the evening was Mr. Pratip Chaudhuri, Former Chairman, SBI. The panel speakers from CARE Ratings included Mr. Rajesh Mokashi, MD&CEO and Ms. Swati Agrawal, Senior Director.

As a part of its stakeholder education initiatives to create greater awareness about the concept of credit rating in Mauritius and to mark the visit of top management of CARE Ratings to Mauritius, CRAF had organised “Conversations over Dinner” at Port Louis, Mauritius on January 18, 2017. CEOs / CFOs / Directors and senior functionaries of the financial and corporate world of Mauritius attended the event in large number. Top officials from the regulators, FSC and BoM, were also present. The Indian High Commissioner to Mauritius, His Excellency Mr. Abhay Thakur, graced the occasion as the Special Guest.

CARE Ratings hosted an event on launch of its Expected Loss Ratings (EL Ratings) for Infrastructure Projects on 31st January 2017, at Hotel Intercontinental, Mumbai. Mr. Sabyasachi Mukherjee - Chief Operating Officer - Project Debt Syndication, IL&FS Financial Service Limited (IFIN), Mr. Shameek Ray, Head Debt Capital Markets at ICICI Securities Primary Dealership Ltd. (I-Sec PD) and Mr. Avinash Welekar, Sr Vice President, Debt Capital Markets, Kotak Mahindra Bank were the guest speakers at the Event. Our MD & CEO, Mr. Rajesh Mokashi opened the discussion forum & our Executive Director Mr. T. N. Arun Kumar gave the technical presentation. This was followed by our Guest Speakers’ address, Q&A session and High Tea.

Top Management representation / Recognition and Awards

The top management has represented CARE at various forums.

CARE Ratings was associated with Outlook Money Awards 2016 as Knowledge Partner to evaluate and form the criteria for award selection. MD&CEO, Mr. Rajesh Mokashi was part of the jury panel.

Mr. Rajesh Mokashi, MD & CEO was a member of the Jury to finalise the Best Bank Award winners for the 9th Best Banks Awards, hosted by Businessworld in Mumbai.

YES BANK and Business World hosted their edition of 'CFO Awards 2017'. This is to recognize and acknowledge the exemplary achievements and the professional contributions made by the Chief Financial Officers (CFOs) of India Inc. Mr. Rajesh Mokashi MD & CEO was part of the distinguished Jury Members who met, assessed & evaluated, to pick the winners in Mumbai.

Mr. Rajesh Mokashi, MD&CEO, CARE Ratings was a Guest of Honour and addressed the SMEs at "India SME Business Summit", on 9th January 2017 at Hotel Hilton, Mumbai, Organized by Small & Medium Business Development Chamber of India (SME Chamber of India).

Mr. Rajesh Mokashi, MD & CEO, CARE Ratings was part of the eminent speaker panel and shared his insights and expertise at the event hosted by The Confederation of Indian Industries (CII) on 'Insolvency and Bankruptcy Code 2016 in Mumbai on 24 March 2017.

CARE Ratings won The Financial Express CFO Platinum Award (1st rank in services category for companies with turn-over of less than Rs. 500 crores). The award celebrates excellence, best practices and outstanding achievements. The award were adjudged by an eminent jury panel headed by Mr. R Seshasayee, Chairman, Infosys and includes Mr. Amit Chandra, MD-Bain Capital; Mr. Leo Puri, MD, UTI Asset Management; Mr. YM Deosthalee, Chairman, L&T Finance Holdings and Mr. Pradip Shah, Founder, IndAsia Fund Advisors. The distribution ceremony was held at ITC Grand Central, Mumbai on 24th March 2017.

IT initiatives

In 2016-17 our IT initiatives were focused more on upgrading the existing IT infrastructure to support business growth. We experimented and implemented Open source technology platform for analysis of securitization pool data helping users to widen their analytics horizon. IT helped to digitize the manual processes for improving Operation efficiency. Moving with technology trends we have implemented Cloud Human Resource Management System. CARE has completed multiple IT projects and infrastructure upgradation during this year.

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 6 years now. The certification was renewed in 2016 by Systems and Services Certification (SSC) agency – SGS India Private Limited, and is valid till 2018. 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

CARE Ratings signed a MoU with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal to be called CARE Ratings Nepal Limited. As per the terms of the MoU, CARE Ratings would hold 51% of the equity of NR 5 crore while Vishal group would own 19% and Emerging Nepal Limited 10%. The balance 20% would be held by banks, insurance companies, FIs and corporate bodies in Nepal subject to a maximum of 9% per legal entity. Further, on May 03, 2017, the Company has been incorporated with the name "CARE Ratings Nepal Public Limited".

CARE Ratings (Africa) Private Limited (CRAF) is now operational and has also completed a few rating assignments. This venture aims 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 w.e.f. May 9, 2016. Further, The African Development Bank has taken up close to 10% stake in CRAF.

CARE owns 10% stake in Malaysia's leading credit rating agency, MARC. CARE also owns 10% stake in ARC Ratings, a credit rating agency based out of Europe.

Rating Committee

CARE has since inception always had an External Rating Committee comprising eminent independent professionals to assign ratings to its clients. Over the past 24 years, the Senior Executives in CARE alongwith other employees from the analytical teams have been working under the guidance of this Rating Committee.

As Senior Executives of the Company have over the years acquired sufficient expertise in ratings it was felt they are ready to take on the responsibility of assigning ratings on their own. CARE's rating processes are insulated from any conflict as the analytical teams are separated from the Business development teams.

Thus, the Company has decided to have Internal Rating Committee comprising Senior executives from within the organization with effect from April 1, 2017. The company is grateful to the experts for spending time and guiding such decisions for the last 24 years. We are thankful to Mr Y.H. Malegam, Mr V. Leeladhar, Mr V.K. Chopra and Mr H.R. Khan who were part of this Committee as of March 31, 2017 for lending their expertise in this respect.

Human Resources

The level of analytical expertise has a bearing on the quality of the ratings assigned by a credit rating agency wherein human resources play an important role in our business. We have always believed in picking up the best talent and encouraging them to express their views freely in order to enhance the quality of rating. We further enrich their talents by way of conducting induction and training programmes time to time which are conducted by our own senior experts in the field. In addition, in-house training sessions along with sponsorships to attend external training programme are also provided to fine tune the existing skills of the employees.

As of March 31, 2017, we had 569 employees compared with 552 as on March 31, 2016. Around 90% of the staff is professionally qualified in the areas of management, CA, CS, legal, economics, engineering etc. holding professional qualifications or are post graduates.

Depository 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, 2017, 100 % of the equity shares of your Company were held in dematerialised form and 26 no. of shares are in Physical form which constitutes 0.00% of the equity shares of your Company.

Extract of Annual Return

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure II**.

Number of Meetings of the Board & its Committees

a) Board of Directors

The Board of Directors met 7 (seven) times during the financial year 2016-17 on May 26, 2016, June 09, 2016, August 05, 2016, August 23, 2016, September 27, 2016, November 04, 2016 and February 03, 2017.

b) Audit Committee

The Audit Committee met 4 (four) times during the financial year 2016-2017 on May 26, 2016, August 05, 2016, November 04, 2016 and February 03, 2017.

c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee met 5 (five) times during the financial year 2016-2017 on May 26, 2016, June 28, 2016, August 23, 2016, November 04, 2016 and February 03, 2017.

d) Stakeholders Relationship Committee

The Stakeholders Relationship Committee met 3 (three) times during the financial year 2016-2017 on August 23, 2016, October 28, 2016 and January 25, 2017.

e) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee met once during the financial year 2016-2017 on February 03, 2017.

Directors Responsibility Statement

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

- i. In the preparation of the annual accounts for financial year ended March 31, 2017, 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, 2017 on a 'going concern' basis;
- v. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating effectively;
- vi. They have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration by Independent Directors

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

Policy on Directors' appointment and remuneration

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

Particulars of Loans, Guarantees or Investments under section 186

Loans, guarantees and investments covered under 186 of the Companies Act, 2013 forms part of the Notes to the financial statements provided in this Annual Report.

Particulars of Contracts or Arrangements with Related Parties

All transactions entered into during the financial year 2016-17 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 21 forming part of the Standalone Financial Statements.

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

Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2017 and the date of this report other than those disclosed in this report.

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

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

Foreign Exchange Earnings and Outgo

During the year under review, the Company has earned a foreign exchange of Rs. 2,29,40,222/-and has spent a foreign exchange of Rs.41,31,882/-.

Business Risk Management

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

Corporate Social Responsibility

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Policy has been devised on the basis of the recommendations made by the CSR Committee. The CSR Policy of the Company and details about the development of CSR Policy as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in CSR Report appended as **Annexure IV** to this Report along with reasons for not spending any amount under CSR in the financial year 2016-17.

Vigil Mechanism – Whistle Blower

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

Annual Evaluation of Performance of the Board

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

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

Subsidiary Companies

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

1) CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Services Private Limited) :-

FY17 - ACHIEVEMENTS:

1. Project deliveries

During FY 17, all the projects received in FY2016 viz. Bank of Ceylon (BOC), CRDB Bank, Seylan Bank and Bandhan Bank reached completion or near completion stages. This was a herculean effort requiring re-training of team, restructuring of delivery processes etc. as company has in its past never undertaken deliveries of this magnitude.

2. Product development/ enhancements

During FY 17, the Company undertook enhancement/ redevelopment of many of the product features in order to make them competitive and upto date.

3. Establishment of dedicated sales team

FY 2017 saw formation of dedicated sales team with focus on India, APAC, Middle-East and Africa. This allowed the company to be considered for a record number of opportunities globally – however the same could not be converted to orders as of date because of slow buying process globally. The Company operates in a niche financial area where bank needs to spend significant funds to purchase the solution. The gestation period for converting a lead into an order ranges between 9 to 18 months. Parallely we have seen decline in the global economy resulting in delayed IT investments by most banks.

2) CARE Advisory Research and Training Limited (CART):-

CARE Advisory Research and Training Limited is a wholly owned subsidiary of your Company which was incorporated on September 06, 2016. CART is in the business of Training, Advisory and Research. It was incorporated with an Authorised Share Capital of Rs. 10 crores and a paid up share capital of Rs. 5 Lakhs. During the year the Company allotted 40,45,450 (Forty Lakhs Forty Five Thousand Four Hundred and Fifty) equity shares of Rs.10/- each at a premium of Rs. 1/- per share amounting to Rs. 4,44,99,950/- (Rupees Four crore forty four lakhs ninety nine thousand nine hundred and fifty only) on a preferential basis to CARE. The Company has achieved breakeven in the first few months of its operations.

3) 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 provides credit ratings and related services in Mauritius and will expand in some other African countries as well.

CRAF's shareholders are Credit Analysis & Research Limited, India (CARE Ratings), MCB Equity Fund (MEF), SBM (NFC) Holdings Limited (SNHL) and African Development Bank (AfDB). 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.

During the year, CRAF has assigned ratings to 7 corporates. The bank facilities and bond issue rated by CRAF aggregate to MUR 9.0 billion.

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.

Material Non-Listed Indian Subsidiary

There is no material non-listed Indian subsidiary of your Company as on March 31, 2017.

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

As required under Section 129 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards and form part of the Annual Report. Statement on the highlights of performance of the subsidiary companies and their contribution to the overall performance of the Company are given in the Form AOC-1 and note 26 of the consolidated financial statements and forms part of this report.

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

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

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

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

Instances of fraud, if any reported by the Auditors

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

Internal Financial Control System

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

Directors and Key Managerial Personnel

In accordance with the Articles of Association of the Company and provisions of the Section 152(6) (e) of the Companies Act, 2013 Mr. Rajesh Mokashi (DIN: 02781355) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Ms. Sadhana Dhamane (DIN: 01062315) was appointed as an Additional Director by the Board of Directors at its meeting held on June 02, 2017. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Ms. Sadhana Dhamane will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on June 02, 2017 on the recommendation of the Nomination and Remuneration Committee decided to appoint Ms. Sadhana Dhamane as a Non-Executive Director liable to retire by rotation subject to the approval of the shareholders at the ensuing Annual General Meeting. Further your Company has received a notice in writing proposing the appointment of Ms. Sadhana Dhamane Non-Executive Director of your Company in compliance with the provisions of section 160 of the Companies Act, 2013. Your Company welcomes Ms. Sadhana Dhamane on Board of Directors of the Company.

Mr. Milind Sarwate (DIN: 00109854) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on November 03, 2016. As per the provisions of section 161 (1) of the Companies Act, 2013, the tenure of Mr. Milind Sarwate will come to an end on the date of the ensuing Annual General Meeting. The Board of Directors at its meeting held on June 02, 2017 on the recommendation of the Nomination and Remuneration Committee decided to appoint Mr. Milind Sarwate as an Independent Director for a period of three years subject to the approval of the shareholders at the ensuing Annual General Meeting. Further your Company has received a notice in writing proposing the appointment of Mr. Milind Sarwate as an Independent Director of your Company in compliance with the provisions of section 160 of the Companies Act, 2013. Your Company welcomes Mr. Milind Sarwate on Board of Directors of the Company.

Mr. S. B. Mainak (DIN: 02531129) is a Non-Executive Chairman of your Company. The Board of Directors at its meeting held on June 02, 2017 on the recommendation of the Nomination and Remuneration Committee decided to appoint Mr. S. B. Mainak as an Independent Director for a period of three years subject to the approval of the shareholders at the ensuing Annual General Meeting. Your Company has received a notice in writing proposing the appointment of Mr. S. B. Mainak as an Independent Director of your Company in compliance with the provisions of section 160 of the Companies Act, 2013.

During the Financial Year 2016-17, Mr. D R Dogra, Managing Director & CEO of the company ceased to be Director of the Company on the expiry of his term on August 21, 2016 and Mr. Rajesh Mokashi who was the Deputy Managing Director was appointed as the Managing Director and CEO of the Company with effect from August 22, 2016.

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

Auditors' Appointment

M/s. Khimji Kunverji & Co., Chartered Accountants (Firm Registration No. 105146W) were reappointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in 2021, subject to ratification of their appointment at every Annual General Meeting. The Board of Directors of the Company at its meeting held on May 16, 2017 recommended to members of the Company the ratification of M/s Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of the Company for the financial year 2017-18.

Your Company has received a letter from M/s Khimji Kunverji & Co., Chartered Accountants to the effect that their ratification, 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 2016-17, your Company has received complaints with regard to non-receipt of annual report and non-receipt of dividend and non-receipt of securities. The details of complaints is appended to this Report as **Annexure V**.

Secretarial Audit Report

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

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

Employees Stock Option Schemes

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

Management Discussion and Analysis Report

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, is annexed as **Annexure VIII** to this report.

Particulars of Employees

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

Business Responsibility Statement

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

Corporate Governance

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

Audit Committee of the Company

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

- | | |
|--------------------------|--|
| 1. Mr. Milind Sarwate | Chairman (Additional Director – Independent) |
| 2. Mr. S. B. Mainak | Member (Non-Executive Director) |
| 3. Dr. Ashima Goyal | Member (Independent Director) |
| 4. Mr. Anil Kumar Bansal | Member (Independent Director) |

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

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

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

Your Company has a policy on Prevention of Sexual Harassment at Workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (ICC) was set up comprising 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, 2017, the ICC did not receive any complaint pertaining to sexual harassment.

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

Place: Mumbai

Date: June 02, 2017

S. B. Mainak
Chairman
(DIN: 02531129)

ANNEXURE I TO THE DIRECTORS' REPORT

CREDIT ANALYSIS AND RESEARCH LIMITED DIVIDEND DISTRIBUTION POLICY

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

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended March 31, 2017

[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 th 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 – 500 032. Tel. No. 040 – 67162222 Fax No. 040 – 23001153 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person : Mr. K. S. Reddy & Mr. B. V. Kishore

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.)	U74210MH1999PTC118349	Subsidiary	100%	2(87)
2.	CARE Ratings (Africa) Pvt. Ltd., Mauritius	-	Subsidiary	86.67%	2(87)
3.	CARE Advisory Research and Training Limited*	U74999MH2016PLC285575	Subsidiary	100%	2(87)

***Note: CARE Advisory Research and Training Limited was incorporated on 06th September, 2016**

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

I) Category-wise Share Holding

[illegible]

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	42,51,915	0	42,51,915	14.46	53,79,759	0	53,79,759	18.27	3.81
b) Banks / Financial Institutions	32,18,760	0	32,18,760	10.95	27,42,674	0	27,42,674	9.31	(1.64)
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	54,85,896	0	54,85,896	18.66	31,17,762	0	31,17,762	10.59	(8.07)
g) Foreign Institution- al / Portfolio Investors	89,76,505	0	89,76,505	30.53	1,11,38,942	0	1,11,38,942	37.82	7.29
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others - Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	2,19,33,076	0	2,19,33,076	74.60	2,23,79,137	0	2,23,79,137	75.99	1.39
2. Non-Institutions									
a) Bodies Corp. / NBFC registered with RBI	39,02,222	0	39,02,222	13.27	36,87,486	0	36,87,486	12.52	(0.75)
b) Individuals									
i) Individual share- holders holding nominal share capital up to Rs. 1 lakh	25,95,801	34	25,95,835	8.83	27,85,557	26	27,85,583	9.46	0.63
ii) Individual share- holders holding nominal share capital in excess of Rs. 1lakh	3,03,124	0	3,03,124	1.03	2,09,088	0	2,09,088	0.71	(0.32)
c)Others (specify)									
Non-Resident Indi- viduals	2,13,434	0	2,13,434	0.73	2,19,285	0	2,19,285	0.74	0.01
Clearing Members	3,20,243	0	3,20,243	1.09	71,437	0	71,437	0.24	(0.85)
Trusts	4,623	0	4,623	0.02	2,680	0	2,680	0.01	(0.01)
Alternate Investment Funds	0	0	0	0.00	19,784	0	19,784	0.07	0.07
Directors	1,28,539	0	1,28,539	0.44	76,721	0	76,721	0.26	(0.18)
Sub-total (B)(2)	74,67,986	34	74,68,020	25.4	70,72,038	26	70,72,064	24.01	(1.99)
Total Public Share- holding (B) = (B)(1)+(B)(2)	2,94,01,062	34	2,94,01,096	100	2,94,51,175	26	2,94,51,201	100.00	0.00

C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	2,94,01,062	34	2,94,01,096	100	2,94,51,175	26	2,94,51,201	100.00	0.00

ii) Shareholding of Promoters *

Category of shareholders	No. of shares held at the beginning of the year (01.04.2016)				No. of shares held at the end of the year (31.03.2017)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
NIL									

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

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

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

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

Name of the shareholder	Shareholding at the beginning of the year (01.04.2016)		Shareholding at the end of the year (31.03.2017)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1) Life Insurance Corporation of India				
At the beginning of the year	28,82,136	9.80		
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			28,82,136	9.79
2) Canara Bank – Mumbai				
At the beginning of the year	27,29,765	9.27		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
02.09.2016 (Sale)	(5,000)	0.02	22,20,765	7.54
23.09.2016 (Sale)	(50,868)	0.17	27,24,765	9.25

30.09.2016 (Sale)	(16,467)	0.06	26,73,897	9.08
07.10.2016 (Sale)	(29,000)	0.10	26,57,430	9.02
14.10.2016 (Sale)	(4,07,665)	1.38	26,28,430	8.92
14.10.2016 (Purchase)	4,05,165	1.38	26,25,930	8.92
28.10.2016 (Sale)	(2,500)	0.01	26,23,430	8.91
18.11.2016 (Sale)	(1,000)	0.00	26,22,430	8.91
At the end of the year			26,22,430	8.91
3) Franklin Templeton Investment Funds				
At the beginning of the year	17,53,834	5.97		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
19.08.2016 (Sale)	(4,669)	0.02	17,49,165	5.95
At the end of the year			17,49,165	5.95
4) Government Pension Fund Global				
At the beginning of the year	9,33,149	3.17		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
At the end of the year			9,33,149	3.17
5) Bajaj Holdings and Investment Limited				
At the beginning of the year	10,02,615	3.41		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
22.04.2016 (Sale)	(30,000)	0.10	9,72,615	3.31
29.04.2016 (Sale)	(7,809)	0.03	9,64,806	3.28
13.05.2016 (Sale)	(4,810)	0.02	9,59,996	3.27
20.05.2016 (Sale)	(6,849)	0.02	9,53,147	3.24
27.05.2016 (Sale)	(7,143)	0.02	9,46,004	3.22
03.06.2016 (Sale)	(10,000)	0.03	9,36,004	3.18
17.06.2016 (Sale)	(99,023)	0.34	8,36,981	2.85
08.07.2016 (Sale)	(5,081)	0.02	8,31,900	2.83
22.07.2016 (Sale)	(12,000)	0.04	8,19,900	2.79
29.07.2016 (Sale)	(19,339)	0.07	8,00,561	2.72
05.08.2016 (Sale)	(53,423)	0.18	7,47,138	2.54
12.08.2016 (Sale)	(5,000)	0.02	7,42,138	2.52
02.09.2016 (Sale)	(47,584)	0.16	6,94,554	2.36
21.10.2016 (Sale)	(6,168)	0.02	6,88,386	2.34
28.10.2016 (Sale)	(80,000)	0.27	6,08,386	2.07
At the end of the year			6,08,386	2.07
6) Goldman Sachs India Limited				
At the beginning of the year	4,03,609	1.37		

Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
23.09.2016 (Purchase)	6,069	0.02	4,09,678	1.39
30.09.2016 (Purchase)	64,331	0.22	4,74,009	1.61
07.10.2016 (Purchase)	1,18,181	0.40	5,92,190	2.01
31.03.2017 (Purchase)	10,508	0.04	6,02,698	2.05
At the end of the year			6,02,698	2.05
7) Franklin Templeton Mutual Fund A/C Franklin India				
At the beginning of the year	14,36,833	4.89		
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			14,36,833	4.88
8) Morgan Stanley Investment Holding Company (Mauritius) Limited				
At the beginning of the year	5,59,700	1.90		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
22.04.2016 (Purchase)	13,786	0.05	5,73,486	1.95
29.04.2016 (Purchase)	7,812	0.03	5,81,298	1.98
03.06.2016 (Sale)	(16,939)	0.06	5,64,359	1.92
10.06.2016 (Sale)	(4,532)	0.02	5,59,827	1.90
15.07.2016 (Purchase)	15,805	0.05	5,75,632	1.96
09.09.2016 (Purchase)	46,103	0.16	6,21,735	2.11
16.09.2016 (Sale)	(8,307)	0.03	6,13,428	2.08
23.09.2016 (Sale)	(1,07,244)	0.36	5,06,184	1.72
30.09.2016 (Sale)	(20,966)	0.07	4,85,218	1.65
16.12.2016 (Purchase)	52,562	0.18	5,37,780	1.83
27.01.2017 (Purchase)	613	0.00	5,38,393	1.83
03.02.2017 (Purchase)	15,227	0.05	5,53,620	1.88
10.02.2017 (Purchase)	19,354	0.07	5,72,974	1.95
10.03.2017 (Purchase)	5,460	0.02	5,78,434	1.96
At the end of the year			5,78,434	1.96
9) Wellington Trust Company National Association Multiple Common Trust Funds Trust Emerging Market Equity Portfolio				
At the beginning of the year	5,18,344	1.76		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
24.06.2016 (Purchase)	25,851	0.09	5,44,195	1.85
09.09.2016 (Sale)	(11,020)	(0.04)	5,33,175	1.81
At the end of the year			5,33,175	1.81

10) Russell Investments Limited				
At the beginning of the year	5,31,000	1.80		
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			5,31,000	1.80

(v) Shareholding of Directors and Key Managerial Personnel:

Name of Director /Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1) Mr. Rajesh Mokashi, Managing Director & CEO				
At the beginning of the year (01.04.2016)	51,818	0.18		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
05.08.2016 (Allotment under ESOP)	20,000	0.07		
03.02.2017 (Allotment under ESOP)	4,903	0.02		
At the end of the year (31.03.2017)			76,721	0.26
2) Mr. D. R. Dogra, former Managing Director & CEO (upto 21.08.2016)				
At the beginning of the year (01.04.2016)	76,721	0.26		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of his tenure i.e. on 21.08.2016			76,721	0.26
3) Mr. Navin K. Jain, former Company Secretary (upto 31.05.2016)				
At the beginning of the year (01.04.2016)	43,108	0.15		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of his tenure i.e. on 31.05.2016			43,108	0.15

Name of Director /Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4) Mr. Chandresh Shah, Chief Financial Officer				
At the beginning of the year (01.04.2016)	3,000	0.01		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.03.2017)			3,000	0.01
5) Mr. Mahendra Naik, Company Secretary				
At the beginning of the year (01.04.2016)	-----	-----		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
At the end of the year (31.03.2017)			-----	-----

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Sl No.	Particulars of Remuneration	Name of MD / WTD / MANAGER		Total Amount
		Mr. Rajesh Mokashi, Managing Director & CEO	Mr. D. R. Dogra, Former Managing Director & CEO	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,01,54,596*	1,29,84,760	3,31,39,356
	(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
2	Stock Option	1,07,35,839	NIL	1,07,35,839
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify	NIL	NIL	NIL
5	Others, please specify			
	Provident Fund	13,69,652	5,88,256	19,57,908
	Performance Related Pay	40,00,000	48,00,000	88,00,000
	Gratuity	NIL	10,00,000	10,00,000
	Total (A)	3,62,60,087	1,93,73,016	5,56,33,103
	Ceiling as per the Act	10% of the Net Profits equivalent to Rs. 20,26,89,850/- with respect to the ceiling for the Company applicable for the financial year covered by this Report.		

* Includes Leave Encashment for past years.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration / Sitting Fees	Name of Directors				Total Amount
		Mr. S. B. Mainak, Chairman	Dr. Ashima Goyal, Independent Director	Mr. A. K. Bansal, Independent Director	Mr. Milind Sarwate, Additional Director (Independent) (w.e.f 04.11.2016)	
1	Independent Directors					
	Fee for attending Board / Committee meetings (Rs.)	----	9,50,000	9,50,000	2,50,000	21,50,000
	Commission (Rs.)	----	----	----	----	----
	Others, please specify (Rs.)	----	----	----	----	----
	Total (1) (Rs.)	----	9,50,000	9,50,000	2,50,000	21,50,000

Sr. No.	Particulars of Remuneration / Sitting Fees	Name of Directors				Total Amount
		Mr. S. B. Mainak, Chairman	Dr. Ashima Goyal, Independent Director	Mr. A. K. Bansal, Independent Director	Mr. Milind Sarwate, Additional Director (Independent) (w.e.f 04.11.2016)	
2	Other Non-Executive Directors					
	Fee for attending Board / committee meetings (Rs.)	9,00,000	----	----	----	9,00,000
	Commission (Rs.)	----	----	----	----	----
	Others, please specify (Rs.)	----	----	----	----	----
	Total (2) (Rs.)	9,00,000	----	----	----	9,00,000
	Total (B)=(1+2) (Rs.)	9,00,000	9,50,000	9,50,000	2,50,000	30,50,000
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to Rs. 2,02,68,985/- 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	9,00,000
2.	Mr. A. K. Bansal, Independent Director	9,50,000
3.	Dr. Ashima Goyal, Independent Director	9,50,000
4.	Mr. Milind Sarwate, Additional Director (Independent) (w.e.f 04.11.2016)	2,50,000
5.	Mr. Rajesh Mokashi, Managing Director & CEO (including ESOP perquisites, leave encashment)	3,62,60,087
6.	Mr. D. R. Dogra, former Managing Director & CEO (upto 22.08.2016)	1,93,73,016
	TOTAL REMUNERATION TO DIRECTORS	5,86,83,103

Overall Ceiling as per the Act (%) - 11% of the Net Profits equivalent to Rs. 22,29,58,835/- with respect to the ceiling for the Company applicable for the financial year covered by this Report.

D. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Mr. T. N. Arun Kumar, Executive Director (w.e.f. 03.02.2017)	Mr. Chandresh Shah, Chief Financial Officer	Mr. Navin Kumar Jain, Former Company Secretary (upto 31.05.2016)	Mr. Mahendra Naik, Company Secretary (w.e.f 01.06.2016)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,41,184*	37,09,587*	33,39,976*	8,71,857	1,15,62,604
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	14,56,000	NIL	NIL	NIL	14,56,000

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Mr. T. N. Arun Kumar, Executive Director (w.e.f. 03.02.2017)	Mr. Chandresh Shah, Chief Financial Officer	Mr. Navin Kumar Jain, Former Company Secretary (upto 31.05.2016)	Mr. Mahendra Naik, Company Secretary (w.e.f 01.06.2016)	Total Amount
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL	NIL
5	Others, please specify					
	Provident Fund	45,490	1,23,519	31,694	35,262	2,35,965
	Performance Related Pay	NIL	6,49,156	14,51,596	NIL	21,00,752
	Gratuity	NIL	NIL	10,00,000	NIL	10,00,000
	Total	51,42,674	44,82,262	58,23,266	9,07,119	1,63,55,321

* Includes Leave Encashment of earlier years

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE III TO THE DIRECTORS' REPORT

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

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the company, to harmonize the aspirations of human resource consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing 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 114th Board Meeting held on May 20, 2014 merged the Remuneration Committee and the Corporate Governance and Nomination Committee and named it as '**Nomination and Remuneration Committee**'.

OBJECTIVE

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

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

Section 178 of the Companies Act, 2013

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

Clause 49 of the Revised Listing Agreement/ Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

APPLICABILITY

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

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

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

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

"Key Managerial Personnel" means

- Managing Director and Chief Executive Officer
- 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 re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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

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

6. Removal

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

7. Retirement

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

8. Board Diversity

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

B. POLICY FOR REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL**1. Remuneration to Managing Director, Executive Director, KMP and Senior Management Personnel:**

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

2. Performance Evaluation and Variable pay to Managing Director & CEO and 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 changes necessitating the change in the policy.

ANNEXURE IV TO THE DIRECTORS' REPORT

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

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	<p>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.</p> <p>The CSR Policy of the Company is available on the website – www.careratings.com</p>
2.	The Composition of the CSR Committee.750379	<p>Mr. Milind Sarwate, Chairman (Additional Director -Independent) (w.e.f. November 04, 2016)</p> <p>Mr. A. K. Bansal, (Independent Director)</p> <p>Dr. Ashima Goyal, Member (Independent Director)</p> <p>Mr. Rajesh Mokashi Member (Managing Director & Chief Executive Officer)</p> <p>The Committee was re-constituted by the Board of Directors at its meeting held on November 04, 2016 by inducting Mr. Milind Sarwate in the Committee. Further on August 21, 2016, Mr. D. R. Dogra ceased to be a member of the Committee due to completion of his tenure as Managing Director & CEO. For the Financial Year 2016 – 17, Mr. A. K. Bansal was the Chairman of the Committee. Further, the Committee at its meeting held on June 02, 2017 appointed Mr. Milind Sarwate as the Chairman of the Committee.</p>
3.	Average net profit of the company for last three financial years	Rs.1,97,51,44,229/-
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	Rs. 3,95,02,885/-
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 during the Financial Year 2016-17.
(a)	Total amount to be spent for the financial year;	Rs. 3,95,02,885/-
(b)	Amount unspent , if any;	Rs. 3,45,02,885/-

(c) Manner in which the amount spent during the financial year is detailed below.							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programsSub-heads: (1) Direct expenditure on projects or programs- (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
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. 25,00,000/-	Through implementing agency
2)	Swachh Bharat Kosh	----	----	Rs. 25,00,000/-	Rs. 25,00,000/-	Rs. 25,00,000/-	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 of the Company.			
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.			The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.			

Rajesh Mokashi
MD & CEO
DIN: 02781355

Milind Sarwate
Chairman – CSR Committee
DIN: 00109854

ANNEXURE V TO THE DIRECTORS' REPORT

STAKEHOLDERS REPORT FOR FINANCIAL YEAR 2016-17

The Company has received 24 complaints from the shareholders during the financial year ended 31.03.2017. The details are as follows:

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	Nil	Nil	Nil
2.	Non-receipt of Annual Report	11	11	Nil
3.	Non-receipt of dividend	13	13	Nil
4.	Non-receipt of Securities	Nil	Nil	Nil
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	Nil	Nil	Nil
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	Nil	Nil	Nil
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	Nil	Nil	Nil
	TOTAL	24	24	Nil

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

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The financial year ended on 31st March, 2017

[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, 2017 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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (The Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
(Not Applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable to the Company during the Audit Period);**
The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**
 - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)** and

h. Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015 [SEBI (LODR)].

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. However, the Company has spent an amount of Rs.50 Lacs as against the amount of Rs. 3.95 crores (as calculated in accordance with Companies Act, 2013) towards Corporate Social Responsibility.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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:

S r . No.	Date of event	Details of the specific events/ actions bearing on Company's affairs pursuant of the above referred laws, rules, regulations, guidelines etc.
1.	05.08.2016	The Company has allotted 39,258 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.
2.	06.09.2016	The Company incorporated wholly owned Subsidiary Care Advisory Research And Training Limited.
3.	03.02.2017	The Company has allotted 10,847 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: 2nd June 2017**

**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: 2nd June 2017

Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124

ANNEXURE VII TO THE DIRECTORS' REPORT

Information to be disclosed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") with regards to options which are in force as on 31st March, 2017:

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

- A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided on the web link: www.careratings.com
- B. Diluted EPS on issue of shares in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI :- Rs. 51.45
- 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 th 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	NIL
	Number of options vested during the year	NIL
	Number of options exercised during the year	50,105
	Number of shares arising as a result of exercise of options	50,105
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 3,09,14,785/-
	Loan repaid by the Trust during the year from exercise price received	Not Applicable

	Number of options outstanding at the end of the year	10,010			
	Number of options exercisable at the end of the year	10,010			
(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.1,177/- per share.			
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to – (a) senior managerial personnel; (b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and (c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL NIL NIL			
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:				
(a)	weighted-average share price (₹) exercise price (₹) expected volatility Option life (Comprising vesting period + exercise period) (In Years) expected dividends, risk-free interest rate	Rs 617/- 31.34% 4 years 3.29% (yield) 8.744%			
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise;	The options will vest in 2 years after grant and exercise period is for 2 years from the date of vesting, hence the average exercise period is calculated as follows			
		Grant Date/ Valuation Date	Vesting	Exercise period	Time to Maturity (years)
		January 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 Fair Value	Nil
B	Exercise Price is greater than the Fair Value	Nil
C	Exercise Price is less than the Fair Value	Rs. 1,177/-

ANNEXURE VIII TO THE DIRECTORS' REPORT

Management Discussion and Analysis

While growth was expected to be much higher in FY17 compared with FY16, the latest estimates provided by the CSO indicates that GDP growth would be lower at 7.1% in FY17 against 8.0% in FY16. The economy had been moving along the expected path till November with inflation being low on the back of a good monsoon and the RBI on the road to lowering interest rates further. Consumer demand too did show some positive signs which were manifested in high sales of consumer goods in September-October. Economic conditions did slowdown subsequently.

The second significant development was a partial switch by companies from bank loans to the debt market which can be gauged by the increase in total debt issuances in the corporate debt market and the limited growth in bank credit. Debt issuances were Rs 6.71 lakh crore in FY17 against Rs 4.92 lakh crore in FY16. Bank credit growth to manufacturing and services in incremental terms was Rs 2,47,700 crore compared with Rs 2,01,020 crore in FY16. Two reasons may be attributed to this phenomenon. The first is that the interest rate transmission from the RBI policy rate change to the markets was different for the two segments. Companies preferred to borrow from the bond market which was more distinct for NBFCs. The second factor driving the market was the challenge of NPAs confronting banks which made them also cautious in lending. Most banks preferred to lend to the retail segment.

Rating business is inexorably linked with the level of borrowing in the two segments and it is here that the state of the economy and investment proclivities matter. The investment rate, as gauged by the gross fixed capital formation rate, has been declining in recent times with the rate moving down further to 27.1% in FY17 from 29.2% in FY16. A persistent conundrum was the limited participation of the private sector in investment especially in infrastructure. Capacity utilization levels in industry are still low and on an average basis were 72.7% in December 2016 as per RBI's data. The government was the main investor in infrastructure in FY17 with the total capex target of Rs 2.47 lakh crore being exceeded and expected to be Rs 2.80 lakh crore as per revised estimates.

Your company has worked at covering a larger ground in this limited space where the underlying growth has been slow. While there were expectations of growth in credit and debt accelerating at a faster pace, the economy did not follow the expected path. However, as CARE Ratings has always focused in two areas of both garnering more business as well as deepening relations, we were able to fare reasonably well on this front. We do believe that client acquisition and retention is our major goal as this helps to scale up business when economic conditions improve.

Regulatory developments

The positive development which augurs well for our business is the focus of the government on developing the bond market. In this respect, both the RBI and SEBI have brought out several discussion papers which have been converted into policies that are to be implemented.

A Working Group on corporate bonds, formed under the chairmanship of Mr. H. R. Khan, submitted its report to the Reserve Bank of India (RBI) on August 18, 2016. The objective was to suggest further measures that may be taken to develop the corporate debt market in the light of evolving macroeconomic and financial market conditions within a specific time span.

Some of the suggestions made relate to FPI's investment in corporate bonds, market-making scheme, Credit Rating Agencies (CRAs) to strictly adhere to the regulatory norms with regard to timely disclosure of defaults, repo in corporate bonds, insurance companies and EPFO to be allowed to invest in AT-1 bonds of banks and the maximum investment ceiling of 2% may be reviewed for relaxation, upper limit for PCE by the banking system may be enhanced to a higher limit (which was done subsequently by the RBI), acceptance of corporate bonds under LAF repo of RBI etc.

Further, the credit enhancement fund to be set up for infrastructure projects will help in raising the credit rating of bonds floated by infrastructure companies and facilitate investment from long term investors.

The RBI had, in May 2016, placed on its website a Discussion Paper (DP) on Framework for enhancing Credit Supply for Large Borrowers through Market Mechanism. Final guidelines for the same were issued in Aug 2016. As per these guidelines, exposures of specified borrowers over a specified limit would attract a higher capital risk weight and would hence encourage these borrowers to approach the bond market. RBI has drawn up a draft framework for borrowing by large firms, aimed largely at limiting/capping banks' lending (at the consolidated level) and thereby exposure to large corporate entities, many of who are stressed. This in turn would help temper the risks faced by the banking system that arises following high lending to large corporates.

The proposed Large Exposures framework would come into full effect from March 31, 2019. Some of the salient features are:

- Creation of a class of specified borrowers
- A specified borrower is one having an aggregate fund-based credit limit (ASCL) of Rs.25,000 crore as of end FY17, which will be reduced to Rs.15,000 for FY19 and Rs.10,000 for FY20.
- The normally permitted lending limit (NPLL) for the specified borrower would be 50% of the incremental funds raised by the borrower over and above the ASCL.
- Higher capital provisioning by banks for lending to these large borrowers.
 - For borrowing over NPLL, an additional 3% provisioning to be made by banks
 - Assign risk weights of up to 75%.
- Limiting the banks total exposure limit to 20% of its Tier-I capital for a single entity and to 25% for a group of connected entities/counterparties who are identified based on control and economic dependence. The current limit is 15% of capital funds for single entity and 40% for the group.
- Bank exposure to be limited to 15% of Tier-I capital for a single NBFC and to 25% for a group of connected NBFCs.
- Banks can subscribe to bonds (reissued by corporates who have reached the NPLL.)

We do believe that these measures will add buoyancy to the corporate debt market which is the way forward for the investment cycle in the coming years.

In another move, RBI has stipulated that with effect from June 30, 2017, all unrated claims on corporates, AFCs, and NBFC-IFCs having aggregate exposure from banking system of more than INR 200 crore will attract a risk weight of 150% (as against the prevailing 100%). RBI further stipulated that such exposures of more than INR 100 crore which were rated earlier (and subsequently have become unrated) will attract a risk weight of 150% with immediate effect. These moves are expected to act as a boost to the bond market and inturn the prospects of rating.

SEBI came out with its circular for enhanced standards for CRAs in November 2016. This circular (which was effective from January 1, 2017) provides for higher level of disclosures in the form of criteria as well as in press releases by rating agencies. The circular also has emphasized that rating agencies have to continue to rate bank facilities and instruments on the basis of best available information (with a suitable change in symbol to indicate that the rating is based on best available information).

On the SME front, there has been some volatility in the NSIC subsidy that has been kept aside for the units where a part of the rating fee is paid by the government. In FY17, the revised outlay on this score was Rs 55.72 crore as against the budgeted amount of Rs 200 crore. For FY18, this number stood at Rs 10 crore.

We have always worked on the premise that a subsidy based business is not sustainable in the long run and can be looked upon only to add an increment to the business, but can never be the sole driver. Hence, while the diminished size of the subsidy will impact the overall credit rating business of SMEs, we have hedged this possibility by using the human resources in this area to also handle other products which also include a bank loan rating.

Risk Management

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

Operational Risk

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

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

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

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

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

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

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

Business Risk

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

Competition

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

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

Quality of Information

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

Non-payment of fees by clients

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

Reputational risk

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

W.e.f. April 01, 2017, CARE has moved to an Internal Rating Committee system where all ratings are assigned by senior personnel of the company. As per SEBI guidelines, MD & CEO is not a part of such Rating Committees.

CARE, on its website, discloses the rating process that it adopts for rating any instrument or facility. The website also gives a comprehensive insight into the various methodologies adopted by CARE for rating instruments from different industries. Further, key policy documents like CARE's approach to default recognition, suspension policy etc. are also available on the website. These methodologies and policies shall continue to be reviewed and updated periodically. SEBI has stipulated higher level of disclosures for all CRAs, which inter alia includes indicating specific criteria adopted for ratings and disclosing rating history for last three years. CARE has duly complied with the stipulations well before the stipulated time. We believe increased level of disclosures would go a long way in increasing the quality of information provided by CRAs in the country.

Market Risk

On Rating Operations

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

Market Risk and Credit Risk due to Own Portfolio

CARE is subject to risk of loss due to decline in value of investments in its own portfolio of investments, either due to non-payment (credit risk) in respect of debt investments or loss in investment value (market risk). CARE has in place an Investment Policy which lays out specific "Approved investment avenues" for investment of surplus funds. The objective of the policy is to generate reasonable and competitive returns with high level of safety.

Regulatory risk

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; and commercial paper is mandatorily rated in India. In the event that there are changes to these regulations or norms, there may be a decrease in the demand for ratings. Demand for ratings may also decrease if there is a change in regulations which negatively impacts the volume of debt instruments issued or the demand for bank loans or facilities in the domestic markets. Implementation of the Internal Rating Based (IRB) approach by RBI may make rating non-mandatory by those banks for whom IRB approach is approved by RBI.

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

There are certain products like ESCO, RESCO, Maritime grading etc, which are mandated by regulation. This can change at any point of time exposing the business to a modicum of risk. The same holds for the business of NSIC-SME grading which has in the past been subjected to significant changes in the budgetary allocations made by the government, which affects our business.

CARE is also registered with SEBI as a Credit Rating Agency and has to abide by the rules and regulations stipulated by SEBI. The Internal Auditor conducts the Operation Audit every six months and the Action Taken Report is submitted to SEBI after being considered by the Board.

Governance and oversight

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

CARE's strategy

Our strategy continues to be in the direction of enhancing the rating business by widening the client base and deepening relationships. Both of these elements help in enhancing our business field. The number of clients is very important for us because even if the business procured is of a smaller magnitude, it has the potential to grow in future. In fact, our approach to the SME business is based not just on getting more assignments but works on the assumption that they would become larger with time and be potential borrowers in the debt market. This ideology has helped us to continuously increase our client base from 5,263 in FY13 to 15,908 in FY17.

Our focus on non-rating alternative products is also unchanged as this is a continuously evolving process which is not dictated by regulation. We do have a dedicated team to explore the introduction of new products as well as market the existing products.

A major development has been the introduction of a new rating approach known as Expected Loss Ratings (EL Ratings) for infrastructure under the aegis of the Ministry of Finance. As the future of India's growth would be dependent on the evolution in physical infrastructure, this product, we believe will help in raising finance by these companies. This new rating system that has been formulated will go a long way in enhancing participation of investors and lenders, which in turn will provide a fillip to the development in the corporate bond market in these instruments. We are confident that this will add a new dimension of buoyancy to a market that has hitherto been enveloped with some skepticism when it comes to infra projects.

CARE has, during the year, also introduced the Green Initiative Rating (which intends to identify and reward entities which move beyond the stated environmental compliance measures) and Cooperative Banks Financial Strength Grading (which provides an opinion in the financial strength of cooperative banks).

As part of our diversification strategy we have established a new outfit, CARE Advisory Research and Training Services (CART) which we believe will add a lot of value going ahead in these three very relevant fields. CART got incorporated on September 6, 2016, with the objective of rendering financial and management advisory service, undertaking diligence studies and appraisals of all types of projects and other related research.

Global ventures

Our global footprints have been furthered by our venture in Nepal. We have signed a MoU (subject to regulatory approvals in India and Nepal) with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal to be called CARE Ratings (Nepal) Limited. This is another small step in our global foray plans and we do see a lot of opportunity in not just growing the market but also developing different avenues for rating, grading, training, research and information services.

In a significant move the African Development Bank (AfDB) has infused USD 39,999 for 9.99% stake in CARE Ratings (Africa) Private Limited (CRAF). Presently CRAF's shareholders are Credit Analysis & Research Limited, India (CARE Ratings), MCB Equity Fund

(MEF) and SBM (NFC) Holdings Limited (SNHL) – the latter two are group companies of MCB (Mauritius Commercial Bank) and SBM (State Bank of Mauritius) respectively. The management control will be with CARE Ratings which has majority shareholding. This new experienced mix of shareholders will enable the entity to have stronger brand recognition in the African continent.

Our performance in FY17

Total income from ratings increased by 6.00% from Rs.262.18 crore to Rs. 277.90 crore in FY17. In FY16 growth was 2.85 %. This was on account of an increase in the total volume of debt rated with contributions coming from both new assignments and surveillance exercises.

Other income grew by 282.26 % and accounted for 10.49 % of Total Income of the company. The higher other income component was mainly due to the investments made in various FMPs (Fixed Maturity Plans) part of which matured during this year. It may be mentioned that on account of the change in tax laws relating to FMPs, rolled over such investments for above 3 years where possible. Therefore, this increase may be considered as being specific to the year.

Operating expenses increased at a lower rate of 0.48% from Rs. 96.63 crore in FY 2016 to Rs. 97.09 crore in FY 2017. The employees cost decreased by 3.98% with the total staff count remaining virtually unchanged. This was mainly due to ESOP charge of Rs. 3.84 crores in FY 2016.

On account of an increase in operating income by a higher rate than total expenses, operating profits increased by 9.02% and net profit by 28.74% mainly due to higher other income.

ANNEXURE IX TO THE DIRECTORS' REPORT

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

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 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 2016-17 (Amt in Rs.)	Remuneration of Director / KMP for financial year 2015-16 (Amt in Rs.)	% increase in Remuneration in the financial year 2016-17	Ratio of Remuneration of each Director / to median remuneration of employees
1.	Mr. S. B. Mainak, Chairman, Non-Executive Director [#]	9,00,000	2,00,000	350.00%	1.50:1
2.	Mr. A. K. Bansal Independent Director	9,50,000	7,70,000	23.38%	1.58:1
3.	Dr. Ashima Goyal Independent Director	9,50,000	7,20,000	31.94%	1.58:1
4.	Mr. Milind Sarwate, Additional Director (Independent) (w.e.f. 04.11.2016)	2,50,000	-----	-----	0.42:1
5.	Mr. Rajesh Mokashi Managing Director & CEO (w.e.f. 22.08.2016) Upto 21.08.2016 – Deputy Managing Director	3,62,60,087* ^{\$}	2,26,10,157 *	60.37%	60.43:1
6.	Mr. D. R. Dogra Managing Director & CEO (upto 21.08.2016)	1,93,73,016	3,93,63,093*	-----	32.29:1
7.	Mr. T. N. Arun Kumar, Executive Director (w.e.f. February 2017)	51,42,674	-----	-----	8.57:1
8.	Mr. Navin K Jain Company Secretary (upto 31.05.2016)	58,23,266 ^{\$}	1,87,33,973*	-----	9.70:1
9.	Mr. Chandresh Shah Chief Financial Officer	44,82,262 ^{\$}	55,79,183*	- 20.03%	7.47:1
10.	Mahendra Naik Company Secretary(w.e.f. 01.06.2016)	9,07,119	-----	-----	1.51:1

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 financial year 2015-16. During the financial year 2015-16, the sitting fees of Mr. S. B. Mainak was paid to Life Insurance Corporation of India (LIC).

* The Remuneration of MD & CEO, Ex-CS and CFO for FY 2015-16 & MD & CEO for FY 2016-17 includes perquisite value of ESOP allotted during the respective years.

\$ Leave encashment for earlier years also included.

- 2) The remuneration to Non-Executive & the Independent Directors is sitting fees paid to them for attending the Board and the Committee meetings in the financial year 2016-17. The sitting fees paid to the Non-Executive and the Independent Directors were Rs. 50,000/- for attending each Board and Committee Meeting. Further, the Board at its meeting held on November 04, 2016 increased the sitting fees from Rs. 50,000/- to Rs. 1,00,000/- for attending per Board Meeting.
- 3) The median remuneration of employees of the Company during the financial year 2016-17 was Rs. 6,00,000/-.
- 4) In the financial year there was an increase of 9.09% in the median remuneration of employees.
- 5) There were 569 employees on the rolls of Company as on March 31, 2017.
- 6) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 5.8% whereas the increase in the managerial remuneration for the same financial year was 7.0% . The increment details are excluding perquisite value of ESOP allotted during FY 2017.
- 7) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management.

ANNEXURE X TO THE DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

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

INTRODUCTION

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

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

Section A: General Information about the Company			
1.	Corporate Identity Number (CIN) of the Company	:	L67190MH1993PLC071691
2.	Name of the Company	:	Credit Analysis and Research Limited
3.	Registered Address	:	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion East, Mumbai - 400022
4.	Websites	:	www.careratings.com
5.	Email id	:	mahendra.naik@careratings.com
6.	Financial Year reported	:	2016 - 17
7.	Sector(s) that the Company is engaged in(Code - Wise)	:	66190 - Financial Services other than securities dealing activities
8.	List three key products/services that the Company manufactures / provides (as in balance sheet)	:	(i) Ratings: Providing credit ratings including Debt ratings, Bank Loan Ratings, Recovery ratings, SME ratings, other grading services. (ii) Information services (iii) Economic and Industrial Research (available to all on website)
9.	Total number of locations where business activity is undertaken by the Company:- a) Number of International Locations b) Number of National Locations	:	The Company currently operates with 10 branches across all over India. Further, the Company is having a subsidiary company in Mauritius. 1 (Subsidiary Company) 10 (Branches)
10.	Market Served by the Company – Local/State/ National / International	:	Domestic : India International : Mauritius

3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
		The policies of the Company are developed and aligned to applicable legal requirements, guidelines and the requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. CARE has aligned its code of conduct with 'Code of Conduct Fundamentals for credit rating agencies' (the 'IOSCO Code') issued by the International Organization of Securities Commissions (IOSCO), as amended upto March 2015. These are available at http://www.careratings.com/pdf/aboutus/IOSCOCode12April2017%20(2).pdf								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner /CEO/ appropriate Board Director?	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	Approved at desired level as required by law	-	Approved at desired level as required by law	Approved at desired level as required by law
5	Does the company have a specified committee of the Board/ Director/ official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	<p>The following policies are available on the Company's website www.careratings.com</p> <ol style="list-style-type: none"> 1) CARE's Code of Conduct for Directors, Rating Committee Members and Employees of CARE. (http://www.careratings.com/about-us.aspx#CodeOfConduct) 2) Whistle Blower Policy (http://www.careratings.com/pdf/investor/Whistle%20Blower%20Policy.pdf) 3) Corporate Social Responsibility Policy (http://www.careratings.com/pdf/investor/Corporate%20Social%20Responsibility%20Policy.pdf) 4) Gift policy (http://www.careratings.com/pdf/resources/CAREGiftPolicy.pdf) 								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in - house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Head of Departments are responsible for the effective implementation of the policies. The Compliance Department monitors the adherence to the implementation of these policies as mandated by the respective Regulators.								

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

Principle – wise policies

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

Section D (3) : BR Governance

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

Section E: Principle - wise Performance**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	Yes, the Company has a Code of Conduct (Code of Ethics) for Directors and Senior Management. Further, the Company has a Code of Conduct for Directors, Rating Committee Members and Employees of CARE. This Code of Conduct is circulated to all the employees at the beginning of the financial year and to the new employees at the time of their induction. Each individual employee, Director and Rating Committee member is required to confirm his / her acceptance of the Code of Conduct. Further, the Company has a Whistle Blower Policy which establishes the necessary mechanism for employees to report to the management concerns about unethical behavior or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. We also have a gift policy which details the circumstances under which gifts can be accepted and also a monetary ceiling has been stipulated.										
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p>The Company has many Channels of communications, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns.</p> <p>Details of Investor Complaints</p> <table><tr><th>Particulars</th><th>As on 31.03.2016</th><th>Received during 2016 -17</th><th>Redressed during 2016-17</th><th>As on 31.03.2017</th></tr><tr><td>Investor Complaints</td><td>Nil</td><td>24</td><td>24</td><td>Nil</td></tr></table>	Particulars	As on 31.03.2016	Received during 2016 -17	Redressed during 2016-17	As on 31.03.2017	Investor Complaints	Nil	24	24	Nil
Particulars	As on 31.03.2016	Received during 2016 -17	Redressed during 2016-17	As on 31.03.2017								
Investor Complaints	Nil	24	24	Nil								

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

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<p>Considering the nature of business of the Company, this principle has limited applicability. Further, being in the business of credit rating, the Company has launched all its products taking into consideration the SEBI guidelines after the same has been approved by the Rating Committee and the Board of Directors of the Company. The Company while assigning its ratings does take into consideration any stricture passed by any Government agency such as pollution control board etc. to the extent it may affect the client company's business. The details of the new product and its rationale are submitted to SEBI before its launch. Further, the Company has a Corporate Social Responsibility Policy as per the requirements of the Companies Act, 2013.</p>
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? – not applicable b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? – not applicable	
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	

We are into credit rating services where the main input/resource employed is our employees. We have defined HR policies for recruitment and retention of talent.

4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? – not applicable (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	We have environment based grading products called RESCO & ESCO.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.	

Principle 3: Businesses should promote the well being of all employees

Principle of Businesses should promote the well being of an employees																				
1.	Please indicate the Total number of employees as on 31.03.2017	569																		
2.	Please indicate the Total number of employees hired on temporary basis / Contractual / casual basis as on 31.03.2017	32 Contractual Employees																		
3.	Please indicate the Number of permanent women employees as on 31.03.2017	171																		
4.	Please indicate the Number of permanent employees with disabilities.	There are no employees with disabilities.																		
5.	Do you have an employee association that is recognized by management	The Company does not have employee association. All the grievance of the employees is resolved on prompt basis.																		
6.	What percentage of your permanent employees is members of this recognized employee Association?	Not Applicable																		
7.	Please indicate the Number of Complaints relating to Child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	<div>No complaints related to child labour, forced labour, involuntary labour received during the year.</div> <table><tr><th>No</th><th>Category</th><th>No. of Complaints filed during the year</th><th>No. of Complaints pending as on end of the financial year</th></tr><tr><td>1</td><td>Child labour/ forced labour/ Involuntary labour</td><td>NIL</td><td>NIL</td></tr><tr><td>2</td><td>Sexual harassment</td><td>NIL</td><td>NIL</td></tr><tr><td>3</td><td>Discriminatory employment</td><td>NIL</td><td>NIL</td></tr></table>			No	Category	No. of Complaints filed during the year	No. of Complaints pending as on end of the financial year	1	Child labour/ forced labour/ Involuntary labour	NIL	NIL	2	Sexual harassment	NIL	NIL	3	Discriminatory employment	NIL	NIL
No	Category	No. of Complaints filed during the year	No. of Complaints pending as on end of the financial year																	
1	Child labour/ forced labour/ Involuntary labour	NIL	NIL																	
2	Sexual harassment	NIL	NIL																	
3	Discriminatory employment	NIL	NIL																	
8.	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	29 Employees (Total) 15 Women Employees NIL NIL																		

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

1.	Has the company mapped its internal and external stakeholders?	<p>Yes, the company has mapped both the internal and external stakeholders. The Company carries out the rating process as per the SEBI (Credit Rating Agencies) Regulations as amended from time to time and guidelines and circulars issued by SEBI. CARE's rating methodologies and criteria are published on the website of the Company. Further, the Company has a Corporate Social Responsibility (CSR) Policy as this principle enunciates the aspect of being responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized. CARE also has provided the email id on which the stakeholders can send their queries or grievances. These mails are discussed by the executives responsible and are replied accordingly.</p> <p>We also provide ratings for SMEs which are the disadvantaged business group when it comes to sourcing credit from the financial system. Such ratings do help in their development.</p>
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized Stakeholders	
3.	Are there any special initiatives taken by the company to engage with disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	

Principle 5: Businesses should respect and promote human rights

1.	Does the policy of the company on human rights cover only the company or extend to the Groups / Joint Ventures / Suppliers / Contractors / NGOs / Others?	<p>Yes, the Company's policy on Corporate Social Responsibility and human rights policy is directed to identify areas where the Company can contribute to benefit the society. Further, the Company has a grievance redressal mechanism in place where any stakeholder can send an email to investor. relations@careratings.com with their query or grievance which are replied promptly. The report is further put up to the Stakeholders Relationship Committee of the Company. The details of the complaints received during the year are mentioned in Principle 1.</p>
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	

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

1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers /Contractors /NGOs/ others.	<p>Considering the nature of business, this principle has limited applicability to the Company. As part of our Code of Conduct (Code of Ethics) for Directors and Senior Management, the Company encourages the protection and proper use of its assets. Further, the Company complies with applicable environmental regulations in respect of its premises and operations.</p>
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	
3.	Does the company identify and assess potential environmental risks? Y/N	
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc	
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.		
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	(a) Confederation of Indian Industry (b) Association of Credit Rating Agencies in Asia
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Company does not take part in lobbying or policy advocacy for itself. CARE however regularly engages with the regulators on its own and also participates in regular dialogues which the regulators have with the rating agencies to promote enhanced standards for rating agencies. CARE is working with the regulators to develop the debt market and brings out studies, papers and holds seminars for the same to educate the participants and act as a conduit for passing views

Principle 8: Businesses should support inclusive growth and equitable development		
1.	Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company has a Corporate Social Responsibility Policy which guides all the CSR activities and includes all the activities which the Company can undertake with regard to social and economic development. As part of our business we have a separate department which addresses the rating requirements of the SMEs as part of our strategy.
2.	Are the programmes / projects undertaken through in- house team / own foundation / external NGO / government structures/ any other organization?	
3.	Have you done any impact assessment of your initiative?	
4.	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.		
1.	What percentage of customer complaints / consumer cases is pending as on the end of financial year	NIL
2.	Does the company display product information on the product label, over and above what is mandated as per local laws?	The Company complies with disclosures requirements to its product and services. Criteria and methodology used to assign ratings are available on the website. Each press release also specifies applicable list of criteria for rating.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No, the company has not received any case filed by any stakeholder against the company for unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. The company regularly seeks feedback from its customer after the conduct of the rating. In fact, CARE is certified to be ISO 9001:2008 compliant and as a part of this accreditation, customer feedback is sought from all customers.

CORPORATE GOVERNANCE REPORT

Company's philosophy on corporate governance

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

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

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

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

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

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

A report on compliance with the Code of Corporate Governance as on 31st March, 2017 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, 2017.

1.1 Composition, category of directors and other directorship details as on March 31, 2017 are as follows:

As on 31st March, 2017, in compliance of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your Company has an optimum combination of Executive and Non- Executive Directors so as to have a balanced structure. The Board has five Directors, three of whom are Independent Directors, one of whom is a Non-Executive Director and one is Executive Director. The Board has one woman director and more than 50 % of the Board consists of Non-Executive Directors. The number of Independent Directors is 60% 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
Independent Directors	Mr. A. K. Bansal	06752578
	Dr. Ashima Goyal	00233635
	Mr. Milind Sarwate ¹	00109854
Executive Directors	Mr. Rajesh Mokashi - MD & CEO	02781355
	Mr. D. R. Dogra – Former MD & CEO ²	00226775

Note:

- 1) Mr. Milind Sarwate was appointed as an Additional Director (Independent) on the Board with effect from November 04, 2016.
- 2) Mr. D. R. Dogra's tenure as Managing Director & CEO expired on August 21, 2016.
- 3) Ms. Sadhana Dhamane (DIN 01062315) was appointed as an Additional Director (Non - Executive) by the Board at its meeting held on June 02, 2017 on the recommendation of the Nomination and Remuneration Committee.

1.2 Familiarisation program for independent directors

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

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

1.3 Disclosure regarding appointment or re-appointment of directors.

At the ensuing Annual General Meeting, in accordance with the provisions of the Companies Act, 2013 Mr. Rajesh Mokashi, Managing Director & CEO retires by rotation and being eligible, offers himself for re-appointment.

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. Mokashi is currently the Managing Director & CEO of Credit Analysis & Research Ltd. (CARE Ratings), a premier credit rating agency in India and also Director in CARE's subsidiary companies viz. CARE Ratings (Africa) Pvt. Ltd., CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.) and CARE Advisory Research and Training Ltd. Mr. Mokashi is also director in international rating agency ARC Ratings Holdings Ltd. He is also director in Association of Credit Rating Agencies in Asia (ACRAA).

Mr. Mokashi has over 30 years' experience and worked with Otis Elevator Company India Ltd, DSP Financial Consultants Ltd. and Kotak Mahindra Finance Ltd before joining CARE. He has worked in diverse areas in ratings such as rating operations, criteria development, business development, disinvestment advisory services, international ventures, regulatory compliance, human resources management, information technology etc. He was involved in several strategic initiatives including the IPO of CARE. Mr. Mokashi was a member of the Working Group formed by National Housing Bank (NHB) for promoting RMBS and other Alternate Capital Market Instruments – covered Bonds [October 2012]. Mr. Mokashi was a member of the Committee on Differential Premium for Banks set up by the Deposit Insurance and Credit Guarantee Corporation (DICGC) [May 2015]. Mr. Mokashi has a Masters Degree in Management from NMIMS. Mr Mokashi is a Graduate in Mechanical engineering from VJTI, Mumbai University. He has also completed CFA programme both from the CFA Institute, USA and ICFAI Hyderabad.

He is the member of the Stakeholders Relationship Committee and the Corporate Social Responsibility (CSR) Committee of your Company.

Appointment of Ms. Sadhana Dhamane as Non- Executive Director

Ms. Sadhana Dhamane was appointed as an Additional Director by the Board at its meeting held on June 02, 2017 and her tenure will come to an end at the ensuing Annual General Meeting of the Company. Your Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing the appointment of Ms. Sadhana Dhamane as a Non-Executive Director of the Company along with a deposit of Rs.1,00,000/-

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

Resume of Ms Sadhana Dhamane

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

1.4 Appointment of Independent Director

Mr. S. B. Mainak

Mr. S. B. Mainak, Non-Executive Chairman was appointed as an Additional Director by the Board at its meeting held on August 17, 2015 and the shareholders at the 22nd Annual General Meeting of the Company held on September 29, 2015 appointed Mr. S. B. Mainak as a Non-Executive Director of the Company liable to retire by rotation. Your Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing the appointment of Mr. S. B. Mainak as an Independent Director of the Company along with a cheque of Rs. 1 Lakh (Rupees One Lakh only) in favour of the Company.

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

Resume of Mr. 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.

Mr. Milind Sarwate

Mr. Milind Sarwate was appointed as an Additional Director (Independent) on the Board on November 04, 2016. As per section 161 of the Companies Act, 2013, any person appointed as an Additional Director shall hold office upto the date of the next Annual General Meeting. The tenure of Mr. Milind Sarwate as an Additional Director (Independent) Director will come to an end at the ensuing Annual General Meeting. Your Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing the appointment of Mr. Milind Sarwate as an Independent Director of the Company along with a cheque of Rs. 1 Lakh (Rupees One Lakh only) in favour of the Company.

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

Resume of Mr. Milind Sarwate

Mr. Milind Sarwate is an Additional director (Independent) of your company. He is the Founder & CEO of Increate Value Advisors LLP. His mission is to facilitate value creation, both business & social, using his experience of 33 years in Finance, HR and strategy in groups such as Marico & Godrej. He is an Independent Non-Executive Director in 7 companies, including Glenmark, Mindtree, Matrimony.com and House of Anita Dongre. He also plays advisory roles in several other organisations. He is a Chartered Accountant, Cost Accountant & Company Secretary, a B. Com. (Honours) from the University of Mumbai, and a CII-Fulbright Fellow (Carnegie Mellon University, Pittsburgh, U.S.A.). He received the ICAI Award - CFO - FMCG category in 2011, and the CNBC TV-18 Best Performing CFO Award -FMCG & Retail in 2012. During 2013, the CFO India magazine inducted him to the CFO India Hall of Fame.

He is the Chairman of the Audit Committee and the Corporate Social Responsibility (CSR) Committee. He has been associated with your Company since November 04, 2016.

1.5 Board Procedure

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

1.6 Meetings of The Board

The Board of Directors met 7(Seven) times during the year 2016 -2017 on May 26, 2016, June 09, 2016, August 05, 2016, August 23, 2016, September 27, 2016, November 04, 2016 and February 03, 2017. 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 27, 2016	Number of Directorships in other Companies		Number of Committee positions held in other Public Companies	
				Public	Private	Chairperson	Member
Mr. S. B. Mainak	07	07	Yes	3	1	-	-
Mr. A. K. Bansal	07	07	Yes	4	2	1	2
Dr. Ashima Goyal	07	06	Yes	1	2	1	1
Mr. Milind Sarwate	01	01	N.A	6	1	4	4
Mr. D. R. Dogra	03	03	N.A	-	-	-	-
Mr. Rajesh Mokashi	07	07	Yes	2	2	-	-

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

1.7 Information provided to the Board

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

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

1.8 Post - meeting follow - up systems

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

1.9 Board Support

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

1.10 Relationships between directors inter-se

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

1.11 Code of conduct

The Board of Directors had laid down Code of Conduct for all Directors of the Board, 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, 2017. A declaration to this effect, signed by the Managing Director & Chief Executive Officer forms part of the certification.

2 Committees of the board of directors

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

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 31st March, 2017, comprised of four members i.e. Dr. Ashima Goyal, Mr. A. K. Bansal, Mr. Milind Sarwate, Independent Directors and Mr. S. B. Mainak, Non-Executive Director. The Chairperson of the Committee is an Independent Director.

The previous Annual General Meeting of the Company was held on September 27, 2016 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:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the Whistle Blower mechanism;
- 19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 21) Identification of various risks associated with the operations of the Company such as regulatory risk, business risk, market risk, etc.;
- 22) Monitoring and reviewing of the risk management plan of the Company;
- 23) Review of Risk Management Policy as approved by the Board from time to time.

[C] Meetings of the Audit Committee

The Audit Committee met 4 (four) times during the year 2016-2017 on May 26, 2016, August 05, 2016, November 04, 2016 and February 03, 2017.

Details of attendance		
Name of Directors	No. of Audit Committee Meetings held	No. of Meetings attended
Dr. Ashima Goyal	04	04
Mr. A. K. Bansal	04	04
Mr. Rajesh Mokashi ¹	01	01
Mr. S.B. Mainak ¹	03	03
Mr. Milind Sarwate ²	01	01

1. The Audit Committee was reconstituted on May 26, 2016. Mr. S. B. Mainak was inducted on the Committee and Mr. Rajesh Mokashi ceased to be a member of the Audit Committee.
2. The Audit Committee was reconstituted on November 04, 2016 by inducting Mr. Milind Sarwate on the Audit Committee. Further Mr. Milind Sarwate was appointed as the Chairman of the Committee at its meeting held on June 02, 2017.

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, 2017, comprised of three members i.e. Dr. Ashima Goyal, Mr. A. K. Bansal, both Independent Directors and Mr. S. B. Mainak, Non- Executive Director.

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

[B] Terms of Reference

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

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

- 5) The quantum of option to be granted under an ESOS per employee and in aggregate in each year;
- 6) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- 7) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- 8) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee and taking a view on exercise period between the end of the financial year and the date of annual general meeting;
- 9) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- 10) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, etc. In this regard following shall be taken into consideration:
 - a) The number and price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action;
 - b) The vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
- 11) The grant, vest and exercise of options in case of employees who are on long leave; and
- 12) The procedure for cashless exercise of option (if any)

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

The Committee met 5 (five) times during the year 2016-2017 on May 26, 2016, June 28, 2016, August 26, 2016, November 4, 2016 & February 03, 2017.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Remuneration Committee Meetings held	No. of Meetings attended
Dr. Ashima Goyal	05	05
Mr. A. K. Bansal	05	05
Mr. S.B. Mainak*	04	04

* Mr. S. B. Mainak was inducted in the Committee at the Board Meeting held on May 26, 2017.

[D] Remuneration Policy

During the year 2016-17, your Company paid remuneration to its Executive Directors within the limits envisaged under the applicable provisions of the Companies Act, 2013. The remuneration paid to the Executive Directors was approved by the Board and the Nomination and Remuneration Committee within the limits approved by the shareholders.

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

Remuneration to Directors

(Amount in Rupees)

No.	Name of Director	Remuneration	Sitting fees
1.	Mr. S. B. Mainak	-	9,00,000
2.	Mr. A. K. Bansal	-	9,50,000
3.	Dr. Ashima Goyal	-	9,50,000
4.	Mr. Milind Sarwate	-	2,50,000
5.	Mr. D. R. Dogra (upto 21.08.2016)	1,93,73,016	-
6.	Mr. Rajesh Mokashi	3,62,60,087*	-

* Includes Leave Encashment for past years and ESOP perquisites.

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

(Amount in Rupees)

Particulars	Mr. Rajesh Mokashi, Managing Director & CEO	Mr. D. R. Dogra Former Managing Director & CEO (upto 21.08.2016)
Salary & Allowance	1,20,95,135	35,69,968
Variable Pay	40,00,000	48,00,000
Provident Fund Contribution	13,69,652	5,88,256
Perquisite Value – ESOP *	1,07,35,839	-
Leave Encashment	80,59,461 [#]	94,14,792 [#]
Gratuity	-	10,00,000
Total	3,62,60,087	1,93,73,016

* During the Financial Year 2016-17, Mr. Rajesh Mokashi was allotted 20,000 equity shares on August 05, 2016 i.e. the second exercise period where the perquisite value was Rs. 362/- per share and further 4,903 equity shares on February 03, 2017 i.e. the 3rd exercise period where the perquisite value was Rs. 713/- per share under CARE Employee Stock Option Scheme, 2013. Mr. D. R. Dogra, Former Managing Director and CEO exercised his full options in the Financial Year 2015-16.

Includes Leave Encashment of earlier years.

Details of Stock Options during Financial Year 2016-17.

Particulars	Mr. Rajesh Mokashi, Managing Director & CEO
Options Vested (Total)	29,903
Options Exercised in 2015-16	5,000
Options Exercised in 2016-17	24,903
Value of Options (Rs. 617/-)	1,53,65,151
Perquisite Value	1,07,35,839

Criteria of making payments to Non-Executive directors

Sitting fees	:	Rs. 1,00,000/- for per Board meeting and Rs. 50,000/-for per committee meeting
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* The Board of Directors at its meeting held on November 04, 2017 increased the sitting fees from Rs. 50,000/- to Rs. 1,00,000/- for per Board Meeting. 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:

Mr. Milind Sarwate, Additional Director (Independent) holds 20 shares in the Company. Further, the other Non-Executive and Independent Directors do not hold any shares of the Company.

[G] Performance Evaluation of Independent Directors:

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

2.3 Stakeholders Relationship Committee

[A] Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee as on 31st March, 2017 comprised of two members i.e. Mr. S. B. Mainak and Mr. Rajesh Mokashi. The Company Secretary of your Company is the secretary to the Stakeholders Relationship Committee.

[B] Terms of Reference

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

[C] Meetings & attendance of the Stakeholders Relationship Committee

The Committee met 3 (three) times during the year 2016-2017 on August 23, 2016, October 28, 2016 & January 25, 2017

Details of attendance		
Name of Directors	No. of Remuneration Committee Meetings held	No. of Meetings attended
Mr. S.B. Mainak	03	03
Mr. Rajesh Mokashi	03	03

[D] Details of shareholders complaints for FY ended 31.03.2017 are as follows:

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	Nil	Nil	Nil
2.	Non-receipt of Annual Report	11	11	Nil
3.	Non-receipt of dividend	13	13	Nil
4.	Non-receipt of Securities	Nil	Nil	Nil
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	Nil	Nil	Nil
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	Nil	Nil	Nil
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	Nil	Nil	Nil
	TOTAL	24	24	Nil

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

The Committee as on 31st March, 2017, comprised of four members i.e. Mr. A. K. Bansal, Dr. Ashima Goyal, Mr. Milind Sarwate, Independent Directors and Mr Rajesh Mokashi, Managing Director & CEO.

[B] Terms of Reference

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

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

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

The Committee met once during the year 2016-2017 on February 03, 2017.

Details of attendance		
Name of Directors	No. of CSR Meetings held	No. of Meetings attended
Mr. A. K. Bansal	01	01
Dr. Ashima Goyal	01	01
Mr. Milind Sarwate	01	01
Mr. Rajesh Mokashi	01	01

2.5 Risk Management Committee

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

[A] Meetings & attendance of the Risk Management Committee

The Committee met once during the year 2016-2017 on May 04, 2016.

Details of Attendance		
Name of Directors	No. of Risk Management Committee Meetings held	No. of Meetings attended
Dr. Ashima Goyal	01	01
Mr. Rajesh Mokashi	01	01
Mr. T. N. Arun Kumar	01	01

2.6 Independent Directors Meeting

At present the company has three independent directors – Mr. A. K. Bansal, Dr. Ashima Goyal and Mr. Milind Sarwate on its Board. During the financial year 2016-2017, one meeting of the Independent directors was held on February 03, 2017. The meeting was attended by all 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.

2.7 Company Secretary and Compliance Officer

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. Further, Mr. Mahendra Naik was appointed as the Company Secretary and Compliance Officer of the Company with effect from June 01, 2016.

3.0 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 27, 2016 (Annual General Meeting)	3.00 p.m.	2
b)	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
c)	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

4. Postal Ballot

During FY 2016-2017, 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 2016-17 with Related Parties as defined under the Companies Act and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, 2013 with related parties which could be considered material under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable. As required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at www.careratings.com.

6. Details Of Non-Compliance

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

7. Whistle Blower Policy / Vigil Mechanism

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

8. Other policies

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

9. Adoption of mandatory and non-mandatory requirements

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

10. Means of communication

Your Company's corporate website www.careratings.com provides comprehensive information to the shareholders. The quarterly and annual financial results are published in English i.e Business Standard and Marathi daily newspaper i.e Mumbai Lakshadweep. The quarterly and annual financial results and the press releases issued are also available on your Company's website www.careratings.com. Detailed presentations are made to analyst on the Company's unaudited quarterly as well as audited annual financial results. These 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 2016-2017, 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 & Section 124 of the Companies Act, 2013 mandates that companies shall transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The Company does not have any dividend unclaimed for seven years to be transferred to IEPF.

12. Subsidiary companies

During the Financial Year ended March 31, 2017, 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 compliance of Corporate Governance has been annexed to the Directors' Report and will be sent to the Stock Exchanges at the time of filing of the Annual Report.

15 CEO & CFO certification

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

16 Reconciliation of share capital audit

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

17 Disclosures with respect to Demat suspense account / Unclaimed suspense account

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

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

19 General Shareholders Information

a)	Annual General Meeting	August 01, 2017
	Time	3:30 pm
	Venue	Jasubhai Conventional Hall Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6 th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022
b)	Financial Year	April 01 to March 31
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2017	On or before September 14, 2017
	Financial reporting for the quarter ending September 30, 2017	On or before December 14, 2017
	Financial reporting for the quarter ending December 31, 2017	On or before February 14, 2018
	Financial reporting for the quarter and year ending March 31, 2018	On or before May 30, 2018
c)	Dates of Book Closure	Wednesday, July 26, 2017 to Tuesday, August 01, 2017 (both days inclusive)
d)	Dividend Payment Date	Final dividend on equity shares for the year ended March 31, 2017 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before August 30, 2017.

e)	Listing on Stock Exchange	<p>The Company got listed on December 26, 2012. The shares of your Company are listed on: The BSE Limited P.J. Towers, Dalal Street, Mumbai 400 001</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 2017-18 have been paid to BSE Limited and The National Stock Exchange of India Limited.</p>
f)	Stock Code	<p>Bombay Stock Exchange Limited: 534804 National Stock Exchange of India Limited: CARERATING ISIN: INE752H01013</p>
g)	Registrar and Share Transfer Agent	<p>Karvy Computershare Pvt. Ltd. Unit: Credit Analysis and Research Limited Karvy Selenium Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel. No. 040 – 67162222 Fax No. 040 – 23001153 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person : Mr. K. S. Reddy & Mr. B. V. Kishore</p>
h)	Share Transfer System	<p>99.99% of the equity shares of the Company are in electronic form. Transfer of 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 2016 to March 2017 (BSE).

PERIOD – 2016-17	HIGH	LOW
April 2016	1150.05	941.65
May 2016	1100.00	970.00
June 2016	1025.00	956.00
July 2016	1082.35	962.50
August 2016	1295.00	1032.80
September 2016	1369.00	1139.00
October 2016	1572.50	1370.00
November 2016	1505.00	1188.00

December 2016	1514.00	1275.60
January 2017	1457.25	1300.00
February 2017	1441.60	1337.10
March 2017	1693.00	1380.45

ii) Market Price Data HIGH/LOW during each month from April 2016 to March 2017 (NSE).

PERIOD – 2015-16	HIGH	LOW
April 2016	1149.00	940.00
May 2016	1065.00	969.70
June 2016	1030.00	951.00
July 2016	1004.00	965.00
August 2016	1297.00	1034.05
September 2016	1375.00	1141.00
October 2016	1575.00	1370.00
November 2016	1515.00	1189.55
December 2016	1480.00	1274.30
January 2017	1459.00	1295.00
February 2017	1440.00	1320.00
March 2017	1721.00	1385.05

J) Distribution Schedule and Shareholding Pattern as on March 31, 2017

Distribution Schedule

Sr. No	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	43994	97.18	17733220.00	6.02
2	5001 - 10000	558	1.23	4151230.00	1.41
3	10001 - 20000	302	0.67	4333530.00	1.47
4	20001 - 30000	95	0.21	2387140.00	0.81
5	30001 - 40000	59	0.13	2103280.00	0.71
6	40001 - 50000	35	0.08	1632160.00	0.55
7	50001 - 100000	68	0.15	4965340.00	1.69
8	100001 & ABOVE	159	0.35	257206110.00	87.33
	Total:	45270	100.00	294512010.00	100.00

k) Shareholding Pattern

Sr. No	Category	No. of Shares Held	Percentage (%)
I	PROMOTERS	-----	-----
II	NON-PROMOTERS		
a)	Foreign Portfolio Investors	1,03,43,998	35.12
b)	Mutual Funds	53,79,759	18.27
c)	Bodies Corporates	33,96,863	11.53
d)	Indian Financial Institutions	31,17,762	10.59
e)	Resident Individuals	28,72,979	9.75

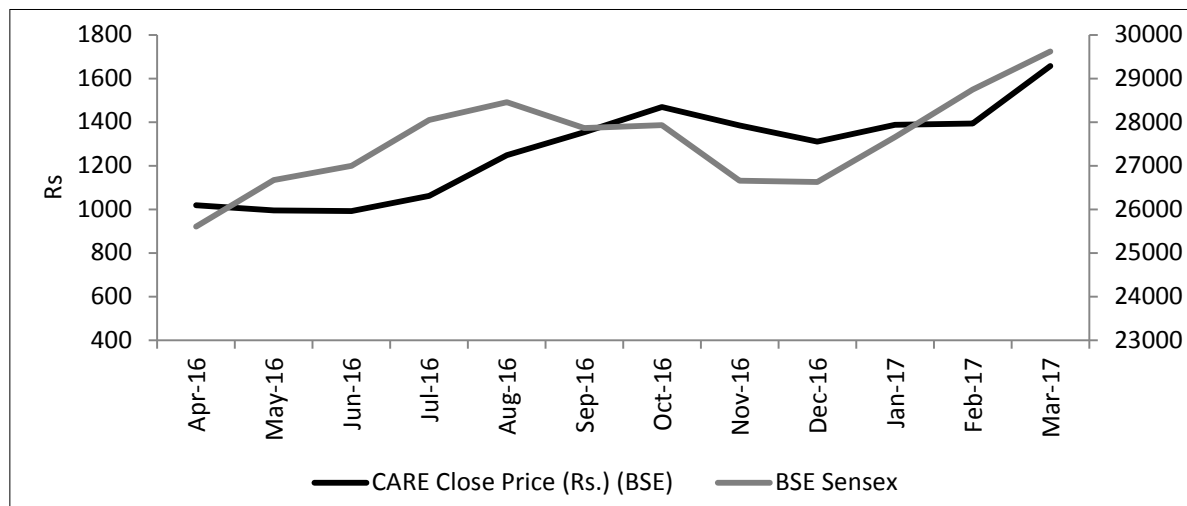
f)	Banks	27,42,674	9.31
g)	Foreign Institutional Investor	7,94,944	2.70
h)	NBFC	2,90,623	0.99
i)	Non Resident Indians	1,60,157	0.54
j)	H U F	1,21,692	0.41
k)	Directors	76,721	0.26
l)	Clearing Members	71,437	0.24
m)	Nri Non-Repatriation	59,128	0.21
n)	Alternative Investment Fund	19,784	0.07
o)	Trusts	2,680	0.01
	TOTAL	2,94,51,201	100.00

l)	Dematerialisation of Shares and Liquidity	2,94,51,175 equity shares which constitutes 99.99% of the paid up capital as on March 31, 2017 of your Company are held in electronic mode.
m)	Registered Office & Address for Correspondence	Credit Analysis and Research Ltd. 4 th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456 Fax No: 022 – 67543457
n)	Plant location	In view of the nature of the Company's business viz. providing rating services, the company operates from the following mentioned offices in India.
	Ahmedabad 32, Titanium, Prahaladnagar Corporate Road, Opp. AUDA Garden, Satellite, Ahmedabad – 380 015 Tel: 079 – 40265656	Bengaluru Unit No. 1101-1102, 11 th Floor, Prestige Meridian 2 No. 30, M. G. Road, Bangaluru – 560001. Tel No. 080 – 22117140 / 46625555
	Chandigarh 2 nd Floor, S.C.O. 196-197, Sector 34-A, Chandigarh - 160022 Tel No. 172 – 5171100 / 09	Chennai Unit No. 0-509/C, Spencer Plaza, 5 th Floor, No. 769, Anna Salai, Chennai – 600 002 Tel. No. : 044 – 28497812
	Coimbatore Office Unit T-3, 3rd Floor, Manchester Square, Puliakulam Road, Pappanaikenpalayam, Coimbatore – 641037 Tel No. 0422 - 4332399	Hyderabad 401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad – 500 029. Tel No: 040 – 40102030
	Jaipur 304, Pashupati Akshat Heights, Plot No. D – 91, Madho Singh Road, Bani Park, Near Collectorate Circle, Jaipur – 302016 Tel No. 141 – 4020213/14	Kolkata 3 rd Floor, Prasad Chambers, Shagun Mall Building, 10A, Shakespeare Sarani, Kolkata – 700 071 Tel No. 033 – 22831800 / 1803

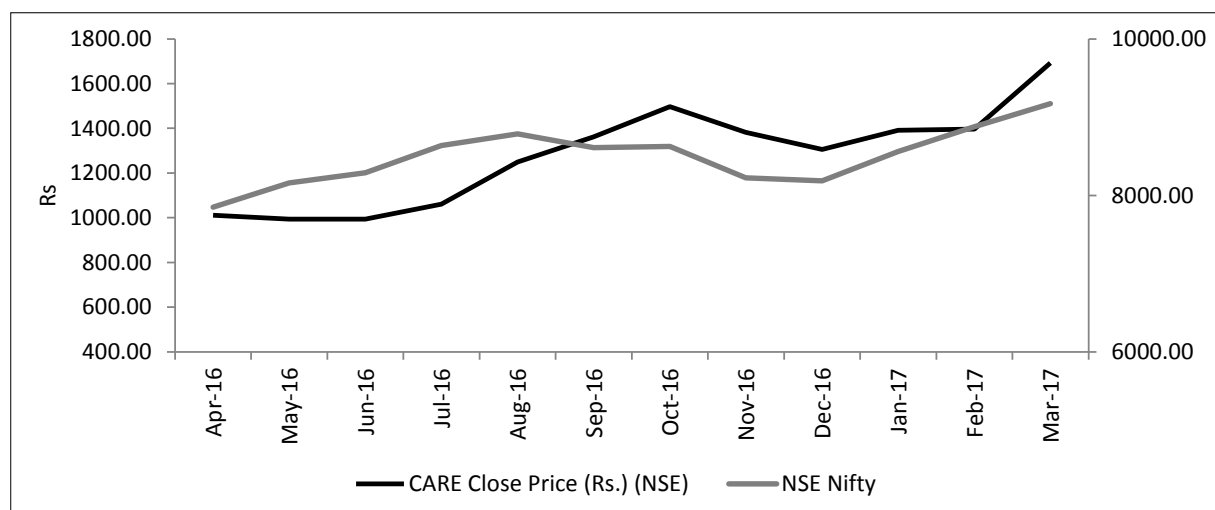
	<u>New Delhi</u> 13 th Floor, E-1, Videocon Tower, Jhandewalan Extension, New Delhi – 110055 Tel : 011 - 45333200	<u>Pune</u> 9 th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda Senapati Bapat Marg, Shivaji Nagar, Pune – 411 016 Tel No: 020 – 41201362
o)	Email	care@careratings.com
p)	Investor Complaints ID	investor.relations@careratings.com
q)	Website	www.careratings.com
r)	Compliance Officer	Mahendra Naik Company Secretary Credit Analysis and Research Ltd. 4 th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456 Fax No: 022 - 67543457
s)	Green Initiative	Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/documents in the electronic form. To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2017 electronically, Members are requested to update (in case of change) / register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent at the earliest. Your Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.

t) CARE share price vs. Bse sensex

Month	CARE Close Price (Rs.) (BSE)	BSE Sensex
April 2016	1019.25	25606.62
May 2016	995.25	26667.96
June 2016	992.30	26999.72
July 2016	1062.25	28051.86
August 2016	1247.65	28452.17
September 2016	1353.45	27865.96
October 2016	1496.55	27930.21
November 2016	1384.75	26652.81
December 2016	1310.30	26626.46
January 2017	1387.55	27655.96
February 2017	1392.95	28743.32
March 2017	1657.25	29620.50



Month	CARE Close Price (Rs.) (NSE)	NSE Nifty
April 2016	1011.00	7849.80
May 2016	994.45	8160.10
June 2016	994.30	8287.75
July 2016	1060.20	8638.50
August 2016	1249.15	8786.20
September 2016	1361.30	8611.15
October 2016	1497.25	8625.70
November 2016	1381.30	8224.50
December 2016	1305.35	8185.80
January 2017	1390.75	8561.30
February 2017	1396.10	8879.60
March 2017	1692.75	9173.75



CEO AND CFO CERTIFICATION

To
The Board of Directors
Credit Analysis and Research Limited
Mumbai

We, Mr. Rajesh Mokashi, Managing Director & Chief Executive Officer and Mr. Chandresh Shah, Chief Financial Officer of Credit Analysis and Research Limited, to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements, the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee
- Significant changes in the internal control over financial reporting during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For CREDIT ANALYSIS & RESEARCH LIMITED

**RAJESH MOKASHI
MANAGING DIRECTOR
& CEO**

**CHANDRESH SHAH
CHIEF FINANCIAL
OFFICER**

**Place: Mumbai
Date: May 16, 2017**

**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 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.

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, 2017.

For CREDIT ANALYSIS & RESEARCH LIMITED

**RAJESH MOKASHI
MANAGING DIRECTOR & CEO**

Place: Mumbai

Date: June 02, 2017

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, 2017, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. 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 the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Khimji Kunverji & Co.
Chartered Accountants
Firm's Registration No: 105146W

Gautam V Shah
Partner
Membership No: 117348

Mumbai
June 02, 2017

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of
Credit Analysis & Research Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Credit Analysis & Research Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and 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 Company's 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 relevant rules issued thereunder. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 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 the Company's management and Board of Directors, as well as evaluating the overall presentation of the 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, 2017, 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:

INDEPENDENT AUDITOR'S REPORT

- 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 relevant rules thereunder;
- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 foreseeable 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.
- (iv) The Company has provided requisite disclosures in the Standalone Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management- Refer Note 31 to the Standalone Financial Statements.

For Khimji Kunverji & Co.

Chartered Accountants

ICAI FRN: 105146W

Gautam V Shah

Partner (F-117348)

Mumbai

Date: May 16, 2017

INDEPENDENT AUDITOR'S REPORT

Annexure 1 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Credit Analysis and Research Limited.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) The Company does not hold any inventory or securities as stock in trade, hence clause 3(ii) of the Order is not applicable to the Company.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the 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) According to the information and explanations given to us, the Company is not required to maintain any cost records prescribed by the Central Government under sub-section (1) of section 148 of the Act.
- vii) a) 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

INDEPENDENT AUDITOR'S REPORT

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	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
The Income Tax Act, 1961	Income tax	5,39,76,510	AY 2014-15	Dy. Commissioner of Income-Tax 6(2)(1), Mumbai

As informed, the Company is not liable to pay Sales Tax, Excise Duty, Custom Duty and Cess during the year

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

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

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 16, 2017

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, 2017 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, 2017, 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)

Mumbai
Date: May 16, 2017

BALANCE SHEET

as at March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	29,45,12,010	29,40,10,960
Reserves and Surplus	3	4,69,56,33,140	3,78,84,79,461
Non Current Liabilities			
Deferred Tax Liabilities (Net)	4	3,88,75,009	2,57,52,900
Long Term Provisions	5	3,82,24,165	5,47,74,274
Current Liabilities			
Short Term Provisions	6	9,87,48,773	47,64,55,468
Other Current Liabilities	7	36,68,39,969	34,89,19,044
Total		5,53,28,33,066	4,98,83,92,107
Assets			
Non Current Assets			
a. Fixed Assets			
(i) Tangible Assets	8	52,37,33,994	54,96,00,574
(ii) Intangible Assets	8	27,65,369	16,86,047
(iii) Capital Work in Progress		7,45,804	-
b. Non Current Investments	9	1,01,43,79,572	2,31,86,66,513
c. Long Term Loans and Advances	10	9,41,27,496	8,05,44,181
Current Assets			
Current Investments	9	3,49,65,58,806	1,60,16,36,145
Trade Receivables	11	23,19,07,837	22,23,55,117
Cash and Bank Balances	12	11,80,91,522	12,24,22,156
Short Term Loans and Advances	13	3,56,49,092	4,34,87,124
Other Current Assets	14	1,48,73,574	4,79,94,250
Total		5,53,28,33,066	4,98,83,92,107

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 16, 2017

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

[S B Mainak]

Chairman

DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer

M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO

DIN No-02781355

[Mahendra Naik]

Company Secretary

ACS 20230

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Income			
Revenue From Operations	15	2,80,47,95,808	2,64,84,20,506
Other Income	16	32,88,59,592	8,60,29,874
Total Revenue		3,13,36,55,400	2,73,44,50,380
Expenses			
Employee Benefits Expense	17	66,88,57,262	69,65,82,664
Depreciation	8	3,14,18,807	3,89,04,072
Other Expenses	18	27,06,18,682	23,07,69,525
Total Expenses		97,08,94,751	96,62,56,261
Profit before Tax		2,16,27,60,649	1,76,81,94,119
Tax Expense			
Current Tax		63,45,40,850	59,63,72,069
Deferred Tax Expense		1,31,22,109	(36,61,680)
Add /(Less) : Income tax adjustment for earlier years		-	(13,67,725)
Total Tax Expense		64,76,62,959	59,13,42,664
Profit after Tax		1,51,50,97,690	1,17,68,51,455
Earning Per Share (Face Value Rs.10/- each)	20		
- Basic		51.49	40.49
- Diluted		51.45	40.23

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 16, 2017

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

[S B Mainak]

Chairman

DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer

M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO

DIN No-02781355

[Mahendra Naik]

Company Secretary

ACS 20230

CASH FLOW STATEMENT

for the year ended March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2017</i>	<i>For the Year ended March 31, 2016</i>
Cash flows from Operating Activities		
Profit before tax	2,16,27,60,649	1,76,81,94,120
Adjustments for		
Income from investments	(32,88,10,924)	(8,24,07,607)
Deferred Employee Stock Option	-	3,84,10,096
Unrealised Foreign Exchange (Gain) / Loss	64,288	(1,29,789)
Impairment / (Impairment Reversal) of Investment	52,26,000	(22,57,525)
Provision for Compensated Absence	(3,12,91,444)	74,58,581
Provision for Gratuity	(10,21,783)	60,13,676
Provision for Bad Debts	1,03,57,050	2,73,84,035
Loss on Sale of Fixed Assets	4,09,342	26,996
Depreciation	3,14,18,807	3,89,04,072
Operating Profit before working capital changes	1,84,91,11,985	1,80,15,96,655
Movements in working capital		
Decrease/(Increase) in Trade Receivables	(1,99,09,770)	(10,48,66,969)
Decrease/(Increase) in Deposits	1,23,34,596	8,19,693
Decrease/(Increase) in Advances and other Assets	3,13,14,763	(1,36,07,400)
Increase/(Decrease) in Other Current Liabilities	1,79,20,925	(2,25,78,611)
Increase/(Decrease) in Provisions and Other Liabilities	(80,78,903)	2,35,005
Total Movements in working capital	3,35,81,611	(13,99,98,282)
Taxes paid	(65,01,23,530)	(58,15,44,761)
Net cash from operating activities	1,23,25,70,066	1,08,00,53,612
Cash flows from Investing Activities		
Income from investments	32,74,63,978	8,20,91,080
Investment in company	(10,86,23,537)	(32,55,600)
Sale of fixed assets	11,28,357	3,90,299
Purchase of fixed assets	(89,15,052)	(2,70,79,508)
Purchase of investments	(2,80,92,59,424)	(1,52,53,47,352)
Sale of investments	2,32,20,34,557	1,06,46,47,238
Net cash from investing activities	(27,61,71,121)	(40,85,53,843)
Cash flows from Financing Activities		
Proceeds from issue of equity shares	3,09,14,785	24,80,17,958
Dividend and Dividend Tax paid	(99,22,22,420)	(91,03,72,021)
Net cash from financing activities	(96,13,07,635)	(66,23,54,063)
Net increase / (decrease) in cash and cash equivalents	(49,08,690)	91,45,706
Cash And Cash Equivalents At The Beginning	11,75,58,869	10,84,13,163
Cash And Cash Equivalents At The End	11,26,50,179	11,75,58,869

CASH FLOW STATEMENT

for the year ended March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2017</i>	<i>For the Year ended March 31, 2016</i>
Cash and cash equivalents comprise of: (Refer note 12)		
Cash on hand	55,584	76,113
Other Bank balances		
On Current Account	5,40,81,412	9,26,99,196
Deposit Accounts	5,85,13,183	2,47,83,560
Total	11,26,50,179	11,75,58,869

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 16, 2017

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

[S B Mainak]

Chairman
DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Mahendra Naik]

Company Secretary
ACS 20230

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

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 Indian 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.

d. Property, Plant and Equipment (Fixed Assets and Depreciation)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

e. 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.

f. 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.

g. 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.

h. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

i. 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.

j. 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.

k. 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.

l. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

m. **Employee Stock Options**

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Options Scheme, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, 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.

n. **Cash and Cash Equivalents**

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

o. **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, 2017

Note 2 - Share Capital

	As at March 31, 2017		As at March 31, 2016	
	Number	Amount Rs.	Number	Amount Rs.
Authorised				
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Issued, subscribed and fully paid up				
Equity Shares of Rs.10/- each	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960
Total issued, subscribed and fully paid up share capital	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960

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

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	2,94,01,096	29,40,10,960	2,89,99,122	28,99,91,220
Issued during the year - ESOP allotment	50,105	5,01,050	4,01,974	40,19,740
Outstanding at the end of the year	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960

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, 2017, interim dividends of Rs.18/- per share (Previous Year: Rs. 18/- per share) was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs. 10/- per share ((Previous Year: Rs. 10/- 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, 2017 Number	As at March 31, 2016 Number
Equity Shares allotted as fully paid up bonus shares	Nil	Nil
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, 2017

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

Equity Shares of Rs. 10/- each fully paid	As at March 31, 2017		As at March 31, 2016	
	Number	% holding in the class	Number	% holding in the class
Life Insurance Corporation of India	28,82,136	9.79%	28,82,136	9.80%
Canara Bank	26,22,430	8.90%	27,29,765	9.28%
Franklin Templeton Investment Funds	17,49,165	5.94%	17,53,834	5.97%
IDBI Bank Limited	-	0.00%	14,92,097	5.07%

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: 28

Note 3 - Reserves and Surplus

Amount Rs.

	As at March 31, 2017	As at March 31, 2016
a. Capital Redemption Reserve	22,50,000	22,50,000
b. Securities Premium Account		
Opening Balance as per last audited Financial Statement	60,15,29,649	26,56,44,194
Add :		
Premium on allotment of ESOP	3,04,13,735	24,39,98,218
Transferred from Deferred Employees Compensation	1,14,53,502	9,18,87,237
Closing Balance	64,33,96,886	60,15,29,649
c. Employees Stock Options Outstanding		
Opening Balance as per last audited Financial Statement	1,37,41,687	10,75,50,216
Add :		
Options granted during the year	-	-
Less :		
Options exercised during the year	(1,14,53,502)	(9,18,87,237)
Options lapsed during the year	-	(19,21,292)
Closing Balance of Employees Stock Options	22,88,185	1,37,41,687
Less :Deferred Employees Compensation		
Opening Balance as per last audited Financial Statement	-	(4,03,31,388)
Add :		
Options granted during the year	-	-
Less :		
Options lapsed during the year	-	19,21,292
Amortization of deferred employees compensation	-	3,84,10,096
Closing Balance of Deferred Employees Compensation	-	-
Closing Balance	22,88,185	1,37,41,687

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
d. General Reserve		
Opening Balance as per last audited Financial Statement	1,64,77,59,516	1,49,77,59,516
Add :		
Transfer from surplus in the statement of profit and loss	15,00,00,000	15,00,00,000
Closing Balance	1,79,77,59,516	1,64,77,59,516
e. Surplus in the statement of profit and loss		
Opening balance	1,52,31,98,609	1,48,13,62,562
Add :		
Net Profit for the year	1,51,50,97,690	1,17,68,51,455
Less :		
Proposed Dividend*	3,92,580	29,40,10,960
Interim Dividend	52,99,91,454	52,43,96,040
Tax on Proposed Dividend*	79,920	5,98,53,714
Tax on Interim Dividend	10,78,93,792	10,67,54,694
Transfer to General Reserve	15,00,00,000	15,00,00,000
Closing Balance	2,24,99,38,553	1,52,31,98,609
Total Reserves & Surplus	4,69,56,33,140	3,78,84,79,461

*The Central Government has amended the Companies (Accounting Standards) Rules, 2006, through a notification issued by the Ministry of Corporate Affairs dated March 30, 2016. On account of the amendments in Para 8.5 of AS-4 - Contingencies and Events occurring after Balance Sheet date, from April 01, 2016, the Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

Note 4 - Deferred Tax Liabilities (Net)

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Deferred Tax Liability		
Depreciation on Fixed Assets	7,19,75,404	6,64,11,794
Less : Deferred Tax Assets	3,31,00,395	4,06,58,894
Provision for Compensated Absence	1,46,17,182	2,54,47,151
Provision for Doubtful Debts	1,40,55,886	96,80,727
Expenses Disallowed	-	96,271
Rent Equilisation	10,00,721	12,41,979
Provision for Gratuity	29,86,898	33,40,537
Others	4,39,708	8,52,229
Total	3,88,75,009	2,57,52,900

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 5 - Long Term Provisions

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Provision for employee benefits		
Provision for Compensated Absence	3,82,24,165	5,47,74,274
Total	3,82,24,165	5,47,74,274

Note 6 - Short Term Provisions

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Provision for employee benefits		
Provision for Salary, Performance Related Pay & Commission	8,04,63,078	7,53,00,865
Provision for Compensated Absence	40,09,820	1,87,51,155
Provision for Gratuity	86,30,159	96,51,942
Provision for Leave Travel Allowance	56,45,716	1,88,86,832
Others		
-Proposed Dividend *	-	29,40,10,960
-Provision for Dividend Distribution Tax *	-	5,98,53,714
Total	9,87,48,773	47,64,55,468

*The Central Government has amended the Companies (Accounting Standards) Rules, 2006, through a notification issued by the Ministry of Corporate Affairs dated March 30, 2016. On account of the amendments in Para 8.5 of AS-4 - Contingencies and Events occurring after Balance Sheet date, from April 01, 2016, the Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

Note 7 - Other Current Liabilities

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Sundry Creditors for Expenses*	1,47,43,740	1,79,87,787
Unearned Revenue	24,77,94,035	22,88,65,436
Advance from customers	7,34,89,202	8,45,82,293
Statutory Dues	2,62,09,056	1,33,44,764
Unclaimed Dividend	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,50,000
Total	36,68,39,969	34,89,19,044

*Refer note 26 for amounts due to micro, small and medium enterprises

*Includes dues to subsidiary

1,46,931

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 8

Fixed Assets for the year ended March 31, 2017

Description of Assets	Gross Block			Impairment			Depreciation				Net Block	
	As at 1-Apr-16	Additions during the year	Deductions during the year	As at 31-Mar-17	As at 1-Apr-16	Re-versal During the Year	As at 31-Mar-17	Upto 1-Apr-16	For the year	On deletions / disposals during the year	Upto 31-Mar-17	As at 31-Mar-17
Tangible Assets												
Furniture & Fixtures	4,84,40,154	25,983	-	4,84,66,137	-	-	-	3,07,51,096	34,79,106	-	3,42,30,202	1,42,35,935
Office Equipments	5,88,34,440	1,59,750	-	5,89,94,190	-	-	-	3,86,40,303	1,02,19,079	-	4,88,59,382	1,01,34,808
Computers	7,74,78,657	58,36,763	41,17,076	7,91,98,344	-	-	-	6,37,53,382	61,12,153	41,13,118	6,57,52,417	1,34,45,927
Vehicles	51,32,921	-	31,32,921	20,00,000	-	-	-	22,32,363	5,59,445	15,99,180	11,92,628	8,07,372
Electrical Installations	1,06,85,376	-	-	1,06,85,376	-	-	-	44,56,766	9,95,679	-	54,52,445	52,32,931
Buildings	53,96,43,556	-	-	53,96,43,556	-	-	-	5,07,80,620	89,85,915	-	5,97,66,535	47,98,77,021
Total Tangible	74,02,15,104	60,22,496	72,49,997	73,89,87,603	-	-	-	19,06,14,530	3,03,51,377	57,12,298	21,52,53,609	52,37,33,994
Intangible Assets												
Computer Software	3,57,81,101	21,46,752	-	3,79,27,853	-	-	-	3,40,95,054	10,67,430	-	3,51,62,484	27,65,369
Total Intangible	3,57,81,101	21,46,752	-	3,79,27,853	-	-	-	3,40,95,054	10,67,430	-	3,51,62,484	27,65,369
Total	77,59,96,205	81,69,248	72,49,997	77,69,15,456	-	-	-	22,47,09,584	3,14,18,807	57,12,298	25,04,16,093	52,64,99,363

Amount Rs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 8

Fixed Assets for the year ended March 31, 2016.

Description of Assets	Gross Block			Impairment			Depreciation				Net Block	
	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	As at 31-Mar-16
Tangible Assets												
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
Total Tangible	71,60,28,137	2,65,93,649	24,06,682	74,02,15,104	22,57,525	(22,57,525)	-	15,45,40,663	3,80,63,254	19,89,387	19,06,14,530	54,96,00,574
Intangible Assets												
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
Total Intangible	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
Total	75,13,23,379	2,70,79,508	24,06,682	77,59,96,205	22,57,525	(22,57,525)	-	18,77,94,899	3,89,04,072	19,89,387	22,47,09,584	55,12,86,621

Amount Rs

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Particulars	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Trade Investment				
Unquoted (Valued at cost)				
1. Investment in Subsidiary				
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	-	-
3,12,001 ordinary shares of USD 1 each fully paid up (PY 1,07,932) in CARE Ratings (Africa) Private Limited	2,05,15,287	68,91,700	-	-
50,00,000 0.1% Optionally Convertible Cumulative Redeemable preference shares (PY NIL) CARE Kalyp-to Risk Technologies and Advisory Services Private Limited	5,00,00,000	-	-	-
44,99,950 equity shares (PY NIL) CARE Advisory Research & Training Limited	4,49,99,950	-	-	-
2. Other Investments				
NIL Ordinary Shares of USD 10 each fully paid up (PY 53,000) ARC Ratings Holdings PTE Limited	-	3,06,80,300	-	-
20 Ordinary Shares of USD 22,600 each fully paid up (PY NIL) ARC Ratings Holdings Limited	2,54,54,300	-	-	-
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	-	-
Other Investments (valued at cost, unless stated otherwise)				
A) QUOTED				
1) Investments in Bonds of PSUs				
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) 6.32% Tax Free Bonds of Indian Railway Finance Corporation (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 (Maturing on March 05, 2022)	13,41,34,000	13,41,34,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Particulars	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (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 (Maturing on March 27, 2027)	5,36,59,400	5,36,59,400	-	-
80,000 Bonds FV. Rs.1,000/- (PY 80,000) of 8.30% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027)	8,58,16,000	8,58,16,000	-	-
2) Investments in GOLD ETF				
NIL Units (PY 14,807 Units) UTI MF Gold Exchange Traded Fund	-	3,75,38,398	-	-
NIL Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Open Ended	-	1,50,07,017	-	-
NIL Units (PY 52,790 Units) Kotak Mahindra Asset Management Company Ltd - Gold ETF-Open Ended Scheme	-	1,50,13,259	-	-
NIL Units (PY 11,80,689 Units) SBI Gold Fund-Regular Plan - Growth	-	1,19,99,998	-	-
NIL Units (PY 6,881) Goldman Sachs MF - Gold Benchmark Exchange Traded Scheme - Units	-	2,00,23,229	-	-
3) Investments in various Fixed Maturity Plans of Debt Mutual Funds				
50,00,000 units (PY 50,00,000) of ICICI Prudential FMP Series 77-1144 Days-Plan T-Direct Plan Cumulative (Maturing on October 25, 2018)	5,00,00,000	5,00,00,000	-	-
32,52,900 units (PY 32,52,900) of HDFC FMP 367D May 2014(2) Series 31-Direct-Growth (Maturing on June 20, 2017)	-	3,25,29,000	3,25,29,000	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

<i>Particulars</i>	<i>Non Current</i>		<i>Current</i>	
	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
42,20,400 units (PY 42,20,400) of HDFC FMP 370D April 2014 (2) Series 31-Direct-Growth (Maturing on June 01,2017)	-	4,22,04,000	4,22,04,000	-
54,34,700 units (PY 54,34,700) of HDFC FMP 369D April 2014 (2)-2-Direct-Growth (Maturing on June 01,2017)	-	5,43,47,000	5,43,47,000	-
15,00,000 units (PY 15,00,000) of Birla Sun Life Fixed Term Plan-Series LK(1148 days)-Gr.Direct (Maturing June 29,2017)	-	1,50,00,000	1,50,00,000	-
32,60,310 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	3,26,03,100	-
60,32,566 units (PY 60,32,566) of Baroda Pioneer FMP-Series M-Plan B Growth (Maturing on April 10,2017)	-	6,03,25,670	6,03,25,670	-
50,00,000 units (PY 50,00,000) of Kotak FMP Series 133 Direct-Growth (Maturing on April 05,2017)	-	5,00,00,000	5,00,00,000	-
30,00,000 units (PY 30,00,000) of Principal PNB FMP Series B-17-Direct Plan-Growth (Maturing on May 15,2017)	-	3,00,00,000	3,00,00,000	-
30,00,000 units (PY 30,00,000) of Principal PNB FMP Series B-10-Direct Plan-Growth (Maturing on April 06,2017)	-	3,00,00,000	3,00,00,000	-
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	-	-
60,00,000 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	6,00,00,000	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Particulars	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
40,00,000 units (PY 40,00,000) of HDFC FMP 478 D Jan 2014-1-Direct-GR (Maturing on June 01,2017)	-	4,00,00,000	4,00,00,000	-
33,42,186 units (PY 33,42,186) of Kotak FMP Series 156 -370 Direct-Growth (Maturing on April 18,2017)	-	3,34,21,860	3,34,21,860	-
32,50,000 units (PY 32,50,000) of Invesco India FMP-Sr.23-Plan H (370 Days)-Direct Plan (Maturing on April 25,2017)	-	3,25,00,000	3,25,00,000	-
20,00,000 units (PY 20,00,000) of Tata Fixed Maturity Plan series 47 Scheme E - Direct Plan-Growth (Maturing on April 18,2018)	2,00,00,000	2,00,00,000	-	-
55,98,761 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	5,59,87,612	-
75,00,000 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	7,50,00,000	-
50,00,000 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	5,00,00,000	-
79,68,043 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	7,96,80,431	-
40,00,000 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	4,00,00,000	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Particulars	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
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	-
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	-
20,00,000 units (PY 20,00,000) of Invesco India FMP-Sr.25-Plan C (1148 Days) - Direct Plan (Maturing on April 24 ,2018)	2,00,00,000	2,00,00,000	-	-
35,04,924 units (PY 35,04,924) of SBI Debt Fund Series-A9-366 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 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	-
NIL units (PY 58,41,848) of IDFC Fixed Term Plan Series 23 - Direct Plan-Growth 365 Days)	-	-	-	5,84,18,478
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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Particulars	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NIL Units (PY 1,08,29,300 units) 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
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-366 Days-Direct-G	-	-	-	2,50,00,000
NIL units (PY 20,00,000) of Tata FMP Series 46 -Scheme S 366 Day -Direct - Growth	-	-	-	2,00,00,000
NIL units (PY 20,00,000) of IDBI FMP- Series - IV- 542 Day (Feb-14) F (Direct)	-	-	-	2,00,00,000
NIL Units (PY 27,50,000) of Birla Sun Life Fixed Term Plan - Series IU (1099 days) - Gr. Direct	-	-	-	2,75,00,000
60,00,000 units (PY 60,00,000) of HDFC FMP 747D -June 2014-1-Direct-GR (Maturing on June 27,2017)	-	-	6,00,00,000	6,00,00,000
NIL units (PY 57,50,000) of Kotak FMP Series 105 Direct-Growth	-	-	-	5,75,00,000
70,00,000 Units (PY 70,00,000) of LIC MF Fixed Maturity Plan series 85-730 days-Direct Growth Plan (Maturing on June 27,2017)	-	-	7,00,00,000	7,00,00,000
57,06,503.13 units (PY 57,06,503.13) of Reliance Annual Interval Fund - Series I - Direct Growth Plan Growth Option (UB-AG)	-	-	7,50,00,000	7,50,00,000
B) UNQUOTED (valued at cost,unless stated otherwise)				
1) Investments in various Equity Mutual Fund Schemes				
21,05,817 Units (PY 21,05,817) HDFC Gilt Fund -Long Term Plan - Direct Plan-Growth option	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) Invesco India Gilt Fund-Direct Plan Growth(GL-D1)	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	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Particulars	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NIL units (PY 4,54,286) DSP Blackrock Top 100 Equity Fund - Direct Plan -Growth	-	7,45,00,000	-	-
NIL units (PY 17,45,762) Franklin India Bluechip Fund - Direct Plan -(Divi)	-	7,45,00,000	-	-
NIL Units (PY 2,10,893) HDFC Top 200 - DP-Growth	-	7,45,00,000	-	-
NIL units (PY 34,94,716) ICICI Prudential Top 100 Fund-Direct Plan-Dividend	-	7,85,03,904	-	-
2) Investments in various open-ended DebtMutual Funds				
2,52,066 Units (PY 1,03,847) of HDFC Liquid Fund-Direct Plan- Daily Dividend Reinvest	-	-	25,70,62,005	10,59,04,834
4,51,339 Units (PY 13,33,215) of Birla Sun Life Cash Plus - Daily Dividend-Direct Plan-Reinvestment	-	-	4,52,21,949	13,35,81,459
2,24,114 Units (PY 1,66,314) of LIC MF Liquid Fund-Direct-Dividend Plan	-	-	24,60,78,252	18,26,13,118
NIL Units (PY 60,596) of IDBI Liquid Fund-Direct-Dividend Plan	-	-	-	6,06,62,790
41,58,875 Units (PY 19,46,397) of ICICI Prudential Liquid-Direct Plan-Daily Dividend	-	-	41,61,72,462	19,47,73,016
1,70,282 Units (PY NIL) of Reliance Liquid Plan-Treasury Plan-Direct Daily Dividend Reinvestment (LF-AD) & (LF-ID)	-	-	26,03,16,857	-
3,52,912 Units (PY NIL) of Invesco India Liquid Fund-Direct Plan Daily Dividend (LF-D4)	-	-	35,31,91,418	-
3,53,309 Units (PY NIL) of Franklin India Treasury Management Account-Super Institutional Plan-Direct	-	-	35,39,60,544	-
4,08,127 Units (PY NIL) of DSP BlackRock Liquidity Fund-Direct Plan-Daily Dividend	-	-	40,84,56,646	-
Total	1,01,43,79,572	2,31,86,66,513	3,49,65,58,806	1,60,16,36,145
Aggregate amount of quoted investments	51,99,16,744	1,62,55,97,318	1,15,60,98,673	92,41,00,928
Aggregate amount of unquoted investments	49,44,62,828	69,30,69,195	2,34,04,60,133	67,75,35,217
Market Value of quoted investments	58,00,72,365	1,83,17,21,328	1,46,17,08,017	1,12,48,15,196

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 10 - Long Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Security Deposits	1,30,67,730	1,25,35,380
Loan to Employees	45,92,130	52,35,717
Accrued Interest on Loans to Employees	10,25,523	8,21,118
Capital Advances	-	4,31,375
Share Application Money	-	13,26,800
Prepaid Expenses	1,18,754	4,53,112
Advance payment of taxes	7,53,23,359	5,97,40,679
(Net of Provision for Tax CY Rs. 425,21,94,620 (PY Rs. 362,54,17,435))		
Total	9,41,27,496	8,05,44,181

Note 11 - Trade Receivables

(Unsecured)

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Considered Good		
Debts outstanding for a period exceeding six months	8,86,66,176	10,04,27,066
Other Debts	14,32,41,661	12,19,28,051
Total Debtors (Considered Good)	23,19,07,837	22,23,55,117
Considered Doubtful		
Debts outstanding for a period exceeding six months	4,06,12,209	2,79,70,895
Other Debts	-	-
Total Debtors (Considered Doubtful)	4,06,12,209	2,79,70,895
Total Debtors	27,25,20,046	25,03,26,012
Less: Provision for doubtful debts	4,06,12,209	2,79,70,895
Total	23,19,07,837	22,23,55,117

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 12 - Cash and Bank Balances

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Cash and cash equivalents		
Cash on hand	55,584	76,113
Balances with Banks		
On Current Account	5,40,81,412	9,26,99,196
Other Bank Balances		
Deposit Accounts	5,85,13,183	2,47,83,560
Unclaimed Dividend Account	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,50,000
Lienmarked Deposit	8,37,407	7,24,523
Total	11,80,91,522	12,24,22,156
Deposit accounts with more than 12 months maturity	-	1,53,99,180

Note 13 - Short Term Loans and Advances (Unsecured, considered good)

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Loans to Employees	28,38,259	43,70,292
Security Deposits	12,00,000	1,40,66,946
Prepaid Expense	79,61,043	1,18,60,748
<u>Advances recoverable in cash or in kind or for value to be received:</u>		
Service Tax, VAT, Other taxes and Statutory Deposits	2,23,20,273	1,22,65,669
Other Advances	13,29,517	9,23,469
Total	3,56,49,092	4,34,87,124

Note 14 - Other Current Assets

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Interest Accrued on Investments	1,14,19,466	1,02,65,237
Interest Accrued on Loans to Employees	1,13,149	1,24,837
Other Receivables*	33,40,959	3,76,04,176
Total	1,48,73,574	4,79,94,250
*Includes dues from subsidiary	12,66,888	3,51,38,743

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 15 - Revenue From Operations

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Sale of Services		
Rating Income (including Surveillance)	2,77,90,00,146	2,62,17,58,488
Sale of Publications / Information Services	2,57,95,662	2,66,62,018
Total	2,80,47,95,808	2,64,84,20,506

Note 16 - Other Income

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Interest on Investments		
On long term investments	3,13,25,998	3,14,11,823
On short term investments	8,17,718	10,39,457
Dividend on Investments		
On long term investment	7,14,86,017	3,14,96,099
Other Interest Income	22,06,496	23,89,290
Profit on Redemption / Sale of investments (Net)	22,29,74,695	1,60,70,938
Foreign Exchange Gain	-	1,29,789
Reversal of Impairment	-	22,57,525
Miscellaneous Income	48,668	12,34,953
Total	32,88,59,592	8,60,29,874

Note 17 - Employee Benefits Expense

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Salaries and Other Allowances	61,18,94,988	60,52,15,408
Contribution to Provident, Gratuity & Other Funds (Refer Note 25)	3,69,12,398	3,60,23,342
Expense on Employee Stock Option Scheme (Refer Note 28)	-	3,84,10,096
Staff Welfare Expenses	2,00,49,876	1,69,33,818
Total	66,88,57,262	69,65,82,664

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 18 - Other Expenses

Amount Rs.

	<i>For the year ended March 31, 2017</i>		<i>For the year ended March 31, 2016</i>	
Electricity Charges		1,11,71,589		1,26,51,229
Postage & Telephone Charges		1,21,78,919		1,20,06,901
Rent		2,78,15,415		4,31,74,918
Travelling & Conveyance Expenses		1,96,78,388		1,95,17,073
Directors' Sitting Fees		30,50,000		22,12,500
Sitting Fees to Rating Committee		67,53,600		54,42,600
Insurance Premium		3,56,965		4,16,854
Legal & Professional Fee		2,72,93,926		1,85,03,427
Business Development Associate Fees		3,80,64,422		2,35,62,723
Rates & Taxes		23,67,602		20,61,768
<u>Repairs & Maintenance:</u>				
- Buildings		73,93,512		73,11,107
- Others		1,98,84,895		1,64,42,273
Loss on Sale of Fixed Assets		4,09,342		26,996
Advertisement and Sponsorship Expenses		5,21,513		14,84,891
Security, Housekeeping & Office Supplies		1,29,15,331		1,29,36,471
Membership & Subscription		64,66,823		64,90,327
Provision for Bad and Doubtful Debts		1,03,57,050		67,50,370
Bad Debts written off		2,27,88,891		2,06,33,665
<u>Auditors Remuneration:</u>				
- Audit Fees (including Limited Review Fees)	21,60,750		21,52,000	
- Tax Audit Fees	1,00,500		1,00,500	
- Other Services	4,22,100		3,35,600	
- Reimbursement to Auditors	54,689	27,38,039	51,199	26,39,299
Corporate Social Responsibility (Refer Note 29)		50,00,000		50,00,000
Miscellaneous Expenses		3,34,12,460		1,15,04,133
Total		27,06,18,682		23,07,69,525

Note 19 - Contingent Liability & Capital Commitment

Amount Rs.

Particulars	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Contingent Liability on account of Income Tax	13,45,11,918	7,96,25,408
Bank Guarantees Issued	2,96,850	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

20. Earnings Per Share

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Net Profit After Tax (A)	1,51,50,97,690	1,17,68,51,455
Weighted average number for shares for computation of Basic Earnings Per Share (B)	2,94,29,060	2,90,68,314
Basic Earnings Per Share (A/B)	51.49	40.49
Weighted average number for shares for computation of Diluted Earnings Per Share (C)	2,94,47,190	2,92,53,351
Diluted Earnings Per Share (A/C)	51.45	40.23

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

<i>Parties</i>	<i>Relationship</i>
Related party where control exists	
CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Wholly owned Subsidiary
CARE Ratings (Africa) Private Limited	Subsidiary with 86.67% holding
CARE Advisory Research and Training Limited	Wholly owned Subsidiary
Key Management Personnel	
Shri Rajesh Mokashi	Managing Director & CEO
Shri D.R.Dogra (till August 21, 2016)	Ex.Managing Director & CEO

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, 2017</i>	<i>For the year ended March 31, 2016</i>
Transactions during the year				
CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Wholly Owned Subsidiary	Advance given and repaid	35,00,000	-
		Loan given and recovered	1,00,00,000	-
		Interest on Loan received	4,31,013	-
		Reimbursement of Expenses received	97,90,904	1,64,24,671
		Professional fees	8,50,000	-
		Consultancy Fees payable	1,27,750	-
		Investment in 50,00,000 0.1% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs 10/- each.	5,00,00,000	-
		Sale of Fixed Assets	-	33,750

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

<i>Name of the company</i>	<i>Relationship</i>	<i>Nature of Transactions</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
CARE Ratings (Africa) Private Limited	Subsidiary	Additional Investment	1,22,96,787	32,55,600
		Share Application Money	-	13,26,800
		Royalty income	1,68,525	-
		Reimbursement of Expenses	5,74,177	20,74,071
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Investment	4,49,99,950	-
		Reimbursement of Expenses	15,47,765	-
		Consultancy services rendered for DISCOM	4,00,000	-
Outstanding balances				
CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Wholly Owned Subsidiary	Receivable	-	3,30,64,672
		Investments	15,57,83,654	10,57,83,654
		Consultancy Fees Payable	1,46,913	-
CARE Ratings (Africa) Private Limited	Subsidiary	Share application money	-	13,26,800
		Investments	2,05,15,287	68,91,700
		Royalty Receivable	1,68,525	-
		Reimbursement of Expenses	-	20,74,071
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Investments	4,49,99,950	-
		Receivables	10,98,363	-
- 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, 2017</i>	<i>For the year ended March 31, 2016</i>
Shri Rajesh Mokashi	Managing Director & CEO	Remuneration	3,62,60,087	2,26,10,157
Shri D. R. Dogra	Ex.Managing Director & CEO	Remuneration *	1,93,73,016	3,93,63,093
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.				
* Remuneration paid till Aug 21,2016				

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

22. Expenditure in foreign currency

Amount Rs.

<i>Particulars</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Foreign Travel	17,03,674	20,01,277
Administrative Expenses	-	97,568
Membership & Subscription Fees	10,47,061	6,69,324
Legal & Professional Fees	13,81,147	-
Total	41,31,882	27,68,169

23. Earnings in foreign currency

Amount Rs.

<i>Particulars</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Information Services	-	51,691
Rating	1,79,41,513	3,79,27,289
Dividend	49,98,709	51,89,795
Total	2,29,40,222	4,31,68,775

24. 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.

25. 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, 2017 are as under:

Employer's contribution to provident fund Rs. 2,05,65,397 (PY: Rs. 2,14,01,368)

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, 2017

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

<i>Particulars</i>	<i>Gratuity (Funded)</i>		<i>Compensated Absence (Unfunded)</i>	
	<i>Apr 16 to Mar 17</i>	<i>Apr 15 to Mar 16</i>	<i>Apr 16 to Mar 17</i>	<i>Apr 15 to Mar 16</i>
A) Assumptions				
Discount Rate Previous Year	7.95%	8.05%	7.95%	8.05%
Rate of Return on Plan Assets Previous Year	7.95%	8.05%	NA	NA
Salary Escalation Previous Year	5.00%	5.00%	5.00%	5.00%
Attrition Rate Previous Year	2.00%	2.00%	2.00%	2.00%
Discount Rate Current Year	7.71%	7.95%	7.71%	7.95%
Rate of Return on Plan Assets Current Year	7.71%	7.95%	NA	NA
Salary Escalation Current Year	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) Table showing changes in Benefit Obligation				
Liability at the beginning of the year	4,35,45,816	3,69,63,547	7,35,25,429	6,60,66,847
Interest Cost	34,61,892	29,75,566	58,45,272	53,18,381
Current Service Cost	92,09,762	93,82,322	66,99,159	45,31,260
Cost on account of Transitional Liability incurred during the period	-	-	-	-
Past Service Cost (Non Vested Benefit)	-	-	-	-
Past Service Cost (Vested Benefit)	-	-	-	-
<u>Settlement:</u>				
Liability Transfer in	-	-	-	-
(Liability Transfer out)	-	-	-	-
Benefit paid in the normal course	(1,20,28,276)	(30,40,322)	(9,03,88,743)	(3,56,89,483)
Actuarial (gain)/loss on obligations-Due to change in Financial Assumptions	12,94,115	14,00,774	9,53,684	17,76,250
Actuarial (gain)/loss on obligations- Due to Experience	(22,66,097)	(41,36,071)	3,60,15,489	3,15,22,174
Liability at the end of the year	4,32,17,212	4,35,45,816	3,26,50,290	7,35,25,429
C) Table showing fair value of plan assets				
Fair value of plan assets at beginning of year	3,38,93,874	3,33,25,281	-	-
Expected Return on Plan Assets	26,94,563	26,82,685	-	-
Contributions	1,04,74,252	13,85,686	-	-
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Benefit paid in the normal course	(1,20,28,276)	(30,40,322)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Particulars	Gratuity (Funded)		Compensated Absence (Unfunded)	
	Apr 16 to Mar 17	Apr 15 to Mar 16	Apr 16 to Mar 17	Apr 15 to Mar 16
Actuarial (gain)/loss on obligations -Due to experience	4,47,360	4,59,456	-	-
Fair value of Plan Assets at the end of year	3,45,87,053	3,38,93,874	-	-
D) Recognition of Actuarial Gains / Losses				
Actuarial (gain)/loss on obligations for the period.	(9,71,982)	(27,35,297)	3,69,69,173	3,32,98,424
Actuarial (gain)/loss on asset for the period.	4,47,360	4,59,456	-	-
Actuarial (gain)/loss recognized in statement of Profit & Loss	(5,24,622)	(22,75,841)	3,69,69,173	3,32,98,424
E) Recognition of Transitional Liability				
Transition Liability at start	-	-	-	-
Transition Liability Recognized during the year	-	-	-	-
Transition Liability at end	-	-	-	-
F) Actual Return on Plan Assets				
Expected Return on Plan Assets	26,94,563	26,82,685	-	-
Actuarial (gain) / loss on Plan Assets	4,47,360	4,59,456	-	-
Actual Return on Plan Assets	22,47,203	22,23,229	-	-
G) Amount recognized in the Balance Sheet				
Fair Value of Plan Assets at the end of the year	3,45,87,053	3,38,93,874	-	-
Present Value of Benefit Obligation at the end of the year	(4,32,17,212)	(4,35,45,816)	(3,26,50,290)	(7,35,25,429)
Difference	-	-	-	-
Funded Status Surplus/(Deficit)	(86,30,159)	(96,51,942)	(3,26,50,290)	(7,35,25,429)
Unrecognized Past Service Cost	-	-	-	-
Unrecognized Transition Liability	-	-	-	-
Net (Liability) / Asset recognized in the Balance Sheet	(86,30,159)	(96,51,942)	(3,26,50,290)	(7,35,25,429)
Current portion	(86,30,159)	(96,51,942)	(31,79,730)	(18,751,155)
Non-current portion	-	-	(2,94,70,560)	(5,47,74,274)
H) Amount recognized in the Income Statement				
Current Service cost	92,09,762	93,82,322	66,99,159	45,31,260
Interest Cost	7,67,329	2,92,881	58,45,272	53,18,381
Expected return on Plan Assets	-	-	-	-
Actuarial (gain)/loss	(5,24,622)	(22,75,841)	3,69,69,173	3,32,98,424
Past Service Cost (Non Vested Benefit) Recognized	-	-	-	-
Past Service Cost (Vested Benefit) Recognized	-	-	-	-
Recognition of Transition Liability	-	-	-	-
Expense Recognized in statement of Profit & Loss	94,52,469	73,99,362	4,95,13,604	4,31,48,065

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

<i>Particulars</i>	<i>Gratuity (Funded)</i>		<i>Compensated Absence (Unfunded)</i>	
	<i>Apr 16 to Mar 17</i>	<i>Apr 15 to Mar 16</i>	<i>Apr 16 to Mar 17</i>	<i>Apr 15 to Mar 16</i>
I) Balance Sheet Reconciliation				
Opening Net Liability	96,51,942	36,38,266	7,35,25,429	6,60,66,847
Expense Recognized in statement of Profit & Loss	94,52,469	73,99,362	4,95,13,604	4,31,48,065
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Employer's Contribution	(1,04,74,252)	(13,85,686)	-	-
Benefits paid in the normal course	-	-	(9,03,88,743)	(3,56,89,483)
Benefits paid on account of Settlements	-	-	-	-
Net (Liability) / Asset recognized in the Balance Sheet	86,30,159	96,51,942	3,26,50,290	7,35,25,429

Gratuity (Funded)

Amount Rs.

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>	<i>2014-15</i>	<i>2013-14</i>	<i>2012-13</i>
Present Value of Defined Benefit Obligation	4,32,17,212	4,35,45,816	3,69,63,547	2,54,36,937	2,57,49,315
Fair Value of Plan Assets	3,45,87,053	3,38,93,874	3,33,25,281	2,91,02,010	2,36,20,857
Surplus or (Deficit) in plan	(86,30,159)	(96,51,942)	(36,38,266)	36,65,073	(21,28,458)

Experience adjustments arising on

Amount Rs.

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>	<i>2014-15</i>	<i>2013-14</i>	<i>2012-13</i>
Plan Liabilities	(22,66,097)	(41,36,071)	(9,36,225)	(43,71,958)	16,11,912
Plan Assets	4,47,360	4,59,456	1,27,674	2,78,081	5,34,075

Compensated absences

Amount Rs.

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>	<i>2014-15</i>	<i>2013-14</i>	<i>2012-13</i>
Present Value of Defined Benefit Obligation	3,26,50,290	7,35,25,429	6,60,66,847	5,17,07,200	4,70,17,398
Fair Value of Plan Assets	-	-	-	-	-
Surplus or (Deficit) in plan	(3,26,50,290)	(7,35,25,429)	(6,60,66,847)	(5,17,07,200)	(4,70,17,398)

Experience adjustments arising on

Amount Rs.

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>	<i>2014-15</i>	<i>2013-14</i>	<i>2012-13</i>
Plan Liabilities	3,60,15,489	3,15,22,174	2,90,40,446	2,88,71,284	1,54,78,815
Plan Assets	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

26. 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:

<i>Particulars</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
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	-	-

27. 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 18 - 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, 2017</i>	<i>For the year ended March 31, 2016</i>
Rent recognized in statement of Profit & Loss	2,78,15,415	4,31,74,918
Not later than one year	2,61,28,659	71,94,679
Later than one year and not later than five years	2,16,16,088	-
More than five years	-	-

28. 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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

(B) Movement of Options granted:

<i>Particulars</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Options Outstanding at beginning of the year	60,115	4,70,493
Granted during the year	-	-
Exercised during the year	50,105	4,01,974
Lapsed during the year	-	8,404
Options Outstanding at the end of the year	10,010	60,115
Options unvested at the end of year	-	-
Options exercisable at the end of the year	10,010	60,115
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. Nil (Previous year Rs. 38,410,096) 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, 2017 is 0.76 years (Previous Year: 1.76 year)		
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 year, eligible employees have exercised 50,105 options and accordingly the Company has allotted 50,105 equity shares of Rs. 10 each at a premium of Rs. 607/- per share.		

(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

29. 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 **3,95,02,885**

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

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

Description	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Currency	Amount in FC	Amount in INR	Currency	Amount in FC	Amount in INR
Other receivable	USD	-	-	USD	15,713	11,34,858
Debtors	USD	-	-	USD	11	756
	MRF	45,000	29,13,606	MRF	80,744	1,73,003
	GBP	-	-	GBP	1,07,758	1,03,05,000
Share Application Money	USD	-	-	USD	20,000	13,26,800
Investments						-
Malaysian Rating Corporation Berhad	RM	50,68,000	10,73,88,087	RM	50,68,000	10,73,88,087
ARC Ratings Holdings Pte Limited	USD	-	-	USD	5,30,000	3,06,80,300
ARC Ratings Holdings Limited	USD	4,52,000	2,54,54,300	USD	-	-
CARE Ratings (Africa) Pvt Limited	USD	3,12,001	2,05,15,287	USD	1,08,000	68,91,700
Bank Balances						
SBI Maldives - MRF account	MRF	46,641	1,92,238	MRF	3,241	14,047
SBI Maldives - USD account	USD	633	40,985	USD	933	61,659

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

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

32. Disclosure as per Section 186(4) of the Companies Act, 2013

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

No.	Name of the Company	Granted during the year	Holding / Subsidiary / Associate	Loan / Guarantee / Security Provided	Terms of Loan	As at 31.03.2017 (Rs.)	As at 31.03.2016 (Rs.)
1	CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	1,00,00,000	Subsidiary	Loan	Unsecured loan, interest @ 9%	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

(b) Details of Investment made as below:

No.	Name of the Company	Holding / Subsidiary / Associate	As at 31.03.2017 (Rs.)	As at 31.03.2016 (Rs.)
1	CARE Kalypto Risk Technologies & Advisory Services Pvt Ltd	Subsidiary	15,57,83,654	10,57,83,654
2	CARE Advisory Research and Training Limited	Subsidiary	4,49,99,950	-
3	CARE Ratings (Africa) Private Limited	Subsidiary	2,05,15,287	68,91,700

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 19.

(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

[Gautam V Shah]

Partner (F-117348)

Mumbai

Date : May 16, 2017

For and on behalf of the Board of Directors of

Credit Analysis & Research Limited

[S B Mainak]

Chairman
DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Mahendra Naik]

Company Secretary
ACS 20230

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INDEPENDENT AUDITOR'S REPORT

To the Members of Credit Analysis & 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, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of the 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 Management and Board of Directors of the company are responsible for the preparation of these Consolidated Financial Statements in terms with the requirement stated in Section 134(5) 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 relevant rules issued thereunder. The respective Management and 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 Management and Board of 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated 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 Management and 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 and based on, the consideration of reports of the other auditors on financial statements of the subsidiaries, the aforesaid 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, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of CARE Advisory Research & Training Limited, a subsidiary whose financial statements reflect total assets of Rs.47,142,182/- as at March 31, 2017, total revenues of Rs.3,488,616/- and net cash inflows of Rs.2,300,738/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

We did not audit the financial statements of CARE Ratings (Africa) Private Limited, a subsidiary incorporated in Mauritius whose financial statements reflect total assets of Rs.13,062,822/- as at March 31, 2017, total revenues of Rs.5,440,933/- and net cash inflows of Rs.12,362,579/- for the year ended on that date, as considered in the consolidated

INDEPENDENT AUDITOR'S REPORT

financial statements. These financial statements have been audited 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. Our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditors and management certified financial statements and adjustments thereto.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors of subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated 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 relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 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 companies incorporated in India, none of the directors of the Group's companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting, refer to our separate report in 'Annexure A' to this report which is based on the

auditor's report of the Holding Company and its subsidiaries incorporated in India;

- (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 28(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 28(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 Company and its subsidiaries incorporated in India and
 - iv. The requisite disclosures in the consolidated financial statements for holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 have been provided with respect to Holding Company and subsidiaries incorporated in India. Based on audit procedures, reliance on management representation and reports of the other auditors of subsidiaries incorporated in India as noted in the Other Matters paragraph, we report that the disclosures are in accordance with books of account and other records maintained by the Holding Company and subsidiaries incorporated in India and as produced to us by the Management of the Holding Company - Refer Note 27 to the consolidated financial statements.

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

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 16, 2017

INDEPENDENT AUDITOR'S REPORT

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, 2017, we report on internal financial controls over financial reporting of Credit Analysis & Research Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") incorporated in India, based on the auditor's report of respective entities.

Management's Responsibility for Internal Financial Controls

The respective Management and Board of Directors of the Holding Company and its subsidiaries incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit

evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on consideration of reporting of the other auditors as mentioned in the Other Matter paragraph, the Holding Company and its subsidiaries company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective entities considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

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

For **Khimji Kunverji & Co.**

Chartered Accountants

ICAI FRN: 105146W

Gautam V shah

Partner (F-117348)

Mumbai

Date: May 16, 2017

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	29,45,12,010	29,40,10,960
Reserves and Surplus	3	4,65,79,51,030	3,79,25,72,337
Minority Interest		48,86,413	-
Non Current Liabilities			
Deferred Tax Liability (Net)	4	3,88,75,009	2,57,52,900
Long Term Provisions	5	4,00,52,456	5,65,19,317
Current Liabilities			
Trade payables-total outstanding dues of:			
- Micro enterprises and small enterprises		-	-
- Creditors other than micro enterprises and small enterprises		52,26,912	1,00,35,000
Short Term Provisions	6	10,03,72,468	47,88,78,436
Other Current Liabilities	7	38,85,97,418	36,85,76,343
Total		5,53,04,73,716	5,02,63,45,293
Assets			
Non Current Assets			
a. Fixed Assets			
(i) Tangible Assets	8	52,64,49,547	55,34,92,791
(ii) Intangible Assets	8	34,92,799	24,82,354
(iii) Capital Work in Progress		7,45,804	-
(iv) Goodwill on consolidation		7,95,03,151	7,95,03,151
b. Non Current Investments	9	79,30,80,681	2,20,59,91,159
c. Long Term Loans and Advances	10	10,41,24,012	9,44,91,820
Current Assets			
Deferred Tax Asset	4	41,43,479	34,24,476
Current Investments	9	3,54,65,67,489	1,60,16,36,145
Trade Receivables	11	25,30,04,957	23,61,15,321
Cash and Bank Balances	12	14,09,73,423	12,77,15,520
Short Term Loans and Advances	13	4,20,78,932	4,84,07,977
Other Current Assets	14	3,63,09,442	7,30,84,579
Total		5,53,04,73,716	5,02,63,45,293

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 16, 2017

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

[S B Mainak]
Chairman
DIN No-02531129

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

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

[Mahendra Naik]
Company Secretary
ACS 20230

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>Note</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Income			
Revenue From Operations	15	2,87,43,19,315	2,79,36,67,637
Other Income	16	32,85,48,723	8,68,99,402
Total Revenue		3,20,28,68,038	2,88,05,67,039
Expenses			
Employee Benefits Expense	17	72,55,94,046	75,63,24,987
Depreciation	8	3,39,34,478	4,17,37,051
Other expenses	18	32,23,42,301	29,85,77,803
Total Expenses		1,08,18,70,825	1,09,66,39,841
Profit before Tax		2,12,09,97,213	1,78,39,27,198
Current Tax		63,49,76,085	60,15,90,769
Deferred Tax Credit		1,24,03,106	(70,86,156)
MAT Credit Recognised		-	(52,18,700)
Add/(Less) : Income tax adjustment for earlier years		-	(13,67,725)
Total Tax Expense		64,73,79,191	58,79,18,188
Profit after Tax		1,47,36,18,022	1,19,60,09,010
Profit after Tax attributable to			
Owners of parent		1,47,38,76,785	1,19,60,09,010
Minority Interest		(2,58,763)	-
Profit after Tax		1,47,36,18,022	1,19,60,09,010
Earning Per Share (Face Value Rs.10/- each)	21		
- Basic		50.08	41.14
- Diluted		50.05	40.88

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 16, 2017

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

[S B Mainak]

Chairman
DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Mahendra Naik]

Company Secretary
ACS 20230

CASH FLOW STATEMENT

for the year ended March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2017</i>	<i>For the Year ended March 31, 2016</i>
Cash flows from Operating Activities		
Profit before tax	2,12,09,97,213	1,78,39,27,198
Adjustments for		
Income from investments	(32,85,00,055)	(8,02,00,730)
Impairment / (Impairment Reversal) of Investment	52,26,000	(22,57,525)
Deferred Employee Stock Option	-	3,84,10,096
Unrealised Foreign Exchange (Gain) / Loss	6,27,034	(8,10,354)
Provision for Compensated Absence	(3,12,91,444)	79,31,707
Provision for Gratuity	(5,59,863)	66,18,060
Provision for Bad Debts	1,17,18,216	2,76,75,723
Loss on Sale of Fixed Assets	4,09,342	26,996
Depreciation	3,39,34,476	4,17,37,051
Operating Profit before working capital changes	1,81,25,60,919	1,82,30,58,222
Movements in working capital		
Decrease/(Increase) in Trade Receivables	(2,91,51,434)	(10,63,87,631)
Decrease/(Increase) in Deposits	1,23,34,596	5,13,288
Decrease/(Increase) in Advances and Other Current Assets	7,45,65,686	(5,17,37,566)
Increase/(Decrease) in Trade Payable	(48,08,088)	1,00,35,000
Increase/(Decrease) in Other Liabilities	(2,28,72,733)	(2,12,95,046)
Cash generated from Operations	3,00,68,027	(16,88,71,955)
Taxes paid	(65,26,66,746)	(59,04,20,434)
Net cash from operating activities	1,18,99,62,200	1,06,37,65,833
Cash flows from Investing Activities		
Income from investments	32,71,53,109	8,02,90,433
Sale of fixed assets	11,28,357	3,90,299
Purchase of fixed assets	(1,01,91,208)	(2,86,35,117)
Purchase of investments	(2,86,00,68,108)	(1,53,13,47,352)
Sale of investments	2,32,20,34,557	1,07,06,94,392
Net cash from investing activities	(21,99,43,293)	(40,86,07,345)
Cash flows from Financing Activities		
Proceeds from issue of equity shares	3,41,34,216	24,80,17,958
Amounts borrowed	1,35,00,000	-
Amounts repaid	(1,35,00,000)	-
Dividend and Dividend Tax paid	(99,22,22,420)	(91,03,72,021)
Net cash from financing activities	(95,80,88,204)	(66,23,54,063)
Net increase / (decrease) in cash and cash equivalents	1,19,30,703	(71,95,575)
Effects of unrealised exchange gain on cash & cash equivalents	(50,856)	86,862

CASH FLOW STATEMENT

for the year ended March 31, 2017

<i>(All amounts in Rupees, unless otherwise stated)</i>	<i>For the Year ended March 31, 2017</i>	<i>For the Year ended March 31, 2016</i>
Cash And Cash Equivalents At The Beginning	12,28,52,233	13,01,34,670
Cash And Cash Equivalents At The End	13,47,32,080	12,28,52,233
Cash and cash equivalents comprise of: (Refer note 12)		
Cash on hand	66,990	2,10,421
On Current Account	7,16,50,016	9,39,92,662
Deposit Accounts	6,30,15,074	2,86,49,150
Total	13,47,32,080	12,28,52,233

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 16, 2017

For and on behalf of the Board of Directors of

Credit Analysis & Research Limited

[S B Mainak]

Chairman
DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Mahendra Naik]

Company Secretary
ACS 20230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

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: **86.67%**

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

Name of the Company: **CARE ADVISORY RESEARCH & TRAINING LTD**

Country of Incorporation: **Mumbai**

Ownership in % either directly or through Subsidiaries: **100%**

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

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 be 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.

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 service 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.

Training Fees:

Income from Training services is recognised on accrual basis.

e. Property, Plant & Equipment (Fixed Assets & Depreciation)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

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. Payments 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 12 month 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 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

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.

k. 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."

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 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.

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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 2 Share Capital

	As at March 31, 2017		As at March 31, 2016	
	Number	Amount Rs.	Number	Amount Rs.
Authorised				
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Issued, subscribed and fully paid up				
Equity Shares of Rs.10/- each	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960
Total issued, subscribed and fully paid up share capital	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960

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

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	2,94,01,096	29,40,10,960	2,89,99,122	28,99,91,220
Issued during the year - ESOP	50,105	5,01,050	4,01,974	40,19,740
Outstanding at the end of the year	2,94,51,201	29,45,12,010	2,94,01,096	29,40,10,960

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, 2017, interim dividends of Rs.18/- per share (Previous Year: Rs. 18/- per share) was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs. 10/- per share ((Previous Year: Rs. 10/- 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, 2017 Number	As at March 31, 2016 Number
Equity Shares allotted as fully paid up bonus shares	Nil	Nil
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, 2017

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

Equity Shares of Rs. 10/- each fully paid	As at March 31, 2017		As at March 31, 2016	
	Number	% holding in the class	Number	% holding in the class
Life Insurance Corporation of India	28,82,136	9.79%	28,82,136	9.80%
Canara Bank	26,22,430	8.90%	27,29,765	9.28%
Franklin Templeton Investment Funds	17,49,165	5.94%	17,53,834	5.97%
IDBI Bank Limited	-	0.00%	14,92,097	5.07%

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: 25

Note 3 - Reserves and Surplus

Amount Rs.

	As at March 31, 2017	As at March 31, 2016
a. Capital Redemption Reserve	22,50,000	22,50,000
b. Securities Premium Account		
Opening Balance	60,15,29,649	26,56,44,194
Add :		
Premium on allotment of ESOP	3,04,13,735	24,39,98,218
Transferred from Deferred Employees Compensation	1,14,53,502	9,18,87,237
Closing Balance	64,33,96,886	60,15,29,649

c. Employees Stock Options Outstanding		
Opening Balance as per last audited Financial Statement	1,37,41,687	10,75,50,216
Add :		
Options granted during the year	-	-
Less:		
Options exercised during the year	(1,14,53,502)	(9,18,87,237)
Options lapsed during the year	-	(19,21,292)
Closing Balance of Employee Stock Options	22,88,185	1,37,41,687

Less :Deferred Employees Compensation		
Opening Balance as per last audited Financial Statement	-	(4,03,31,388)
Add :		
Options granted during the year	-	-
Less:		
Options lapsed during the year	-	19,21,292
Amortization of deferred employees compensation	-	3,84,10,096
Closing Balance Deferred Employees Compensation	-	-
Closing Balance	22,88,185	1,37,41,687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
d. Foreign Exchange Fluctuation Reserve		
Opening Balance	(2,75,433)	-
Add:		
Current year revaluation reserve	(5,54,081)	(2,75,433)
Closing Balance	(8,29,514)	(2,75,433)
e. General Reserve		
Opening Balance	1,64,75,35,419	1,49,75,35,419
Add:		
Transfer from surplus in the statment of profit and loss	15,00,00,000	15,00,00,000
Closing Balance	1,79,75,35,419	1,64,75,35,419
f. Surplus in the statement of profit and loss		
Opening balance	1,52,77,91,015	1,46,67,97,413
Add:		
Net Profit for the year	1,47,38,76,785	1,19,60,09,010
Less :		
Proposed Dividend*	3,92,580	29,40,10,960
Interim Dividend	52,99,91,454	52,43,96,040
Tax on Proposed Dividend*	79,920	5,98,53,714
Tax on Interim Dividend	10,78,93,792	10,67,54,694
Transfer to Reserves	15,00,00,000	15,00,00,000
Closing Balance	2,21,33,10,054	1,52,77,91,015
Total Reserves & Surplus	4,65,79,51,030	3,79,25,72,337

*The Central Government has amended the Companies (Accounting Standards) Rules. 2006, through a notification issued by the Ministry of Corporate Affairs dated March 30, 2016. On account of the amendments in Para 8.5 of AS-4 - Contingencies and Events occurring after Balance Sheet date, from April 01, 2016, the Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

Note 4 - Deferred Tax Liabilities (Net)

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Deferred Tax Liability		
Depreciation on Fixed Assets	7,04,62,283	6,47,96,911
Less : Deferred Tax Assets	3,57,30,753	4,24,68,486
Provision for Compensated Absence	1,49,04,291	2,56,10,890
Provision for Gratuity	36,68,942	39,92,166
Provision for Doubtful Debts	1,53,28,857	1,05,99,627
Expenses Disallowed	2,66,143	1,02,573
Rent Equilisation	11,22,812	13,11,001
Others	4,39,708	8,52,229
Total	3,47,31,530	2,23,28,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Financial Statements (Consolidated)

	Amount Rs.	
	As at March 31, 2017	As at March 31, 2016
Deferred Tax presented in Balance Sheet		
Deferred Tax Liabilities (Net) - CARE	3,88,75,009	2,57,52,900
Deferred Tax Assets (Net) - CARE KRTPL	38,77,336	34,24,476
Deferred Tax Assets (Net) - CART	2,66,143	-
Net Deferred Tax Liabilities	3,47,31,530	2,23,28,424

Note 5 - Long Term Provisions

	Amount Rs.	
	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Provision for Compensated Absence	3,82,24,165	5,47,74,274
Provision for Gratuity	18,28,291	17,45,043
Total	4,00,52,456	5,65,19,317

Note 6 - Short Term Provisions

	Amount Rs.	
	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Provision for Salary, Performance Related Pay & Commission	8,07,40,703	7,71,12,865
Provision for Compensated Absence	48,39,375	1,92,24,281
Provision for Gratuity	91,46,674	97,89,784
Provision for Leave Travel Allowance	56,45,716	1,88,86,832
Others		
Proposed Dividend*	-	29,40,10,960
Provision for Dividend Distribution Tax*	-	5,98,53,714
Total	10,03,72,468	47,88,78,436

*The Central Government has amended the Companies (Accounting Standards) Rules, 2006, through a notification issued by the Ministry of Corporate Affairs dated March 30, 2016. On account of the amendments in Para 8.5 of AS-4 - Contingencies and Events occurring after Balance Sheet date, from April 01, 2016, the Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

Note 7 - Other Current Liabilities

	Amount Rs.	
	As at March 31, 2017	As at March 31, 2016
Sundry Creditors for Expenses	2,28,34,085	2,60,43,791
Unearned Revenue	25,92,74,237	23,85,63,871
Advance from customers	7,44,69,441	8,47,22,293
Statutory Dues	2,74,15,719	1,51,07,624
Unclaimed Dividend	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,50,000
Total	38,85,97,418	36,85,76,343

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 8 Fixed Assets for the year ended March 31, 2017

Amount Rs.

	Gross Block				Impairment			Depreciation			Net Block	
	As at April 1, 2016	Additions during the year	Deductions during the year	As at March 31, 2017	As at April 1, 2016	During the year	As at March 31, 2017	Upto April 1, 2016	For the year	On de-letions / disposals during the year	Upto March 31, 2017	As at March 31, 2017
Description of Assets												
Tangible Assets												
Furniture & Fixtures	5,03,38,804	25,988	-	5,03,64,792	-	-	-	3,13,48,279	38,14,857	-	3,51,63,136	1,52,01,656
Office Equipments	6,00,17,275	2,09,994	-	6,02,27,269	-	-	-	3,91,55,958	1,05,26,927	-	4,96,82,885	1,05,44,383
Computers	8,07,17,860	62,02,646	41,17,076	8,28,03,430	-	-	-	6,64,17,153	66,06,010	41,13,118	6,89,10,045	1,38,93,385
Vehicles	51,32,921	-	31,32,921	20,00,000	-	-	-	22,32,363	5,59,445	15,99,180	11,92,628	8,07,372
Electrical Installations	1,18,25,153	-	-	1,18,25,153	-	-	-	47,88,929	12,04,734	-	59,93,663	58,31,490
Buildings	53,96,43,556	-	-	53,96,43,556	-	-	-	5,07,80,620	89,85,915	-	5,97,66,535	47,98,77,021
Leasehold improvements	10,76,250	-	-	10,76,250	-	-	-	5,35,726	2,46,284	-	7,82,010	2,94,240
Total Tangible Assets (A)	74,87,51,819	64,38,628	72,49,997	74,79,40,450	-	-	-	19,52,59,028	3,19,44,172	57,12,298	22,14,90,902	52,64,49,547
Intangible Assets												
Computer Software	3,72,22,566	30,00,750	-	4,02,23,316	-	-	-	3,47,40,212	19,90,306	-	3,67,30,518	34,92,799
Software development	3,02,05,295	-	-	3,02,05,295	-	-	-	3,02,05,295	-	-	3,02,05,295	-
Total Intangible Assets (B)	6,74,27,861	30,00,750	-	7,04,28,611	-	-	-	6,49,45,507	19,90,306	-	6,69,35,813	34,92,799
Total Assets (A+B)	81,61,79,680	94,39,378	72,49,997	81,83,69,061	-	-	-	26,02,04,535	3,39,34,478	57,12,298	28,84,26,715	52,99,42,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

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

Description of Assets	Gross Block				Impairment		Depreciation			Net Block		
	As at April 1, 2015	Additions during the year	Deduc-tions during the year	As at March 31, 2016	As at April 1, 2015	During the year	As at March 31, 2016	Upto April 1, 2015	For the year	On de-letions / disposals during the year	Upto March 31, 2016	As at March 31, 2016
Tangible Assets												
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	70,36,224
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
Total Tangible Assets (A)	2,36,75,083	2,74,83,418	24,06,682	74,87,51,819	22,57,525	(22,57,525)	-	15,68,89,826	4,03,58,589	19,89,387	19,52,59,028	55,34,92,791
Intangible Assets												
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	-
Total Intangible Assets (B)	6,62,76,162	11,51,699	-	6,74,27,861	-	-	-	6,35,67,045	13,78,462	-	6,49,45,507	24,82,354
Total Assets (A+B)	78,99,51,245	2,86,35,117	24,06,682	81,61,79,680	22,57,525	(22,57,525)	-	22,04,56,871	4,17,37,051	19,89,387	26,02,04,535	55,59,75,145

Amount Rs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Other Investments				
NIL Ordinary Shares of USD 10 each fully paid up (PY 53,000) ARC Ratings Holdings PTE Limited	-	3,06,80,300	-	-
20 Ordinary Shares of USD 22,600 each fully paid up (PY NIL) ARC Ratings Holdings Limited	2,54,54,300	-	-	-
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	-	-
Other Investments (valued at cost, unless stated otherwise)				
A) QUOTED				
1) Investments in Bonds of PSUs				
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) 6.32% Tax Free Bonds of Indian Railway Finance Corporation (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 (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 (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 (Maturing on March 27, 2027)	5,36,59,400	5,36,59,400	-	-
80,000 Bonds FV. Rs.1,000/- (PY 80,000) of 8.30% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027)	8,58,16,000	8,58,16,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
2) Investments in GOLD ETF				
NIL Units (PY 14,807 Units) UTI MF Gold Exchange Traded Fund	-	3,75,38,398	-	-
NIL Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Open Ended	-	1,50,07,017	-	-
NIL Units (PY 52,790 Units) Kotak Mahindra Asset Management Company Ltd - Gold ETF-Open Ended Scheme	-	1,50,13,259	-	-
NIL Units (PY 11,80,689 Units) SBI Gold Fund-Regular Plan - Growth	-	1,19,99,998	-	-
NIL Units (PY 6,881 Units) Goldman Sachs MF - Gold Benchmarck Exchange Traded Scheme	-	2,00,23,229	-	-
3) Investments in various Fixed Maturity Plans of Debt Mutual Funds				-
50,00,000 units (PY 50,00,000) of ICICI Prudential FMP Series 77-1144 Days-Plan T-Direct Plan Cumulative (Maturing on Octoebr 25, 2018)	5,00,00,000	5,00,00,000	-	-
32,52,900 units (PY 32,52,900) of HDFC FMP 367D May 2014(2) Series 31-Direct-Growth (Maturing on June 20, 2017)	-	3,25,29,000	3,25,29,000	-
42,20,400 units (PY 42,20,400) of HDFC FMP 370D April 2014 (2) Series 31-Direct-Growth (Maturing on June 01, 2017)	-	4,22,04,000	4,22,04,000	-
54,34,700 units (PY 54,34,700) of HDFC FMP 369D April 2014 (2)-2-Direct-Growth (Maturing on June 01, 2017)	-	5,43,47,000	5,43,47,000	-
15,00,000 units (PY 15,00,000) of Birla Sun Life Fixed Term Plan-Series LK(1148 days)-Gr.Direct (Maturing June 29, 2017)	-	1,50,00,000	1,50,00,000	-
32,60,310 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	3,26,03,100	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
60,32,566 units (PY 60,32,566) of Baroda Pioneer FMP-Series M-Plan B Growth (Maturing on April 10, 2017)	-	6,03,25,670	6,03,25,670	-
50,00,000 units (PY 50,00,000) of Kotak FMP Series 133 Direct-Growth (Maturing on April 05, 2017)	-	5,00,00,000	5,00,00,000	-
30,00,000 units (PY 30,00,000) of Principal PNB FMP Series B-17-Direct Plan-Growth (Maturing on May 15, 2017)	-	3,00,00,000	3,00,00,000	-
30,00,000 units (PY 30,00,000) of Principal PNB FMP Series B-10-Direct Plan-Growth (Maturing on April 06, 2017)	-	3,00,00,000	3,00,00,000	-
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	-	-
60,00,000 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	6,00,00,000	-
40,00,000 units (PY 40,00,000) of HDFC FMP 478 D Jan 2014-1-Direct-GR (Maturing on June 01, 2017)	-	4,00,00,000	4,00,00,000	-
33,42,186 units (PY 33,42,186) of Kotak FMP Series 156 -370 Direct-Growth (Maturing on April 18, 2017)	-	3,34,21,860	3,34,21,860	-
32,50,000 units (PY 32,50,000) of Invesco India FMP-Sr.23-Plan H (370 Days)-Direct Plan (Maturing on April 25, 2017)	-	3,25,00,000	3,25,00,000	-
20,00,000 units (PY 20,00,000) of Tata Fixed Maturity Plan series 47 Scheme E - Direct Plan-Growth (Maturing on April 18, 2018)	2,00,00,000	2,00,00,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
55,98,761 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	5,59,87,612	-
75,00,000 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	7,50,00,000	-
50,00,000 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	5,00,00,000	-
79,68,043 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	7,96,80,431	-
40,00,000 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	4,00,00,000	-
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	-
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	-
20,00,000 units (PY 20,00,000) of Invesco India FMP-Sr.25-Plan C (1148 Days) - Direct Plan (Maturing on April 24, 2018)	2,00,00,000	2,00,00,000	-	-
35,04,924 units (PY 35,04,924) of SBI Debt Fund Series-A9-366 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 Invesco India FMP-Sr.25-Plan F (1126 Days) - Direct Plan (Maturing on April 24, 2018)	1,50,00,000	1,50,00,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
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	-
NIL units (PY 58,41,848) of IDFC Fixed Term Plan Series 23 - Direct Plan-Growth 365 Days)	-	-	-	5,84,18,478
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 units) 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
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-366 Days-Direct-G	-	-	-	2,50,00,000
NIL units (PY 20,00,000) of Tata FMP Series 46 -Scheme S 366 Day -Direct - Growth	-	-	-	2,00,00,000
NIL units (PY 20,00,000) of IDBI FMP- Series - IV- 542 Day (Feb-14) F (Direct)	-	-	-	2,00,00,000
NIL Units (PY 27,50,000) of Birla Sun Life Fixed Term Plan - Series IU (1099 days) - Gr. Direct	-	-	-	2,75,00,000
60,00,000 units (PY 60,00,000) of HDFC FMP 747D -June 2014-1-Direct-GR (Maturing on June 27, 2017)	-	-	6,00,00,000	6,00,00,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NIL units (PY 57,50,000) of Kotak FMP Series 105 Direct-Growth	-	-	-	5,75,00,000
70,00,000 Units (PY 70,00,000) of LIC MF Fixed Maturity Plan series 85-730 days-Direct Growth Plan (Maturing on June 27, 2017)	-	-	7,00,00,000	7,00,00,000
57,06,503.13 units (PY 57,06,503.13) of Reliance Annual Interval Fund - Series I - Direct Growth Plan Growth Option (UB-AG)	-	-	7,50,00,000	7,50,00,000
B) UNQUOTED (valued at cost, unless stated otherwise)				
1) Investments in various Equity Mutual Fund Schemes				
21,05,817 Units (PY 21,05,817) HDFC Gilt Fund -Long Term Plan - Direct Plan-Growth option	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) Invesco India Gilt Fund-Direct Plan Growth(GL-D1)	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	-	-
NIL units (PY 4,54,286) DSP Blackrock Top 100 Equity Fund - Direct Plan -Growth	-	7,45,00,000	-	-
NIL units (PY 17,45,762) Franklin India Bluechip Fund - Direct Plan -(Divi)	-	7,45,00,000	-	-
NIL Units (PY 2,10,893) HDFC Top 200 - DP-Growth	-	7,45,00,000	-	-
NIL units (PY 34,94,716) ICICI Prudential Top 100 Fund-Direct Plan-Dividend	-	7,85,03,904	-	-
2) Investments in various open-ended Debt Mutual Funds	-	-		
2,52,066 Units (PY 1,03,847) of HDFC Liquid Fund-Direct Plan- Daily Dividend Reinvest	-	-	25,70,62,005	10,59,04,834
4,51,339 Units (PY 13,33,215) of Birla Sun Life Cash Plus - Daily Dividend-Direct Plan-Reinvestment	-	-	4,52,21,949	13,35,81,459
2,24,114 Units (PY 1,66,314) of LIC MF Liquid Fund-Direct-Dividend Plan	-	-	24,60,78,252	18,26,13,118
NIL Units (PY 60,596) of IDBI Liquid Fund-Direct-Dividend Plan	-	-	-	6,06,62,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 9 - Investments

Amount Rs.

Trade Investment	Non Current		Current	
UNQUOTED (valued at cost)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
41,58,875 Units (PY 19,46,397) of ICICI Prudential Liquid-Direct Plan-Daily Dividend	-	-	41,61,72,462	19,47,73,016
1,70,282 Units (PY NIL) of Reliance Liquid Plan-Treasury Plan-Direct Daily Dividend Reinvestment (LF-AD) & (LF-ID)	-	-	26,03,16,857	-
3,52,912 Units (PY NIL) of Invesco India Liquid Fund-Direct Plan Daily Dividend (LF-D4)	-	-	35,31,91,418	-
3,53,309 Units (PY NIL) of Franklin India Treasury Management Account-Super Institutional Plan-Direct	-	-	35,39,60,544	-
4,08,127 Units (PY NIL) of DSP BlackRock Liquidity Fund-Direct Plan-Daily Dividend	-	-	40,84,56,646	-
7994.94 Units (PY NIL) of DSP BlackRock Liquidity Fund-Direct Plan-Daily Dividend Reinvestment	-	-	80,01,389	-
41973.418 units (PY NIL) of DSP Black Rock Liquidity Fund - Direct Plan- Daily Dividend.	-	-	4,20,07,294	-
Total	79,30,80,681	2,20,59,91,159	3,54,65,67,489	1,60,16,36,145
Aggregate amount of quoted investments	51,99,16,744	1,62,55,97,318	1,15,60,98,673	92,41,00,928
Aggregate amount of unquoted investments	27,31,63,937	58,03,93,841	2,39,04,68,816	67,75,35,217
Market Value of quoted investments	58,00,72,365	1,83,17,21,328	1,46,17,08,017	1,12,48,15,196

Note 10 - Long Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	As at March 31, 2017	As at March 31, 2016
Capital Advances	-	4,31,375
Security Deposits	1,41,17,730	1,35,85,380
Loan to Employees	45,92,130	52,35,717
Accrued Interest on Loans to Employees	10,25,523	8,21,118
Prepaid Expenses	1,18,754	4,53,112
Advance payment of taxes	7,90,51,175	6,87,46,418
(Net of Provision for Tax CY Rs. 4,25,90,99,883 (PY Rs. 3,63,20,86,417))		
MAT Credit Entitlement	52,18,700	52,18,700
Total	10,41,24,012	9,44,91,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 11 - Trade Receivables

Amount Rs.

<i>(Unsecured)</i>	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Considered Good		
Debts outstanding for a period exceeding six months	9,22,97,129	10,61,39,369
Other Debts	16,07,07,828	12,99,75,952
Total (Considered Good)	25,30,04,957	23,61,15,321
Considered Doubtful		
Debts o/s for a period exceeding six months	4,42,90,253	3,06,26,062
Other Debts	-	-
Total Debtors (Considered Doubtful)	4,42,90,253	3,06,26,062
Total Debtors	29,72,95,210	26,67,41,383
Less: Provision for doubtful debts	(4,42,90,253)	(3,06,26,062)
Total	25,30,04,957	23,61,15,321

Note 12 - Cash and Bank Balances

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Cash and cash equivalents		
Cash on hand	66,990	2,10,421
Balances with Banks		
On Current Account	7,16,50,016	9,39,92,662
Other Bank balances		
Deposit Accounts	6,30,15,074	2,86,49,150
Unclaimed Dividend Account	38,67,252	33,88,764
Money Due for Refund for Share Application	7,36,684	7,50,000
Lienmarked Deposit	16,37,407	7,24,523
Total	14,09,73,423	12,77,15,520
Deposit accounts with more than 12 months maturity	8,00,000	1,53,99,180

Note 13 - Short Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Loans to Employees.	28,38,259	43,70,292
Security Deposit	14,69,184	1,45,23,851
Prepaid Expense	83,91,364	1,20,28,011
Advances recoverable in cash or in kind or for value to be received		
Service Tax, VAT, Other taxes and Statutory Deposits	2,75,74,908	1,62,86,354
Other Advances	18,05,217	11,99,469
Total	4,20,78,932	4,84,07,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 14 - Other Current Assets

Amount Rs.

	<i>As at March 31, 2017</i>	<i>As at March 31, 2016</i>
Interest Accrued on Investments	1,14,31,351	1,02,73,228
Interest Accrued on Loans to Employees	1,13,149	1,24,837
Other Receivables	21,03,660	24,69,933
Unbilled revenue	2,26,61,282	6,02,16,581
Total	3,63,09,442	7,30,84,579

Note 15 - Revenue From Operations

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Sale of Services		
Rating Income (including Surveillance)	2,78,42,72,554	2,62,19,35,988
Sale of Publications / Information Services	2,57,95,662	2,66,62,018
Licence and implementation fees	5,32,53,060	14,09,60,563
Advisory services	1,09,98,039	41,09,068
Total	2,87,43,19,315	2,79,36,67,637

Note 16 - Other Income

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Interest on Investments		
On long term investment	3,13,25,998	3,14,11,823
On short term investment	9,29,178	11,97,975
Dividend on Investments		
On long term investments	7,14,86,017	3,14,96,099
On short term investments	8,684	20,597
Other Interest Income	17,75,483	23,89,290
Profit on Redemption / Sale of investments (Net)	22,29,74,695	1,60,74,236
Foreign Exchange Gain	-	8,10,354
Reversal of impairment	-	22,57,525
Miscellaneous Income	48,668	12,41,503
Total	32,85,48,723	8,68,99,402

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Note 17 - Employee Benefits Expense

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Salaries and Other Allowances	66,52,79,659	66,21,62,727
Contribution to Provident, Gratuity & Other Funds (Refer Note 20)	3,97,90,771	3,84,26,894
Expense on Employee Stock Option Scheme (Refer Note 25)	-	3,84,10,096
Staff Welfare Expenses	2,05,23,616	1,73,25,270
Total	72,55,94,046	75,63,24,987

Note 18 - Other expenses

Amount Rs.

	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Electricity Charges	1,17,86,847	1,32,09,920
Postage & Telephone Charges	1,34,69,531	1,26,98,464
Rent	3,13,38,747	4,67,85,759
Travelling & Conveyance Expenses	3,56,05,537	3,14,57,152
Commission on Sales	61,72,938	2,50,29,689
Directors' Sitting Fees	30,95,225	22,52,500
Sitting Fees to Rating Committee	67,53,600	54,42,600
Insurance Premium	11,41,950	9,27,949
Legal and Professional Fee	3,16,65,596	3,86,30,996
Business Development Associate Fee	3,80,64,422	2,35,62,723
Rates & Taxes	1,43,49,090	25,47,141
<u>Repairs & Maintenance :</u>		
- Buildings	73,93,512	73,11,107
- Others	2,03,74,400	1,72,69,814
Foreign Exchange Loss	5,80,964	-
Loss on Sale of Fixed Assets	4,09,342	26,996
Advertisement and Sponsorship Expenses	13,82,954	29,13,682
Security, Housekeeping & Office Supplies	1,29,15,331	1,34,93,521
Bad Debts Written off	2,27,88,891	66,25,195
Provision for Bad and Doubtful Debts	1,17,18,216	2,10,50,528
Membership & Subscription	64,66,823	64,90,327
Auditors Remuneration	33,73,311	32,89,299
Expenditure on Corporate Social Responsibility	50,00,000	50,00,000
Miscellaneous Expenses	3,64,95,074	1,25,62,441
Total	32,23,42,301	29,85,77,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

19. Contingent Liability & Capital Commitment

Amount Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Contingent Liability on account of Income Tax	13,45,11,918	8,79,83,515
Bank Guarantees issued	9,61,445	-

20 . 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. 2,25,77,148 (PY: Rs.2,32,00,536)

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.

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	Apr 16 to Mar 17	Apr 15 to Mar 16	Apr 16 to Mar 17	Apr 15 to Mar 16
A) Assumptions				
Discount Rate Previous Year	7.95%-8%	8%-8.05%	7.95%	8.05%
Rate of Return on Plan Assets Previous Year	7.95%	8.05%	NA	NA
Salary Escalation Previous Year	5%-6%	5%-6%	5.00%	5.00%
Attrition Rate Previous Year	2%-5%	2%-5%	2.00%	2.00%
Discount Rate Current Year	7.31%-7.71%	7.95%-8%	7.71%	7.95%
Rate of Return on Plan Assets Current Year	7.31%-7.71%	7.95%	NA	NA
Salary Escalation Current Year	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"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Amount Rs.

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	Apr 16 to Mar 17	Apr 15 to Mar 16	Apr 16 to Mar 17	Apr 15 to Mar 16
B) Table showing changes in Benefit Obligation				
Liability at the beginning of the year	4,54,28,701	3,82,42,048	7,39,98,555	6,60,66,847
Interest Cost	35,71,064	30,77,846	58,45,272	53,18,381
Current Service Cost	1,02,59,260	99,58,745	70,55,588	50,04,386
Cost on account of Transitional Liability incurred during the period	-	-	-	-
Past Service Cost (Non Vested Benefit)	-	-	-	-
Past Service Cost (Vested Benefit)	-	-	-	-
<u>Settlement:</u>	-	-	-	-
Liability Transfer in	-	-	-	-
(Liability Transfer out)	-	-	-	-
Benefit paid in the normal course	(1,28,07,127)	(30,40,322)	(9,03,88,743)	(3,56,89,483)
Actuarial (gain)/loss on obligations-Due to change in Financial Assumptions	13,76,217	13,26,455	9,53,684	17,76,250
Actuarial (gain)/loss on obligations- Due to Experience	(22,66,097)	(41,36,071)	3,60,15,489	3,15,22,174
Liability at the end of the year	4,55,62,018	4,54,28,701	3,34,79,845	7,39,98,555
c) Table showing fair value of plan assets				
Fair value of plan assets at beginning of year	3,38,93,874	3,33,25,281	-	-
Expected Return on Plan Assets	26,94,563	26,82,685	-	-
Contributions	1,12,53,103	13,85,686	-	-
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Benefit paid in the normal course	(1,28,07,127)	(30,40,322)	-	-
Actuarial (gain)/loss on obligations -Due to experience	4,47,360	4,59,456	-	-
Fair value of Plan Assets at the end of year	3,45,87,053	3,38,93,874	-	-
d) Recognition of Actuarial Gains / Losses				
Actuarial (gain)/loss on obligations for the period.	(8,89,880)	(74,319)	3,69,69,173	3,32,98,424
Actuarial (gain)/loss on asset for the period.	4,47,360	(27,35,297)	-	-
Actuarial (gain)/loss recognized in statement of Profit & Loss	(4,42,520)	(28,09,616)	3,69,69,173	3,32,98,424
e) Actual Return on Plan Assets				
Expected Return on Plan Assets	26,94,563	-	-	-
Actuarial gain / (loss) on Plan Assets	(4,47,360)	26,82,685	-	-
Actual Return on Plan Assets	22,47,203	26,82,685	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Amount Rs.

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	Apr 16 to Mar 17	Apr 15 to Mar 16	Apr 16 to Mar 17	Apr 15 to Mar 16
f) Amount recognized in the Balance Sheet				
Fair Value of Plan Assets at the end of the year	3,45,87,053	3,38,93,874	-	-
Present Value of Benefit Obligation at the end of the year	(4,55,62,018)	(4,54,28,701)	(3,34,79,845)	(7,39,98,555)
Difference	-	-	-	-
Funded Status Surplus/(Deficit)	(1,09,74,965)	(1,15,34,827)	(3,34,79,845)	(7,39,98,555)
Unrecognized Past Service Cost	-	-	-	-
Unrecognized Transition Liability	-	-	-	-
Amount recognized in the Balance Sheet	(1,09,74,965)	(1,15,34,827)	(3,34,79,845)	(7,39,98,555)
Current portion	(91,46,674)	(97,89,784)	(40,09,285)	(1,92,24,281)
Non-current portion	(18,28,291)	(17,45,043)	(2,94,70,560)	(5,47,74,274)
g) Amount recognized in the Income Statement				
Current Service cost	1,02,59,260	5,76,423	70,55,588	50,04,386
Interest Cost	35,71,064	94,84,602	58,45,272	53,18,381
Expected return on Plan Assets	(26,94,563)	2,92,881	-	-
Actuarial (gain)/loss	(4,42,520)	(74,319)	3,69,69,173	3,32,98,424
Past Service Cost (Non Vested Benefit) Recognized	-	(22,75,841)	-	-
Past Service Cost (Vested Benefit) Recognized	-	-	-	-
Recognition of Transition Liability	-	-	-	-
Expense Recognized in statement of Profit & Loss	1,06,93,241	80,03,746	4,98,70,033	4,36,21,191
h) Balance Sheet Reconciliation				
Opening Net Liability	1,15,34,827	12,78,501	7,39,98,555	6,60,66,847
Expense Recognized in statement of Profit & Loss	1,06,93,241	42,42,650	4,98,70,033	4,36,21,191
Transfer from other company	-	73,99,362	-	-
Transfer to other company	-	-	-	-
Employer's Contribution	(1,12,53,103)	(13,85,686)	-	-
Benefits paid in the normal course	-	-	(9,03,88,743)	(3,56,89,483)
Benefits paid on account of Settlements	-	-	-	-
Amount Recognized in Balance Sheet	1,09,74,965	1,15,34,827	3,34,79,845	7,39,98,555

Gratuity

Amount Rs.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Present Value of Defined Benefit Obligation	4,55,62,018	4,54,28,701	3,82,42,048	2,73,14,073	2,72,80,965
Fair Value of Plan Assets	3,45,87,053	3,38,93,874	3,33,25,281	2,91,02,010	2,36,20,857
Surplus or (Deficit) in plan	(1,09,74,965)	(1,15,34,827)	(49,16,767)	17,87,937	(36,60,108)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Experience adjustments arising on

Amount Rs.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Plan Liabilities	(22,66,097)	(74,319)	(10,30,089)	(44,62,418)	15,63,739
Plan Assets	4,47,360	(41,36,071)	(1,27,674)	2,78,081	5,34,075

Compensated absence

Amount Rs.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Present Value of Defined Benefit Obligation	3,34,79,845	7,39,98,555	6,60,66,847	5,17,07,200	4,70,17,398
Fair Value of Plan Assets	-	-	-	-	-
Surplus or (Deficit) in plan	(3,34,79,845)	(7,39,98,555)	(6,60,66,847)	(5,17,07,200)	(4,70,17,398)

Experience adjustments arising on

Amount Rs.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Plan Liabilities	3,60,15,489	3,15,22,174	2,90,40,446	2,88,71,284	1,54,78,815
Plan Assets	-	-	-	-	-

21. Earnings Per Share

Amount Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit After Tax (A)	1,47,38,76,785	1,19,60,09,010
Weighted average number for shares for computation of Basic Earnings Per Share (B)	2,94,29,060	2,90,68,314
Basic Earnings Per Share (A/B)	50.08	41.14
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (C)	2,94,47,190	2,92,53,351
Diluted Earnings Per Share (A/C)	50.05	40.88

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

Amount Rs.

Parties	Relationship	Nature of Transactions	For the year ended March 31, 2017	For the year ended March 31, 2016
Key Management Personnel				
Shri Rajesh Mokashi	Managing Director & CEO -CARE	Remuneration	3,62,60,087	2,26,10,157
Shri D.R. Dogra	Ex.Managing Director & CEO (upto August 21, 2016)	Remuneration	1,93,73,016	3,93,63,093
Puneet Talwar	CEO in CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.	Remuneration	54,93,002	58,14,692
		Reimbursement of expenses	8,75,945	17,00,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Amount Rs.

<i>Parties</i>	<i>Relationship</i>	<i>Nature of Transactions</i>	<i>For the year ended March 31, 2017</i>	<i>For the year ended March 31, 2016</i>
Sanjeet Kumar	CEO- CARE Advisory Research & Training Limited- Wef 01st February, 2017	Managerial remuneration	9,84,380	-
		Reimbursement of expenses	8,134	-

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.

23. 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>31-Mar-17</i>	<i>31-Mar-16</i>
	<i>(Audited)</i>	<i>(Audited)</i>
a. Segment Revenue		
Rating	2,81,00,68,216	2,64,85,98,006
Others	6,42,51,099	14,50,69,631
Total Segmental Revenue	2,87,43,19,315	2,79,36,67,637
Less: Inter Segment Revenue	-	-
Total Income from Operations (Net)	2,87,43,19,315	2,79,36,67,637
b. Segment Results (Profit before Finance Costs and Tax)		
Rating	1,80,20,54,699	1,67,20,52,235
Others	(3,96,06,209)	2,49,75,561
Total Segment Result	1,79,74,48,490	1,69,70,27,796
Less: Finance Costs	-	-
Add: Interest Income	-	-
Less: Other Un-allocable (Expenditure) / Income - net	32,85,48,723	8,68,99,402
Profit before Tax	2,12,09,97,213	1,78,39,27,198
c. Segment Assets		
Ratings	1,03,45,16,856	1,03,32,20,311
Others	7,68,05,539	10,59,94,528
Unallocated Assets	4,41,91,51,321	3,88,71,30,454
Total	5,53,04,73,716	5,02,63,45,293
Segment Liabilities		
Ratings	54,52,01,647	87,45,08,865
Others	3,03,96,185	6,52,53,132
Total	57,55,97,832	93,97,61,997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

24. 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 18 - other Expenses.

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

Particulars	Amount Rs.	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent recognized in statement of Profit & Loss	3,13,38,747	4,67,85,759
Not later than one year	2,83,07,409	4,52,74,918
Later than one year and not later than five years	2,40,73,352	1,18,30,693
More than five years	-	-

25. 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

(B) Movement of Options granted:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Options Outstanding at beginning of the year	60,115	4,70,493
Granted during the year	-	-
Exercised during the year	50,105	4,01,974
Lapsed during the year	-	8,404
Options Outstanding at the end of the year	10,010	60,115
Options uninvested at the end of year	-	-
Options exercisable at the end of the year	10,010	60,115
Weighted Average exercise price	Rs. 617/- per share	Rs 617/- per share

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs. Nil (Previous year Rs. 3,84,10,096) 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 year, eligible employees have exercised 50,105 options and accordingly the Company has allotted 50,105 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 March 31, 2017 is 0.76 years (Previous Year: 1.76 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:

Particular	On the date of Grant
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	Rs. 228.59

26. Additional Information Pursuant to Schedule III of Companies Act, 2013 for Consolidated Financial Statement for the year ended on March 31, 2017

Name of the Entity	Net Assets as on 31-03-2017		Net Assets as on 31-03-2016		Share in Profit & Loss as on 31-03-2017		Share in Profit & Loss as on 31-03-2016	
	% of Consol- idated Net Assets	Amount	% of Consol- idated Net Asset	Amount	% of Consol- idated Profit & Loss	Amount	% of Consol- idated Profit & Loss	Amount
Holding Company								
Credit Analysis and Research Limited	97.85%	4,84,59,36,567	99.90%	4,08,24,90,421	102.81%	1,51,50,97,690	98.40%	1,17,68,51,455
Subsidiary Company								
Indian :								
Care Kalypto Risk Technology and Advisory Services Pvt Ltd	1.03%	5,10,78,127	0.99%	4,04,65,965	(2.69%)	(3,96,63,273)	2.45%	2,92,50,136
Care Advisory Research & Training Ltd	0.92%	4,53,39,910	-	-	0.02%	3,39,962	-	-
Foreign :								
CARE RATINGS (AFRICA) Pvt Ltd	0.20%	1,01,08,437	(0.05%)	(21,49,517)	(0.15%)	(21,56,357)	(0.85%)	(1,00,92,581)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

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

<i>Particulars</i>	<i>SBN's</i>	<i>Other Denomination</i>	<i>Total</i>
Closing cash in hand as on 08 Nov, 2016	29,000	46,769	75,769
Add : Permitted receipts	-	5,63,241	5,63,241
Less: Permitted Payments	-	5,31,589	5,31,589
Less: Amount deposited in Banks	29,000	331	29,331
Closing cash in hand as on 30 Dec, 2016	-	78,090	78,090

28. 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 19.

(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

For Khimji Kunverji & Co.

Chartered Accountants
FRN: 105146 W

[Gautam V Shah]

Partner (F-117348)

Mumbai

Date : May 16, 2017

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

[S B Mainak]

Chairman
DIN No-02531129

[Chandresh M Shah]

Chief Financial Officer
M.No. 105055

[Rajesh Mokashi]

Managing Director & CEO
DIN No-02781355

[Mahendra Naik]

Company Secretary
ACS 20230

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.

	As on March 31, 2017	As on March 31, 2016
Share Capital	13,01,35,000	8,01,35,000
Reserves and Surplus	(7,90,56,873)	(3,93,93,604)
Total Assets (Non-Current Assets + Current Assets)	7,18,17,565	10,59,94,528
Total Liabilities (Non-Current Liabilities + Current Liabilities)	2,87,40,827	6,52,53,132
Details of Investments (excluding investments in subsidiary company)	80,01,389	-
Revenue from Operations	6,24,27,713	14,68,57,379
Profit/(Loss) before Tax	(4,01,16,129)	2,58,25,662
Tax Expenses (Deferred Tax)	4,52,860	34,24,476
Profit/(Loss) for the Year	(3,96,63,269)	2,92,50,138
Proposed / Interim Dividend (including Dividend Tax)	-	-
% of shareholding	100	100

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

Reporting period : April to March

	As on March 31, 2017	As on March 31, 2016
Share Capital	2,22,36,063	68,91,700
Reserves and Surplus	(1,21,27,626)	(1,03,68,017)
Total Assets (Non-Current Assets + Current Assets)	1,38,92,336	15,91,905
Total Liabilities (Non-Current Liabilities + Current Liabilities)	13,07,051	37,41,423
Details of Investments (excluding investments in subsidiary company)	-	-
Revenue from Operations	54,40,933	1,77,500
Profit/(Loss) before Tax	(21,56,357)	(1,00,92,581)
Tax Expenses (Deferred Tax)	-	-
Profit/(Loss) for the Year	(21,56,357)	(1,00,92,581)
Proposed / Interim Dividend (including Dividend Tax)	-	-
% of shareholding	86.67	100

1 Name of the Subsidiary : **CARE ADVISORY RESEARCH AND TRAINING LTD**

Reporting period : April to March (Company incorporated on September 6, 2016)

	As on March 31, 2017	As on March 31, 2016
Share Capital	4,09,54,500	-
Reserves and Surplus	43,85,410	-
Total Assets (Non-Current Assets + Current Assets)	51,34,888	-
Total Liabilities (Non-Current Liabilities + Current Liabilities)	18,02,272	-
Details of Investments (excluding investments in subsidiary company)	4,20,07,294	-
Revenue from Operations	38,88,616	-
Profit/(Loss) before Tax	5,09,052	-
Tax Expenses including Deferred Tax	1,69,092	-
Profit/(Loss) for the Year	3,39,960	-
Proposed / Interim Dividend (including Dividend Tax)		-
% of shareholding	100	-

Part "B" : Associates and Joint Ventures**(Statement pursuant to first provisio to section 129 (3) of Companies (Accounts) Rules, 2013 related to Assocaite 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 Fourth Annual General Meeting of Credit Analysis and Research Limited (the "Company") will be held on Tuesday, August 01, 2017 at 3.30 p.m. at Jasubhai Convention Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 to transact the following business:

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, 2017 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, 2017.

3. To appoint a director in place of Mr. Rajesh Mokashi (DIN 02781355), who retires by rotation and being eligible, offers himself for re-appointment.

4. To ratify the appointment of Auditors

To ratify the appointment of auditors for the financial year 2017-18 and in this regard, to consider and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with rules under the Companies (Audit and Auditors) Rules, 2014 and pursuant to the resolution passed by the members at the Annual General Meeting held on September 27, 2016, the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (FRN 105146W) as the Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting be and is hereby ratified and confirmed."

Special Business

5. Appointment of Ms. Sadhana Dhamane (DIN 01062315) who was appointed as an Additional Director as a Non- Executive Director liable to retire by rotation.

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

“RESOLVED THAT pursuant to the provisions of Sections 160, 161, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder, as amended from time to time, Ms. Sadhana Dhamane (DIN 01062315), who has been appointed as an Additional Director in terms of the provisions of Section 161 of the Companies Act, 2013, whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing in accordance with the provisions of Section 160 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non- Executive Director of the Company liable to retire by rotation.”

6. Appointment of Mr. S. B. Mainak (DIN 02531129), Non- Executive Director as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. S. B. Mainak (DIN 02531129) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of the Director be and is hereby appointed as an Independent Director of the Company with effect from August 01, 2017 to July 31, 2020, not liable to retire by rotation in accordance with the provisions of the Companies Act 2013.”

7. Appointment of Mr. Milind Sarwate (DIN 00109854), Additional Director as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Companies Act, 2013 as amended from time to time, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Milind Sarwate (DIN 00109854) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of the Director be and is hereby appointed as an Independent Director of the Company with effect from August 01, 2017 to July 31, 2020, not liable to retire by rotation in accordance with the provisions of the Companies Act 2013.”

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

**Mahendra Naik
Company Secretary**

Place: Mumbai

Date: June 02, 2017

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 24th 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 Nos. 5, 6 & 7 of the notice set out above is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, July 26, 2017 to Tuesday, August 01, 2017 (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, July 25, 2017 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, July 25, 2017.
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 24th AGM are requested to send in their questions so as to reach the Company's Registered Office at least 7 days before the date of the AGM, so that the same can be suitably replied to.
11. As per the provisions of Section 72 of the Act, and Rule 19 (1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH. 13 with Karvy. In respect of shares held in dematerialized form, the nomination may be filed with the respective Depository Participants.
12. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, Karvy Computershare Private Limited, Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500032 ("Karvy").
13. Members wishing to claim dividends, which had remained unpaid are requested to contact the Registrar and Share Transfer Agent, Karvy Computershare Private Limited. Members are requested to note that the amount of dividend which remains unclaimed for a period of 7 years from the date of such transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund, as per section 205 A of the Companies Act, 1956 (Section 124 and 125 of the Companies Act, 2013).
14. The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs, Government of India, has permitted companies to send official documents to their Members electronically as part of its green initiatives in corporate governance.

To support the green initiative of the Ministry of Corporate Affairs, the Notice convening the AGM, Financial Statements, Directors' Report, Auditors' Report, etc., is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. Members who have not registered their email addresses so far are requested to register their email address with their Depository Participant only, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

15. Members/Proxies should bring the Attendance Slip duly filled in, for attending the meeting and also their copy of the Annual Report. Members who have received the notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit the duly filled in Attendance Slip at the registration counter to attend the AGM.
16. In compliance with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Secretarial Standards issued by the Institute of the Company Secretaries of India, the Company has considered July 25, 2017 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 Obligations 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 the 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. (IST) on Friday, July 28, 2017.

Conclusion of remote e-voting: At 5.00 p.m. (IST) on Monday, July 31, 2017

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. 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](https://evoting.karvy.com) (Karvy Website) or contact Mr. B. Venkata Kishore (Unit: COMPANY NAME) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040-6716 1500 or call Karvy’s toll free No. 1-800-4- 54-001 for any further clarifications.
- 2. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- 3. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before

the cut-off date for E-voting i.e Tuesday, July 25, 2017, he/she may obtain the User ID and Password in the manner as mentioned below :

- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS:
 MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 Example for NSDL:
 MYEPWD <SPACE> IN30039412345678 (DP-ID + CL-ID)
 Example for CDSL:
 MYEPWD <SPACE> 1202300012345678 (16 DIGITS NUMERIC)
 Example for Physical:
 MYEPWD <SPACE> XXXX1234567890 (EVEN NO. + FOLIO NO.)
- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy’s toll free number 1800-3454-001.
- iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail id’s are available

(d) Common Instructions:

1. Remote e-voting shall not be allowed beyond 5.00 p.m. on July 31, 2017. During the remote e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date, may cast their vote electronically. A person who is not a member as on the cut-off date should treat this notice for information purpose only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.
2. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on cut-off date.
3. The Board of Directors has appointed Mr. Ashish Jain (FCS 6058) of M/s. A. K. Jain & Co., a Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM is conducted in a fair and transparent manner.
4. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and shall make a Scrutinizer’s Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.
5. In case of Members who are entitled to vote but have not exercised their right to vote by electronic means, the Company will offer an opportunity to such Members to vote at the Meeting for all businesses specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercise their right to vote by electronic means may attend the AGM but shall not be entitled to vote at the Meeting. A

Member can opt for only single mode of voting i.e. either through remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

6. The scrutinizer, after scrutinising the votes cast at the AGM and through remote e-voting, make a consolidated scrutinizers report and submit to the Chairman or Managing Director. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.careratings.com) and on Karvy's website ([https:// evoting.karvy.com](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. August 01, 2017.

20. Appointment of Directors:

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from April 01, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the total number of directors of the Company.

At the ensuing Annual General Meeting, Mr. Rajesh Mokashi, Managing Director & CEO retires by rotation and being eligible offers himself for re-appointment.

21. A route map and prominent land mark for easy location to the venue of AGM is given after the Proxy Form in the Annual Report.

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

**Mahendra Naik
Company Secretary**

Place: Mumbai

Date: June 02, 2017

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

Ms. Sadhana Dhamane was appointed as an Additional Director (Non Executive) of the Company on June 02, 2017 as per the provisions of Section 161 of the Companies Act, 2013.

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

A notice has been received from a member proposing Ms. Sadhana Dhamane as a candidate for the office of Non- Executive Director of the Company along with a deposit of Rs. 100,000/-.

The Board recommends her appointment as a Non- Executive Director liable to retire by rotation. In compliance with the provisions of Section 160 of the Companies Act, 2013, the appointment of Ms. Sadhana Dhamane as a Non- Executive Director is now being placed before the Members in General Meeting for their approval.

In view of the applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 5 of the accompanying Notice for the approval of the Members.

None of the directors and/or key managerial personnel of your Company and their relatives, except Ms. Sadhana Dhamane 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.

Item No. 6

Mr. S. B. Mainak is a 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, Mahindra & Mahindra Limited and SunCap Insolvency Professionals Pvt. Ltd. He is also a member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee of ITC Limited.

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. S. B. Mainak 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. S. B. Mainak 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. S. B. Mainak fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management. The Board recommends his appointment as an Independent Director upto July 31, 2020. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Mr. S. B. Mainak as an Independent Director is now being placed before the Members in Annual General Meeting for their approval.

In view of the applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

None of the directors and/or key managerial personnel of your Company and their relatives, except Mr. S. B. Mainak 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.

Item No. 7

Mr. Milind Sarwate is an Additional director (Independent) of your Company. He is the Founder & CEO of Increate Value Advisors LLP. His mission is to facilitate value creation, both business & social, using his experience of 33 years in Finance, HR and strategy in groups such as Marico & Godrej. He is an Independent Non-Executive Director in 7 companies, including Glenmark, Mindtree, Matrimony.com and House of Anita Dongre. He also plays advisory role in several other organisations. He is a Chartered Accountant, Cost Accountant & Company Secretary, a B. Com. (Honours) from the University of Mumbai, and a CII-Fulbright Fellow (Carnegie Mellon University, Pittsburgh, U S A.). He received the ICAI Award - CFO - FMCG category in 2011, and the CNBC TV-18 Best Performing CFO Award -FMCG & Retail in 2012. During 2013, the CFO India magazine inducted him to the CFO India Hall of Fame.

He is also on the Board of Eternis Fine Chemicals Limited, International Paper APPM Limited, Matrimony.com Limited, House of Anita Dongre Limited, Glenmark Pharmaceuticals Limited, Mindtree Limited and Halite Personal Care India Private Limited. He is the member of Audit Committee and Corporate Social Responsibility (CSR) Committee of the Company. He has been associated with your company since November 04, 2016.

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. Milind Sarwate 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. Milind Sarwate 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. Milind Sarwate fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management. The Board recommends his appointment as Independent Director upto July 31, 2020. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Mr. Milind Sarwate as an Independent Director is now being placed before the Members in Annual General Meeting for their approval.

In view of the applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 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. Milind Sarwate 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: June 02, 2017

Pursuant to Regulation 36(3) of the SEBI (Listing Obligations 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. Milind Sarwate	Mr. Rajesh Mokashi	Ms. Sadhana Dhamane
Director Identification Number	02531129	00109854	02781355	01062315
Date of Birth	09.02.1956	23.09.1959	01.09.1961	30.11.1957
Nationality	Indian	Indian	Indian	Indian
Date of appointment on the Board	17.08.2015	04.11.2016	22.08.2009	02.06.2017
Number of equity shares held in the Company	NIL	20 Equity shares	76,721 Equity shares*	NIL
Qualifications	Chartered Accountant from The Institute of Chartered Accountants of India	Chartered Accountant, Cost Accountant & Company Secretary, B. Com. (Honours) from the University of Mumbai and a CII-Fulbright Fellow (Carnegie Mellon University, Pittsburgh, U S A.).	CFA from CFA Institute, USA and ICFAI Hyderabad MMS (Master of Management Studies) from Mumbai University B E (Mech) from V.J.T.I. Mumbai, Mumbai University	M.A, L.L.B
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 is the Founder & CEO of Increate Value Advisors LLP. His mission is to facilitate value creation, both business & social, using his experience of 33 years in Finance, HR and strategy in groups such as Marico & Godrej.	He has more than 31 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.	She is in charge of Stressed Asset in Investment department, Central Office. Her areas of expertise are Investment and Legal.

List of Directorship held in other companies	1) ITC Limited 2) Mahindra & Mahindra Limited 3) Suncap Insolvency Professionals Private Limited 4) CARE Advisory Research and Training Limited	1) Eternis Fine Chemicals Limited 2) International Paper APPM Limited. 3) Matrimony.com Limited 4) House of Anita Dongre Limited 5) Glenmark Pharmaceuticals Limited 6) Mindtree Limited 7) Halite Personal Care India Private Limited. 8) Wheels EMI Pvt. Ltd.	1) CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.) 2) CARE Ratings (Africa) Pvt. Ltd. 3) CARE Advisory Research and Training Limited 4) ARC Ratings Holdings Limited	1) India InfraDebt Limited
Chairman / Member of the Committees of the Boards of other companies in which he/she is a director	1) ITC Limited <ul style="list-style-type: none"> • CSR & Sustainability Committee – Member • Nomination and Remuneration Committee - Member 	1) Eternis Fine Chemicals Limited <ul style="list-style-type: none"> • Audit Committee - Chairman • Nomination and Remuneration Committee - Member • Corporate Social Responsibility (CSR) Committee – Member 2) International Paper APPM Limited <ul style="list-style-type: none"> • Audit Committee – Member 3) Matrimony.com Limited <ul style="list-style-type: none"> • Audit Committee – Chairman • Nomination and Remuneration Committee – Chairman • Risk Management Committee – Member • IPO Committee – Member • Stakeholder Relations Committee – Member 4) House of Anita Dongre Limited <ul style="list-style-type: none"> • Audit Committee – Chairman 	1) CARE Risk Solutions Pvt. Ltd. (Formerly known as CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.) Audit Committee - Member	

		<ul style="list-style-type: none"> • Nomination and Remuneration Committee – Chairman • Corporate Social Responsibility (CSR) Committee – Member <p>5) Glenmark Pharmaceuticals Limited</p> <ul style="list-style-type: none"> • Audit Committee – Member • Nomination and Remuneration Committee – Member • Stakeholders Relationship Committee – Member <p>6) Mindtree Limited</p> <ul style="list-style-type: none"> • Audit Committee – Chairman <p>7) Wheels EMI Pvt. Ltd.</p> <ul style="list-style-type: none"> • Audit Committee – Member • Nomination and Remuneration Committee – Member 		
Terms & Conditions of reappointment/ variation of remuneration	NA	NA	NA	NA
Inter-se relationship with other Directors	NIL	NIL	NIL	NIL
Last drawn remuneration	Rs. 9,00,000 (Sitting fees for FY 2016-17)	Rs. 2,50,000 (Sitting fees for FY 2016-17) - Inducted on November 04, 2016.	Rs. 3,62,60,087 (Including perquisite value of ESOP – Rs. 1,07,35,839 and leave encashment of Rs. 80,59,461 for previous years)	NA
No. of Board meetings attended during the year	7 (Seven)	1 (One)	7 (Seven)	NIL

*Shares have been allotted under ESOP.

Credit Analysis And Research Limited

CIN: L67190MH1993PLC071691

Registered Office: 4th Floor, Godrej Coliseum, Somaia 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 **24th ANNUAL GENERAL MEETING** of the company, Credit Analysis and Research Limited at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 3.30 p.m. on Tuesday, August 01, 2017. (Contact: Mr. Madhav Sarwate - 8082040248)

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, Somaia 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 **24th ANNUAL GENERAL MEETING** of Credit Analysis and Research Limited at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 3.30 p.m. on Tuesday, August 01, 2017 and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

No	Description of Resolution	For	Against	Abstain
	Ordinary Business			
1.	To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2017, 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 of Rs. 10/- (Rupees Ten Only) per equity share for the financial year ended March 31, 2017.			
3.	To appoint a director in place of Mr. Rajesh Mokashi (DIN 02781355), who retires by rotation and being eligible, offers himself for reappointment.			
4.	To ratify appointment of M/s. Khimji Kunverji & Co., Chartered Accountant as Auditors of the Company for the financial year 2017-18.			
	Special Business			
5.	Appointment of Ms. Sadhana Dhamane (DIN 01062315) as a Non-Executive Director of the Company liable to retire by rotation.			
6.	Appointment of Mr. S. B. Mainak (DIN 02531129) as an Independent Director of the Company for a period of three years.			
7.	Appointment of Mr. Milind Sarwate (DIN 00109854) as an Independent Director of the Company for a period of three years.			

Signed this..... day of..... 2017

Signature of Member.....

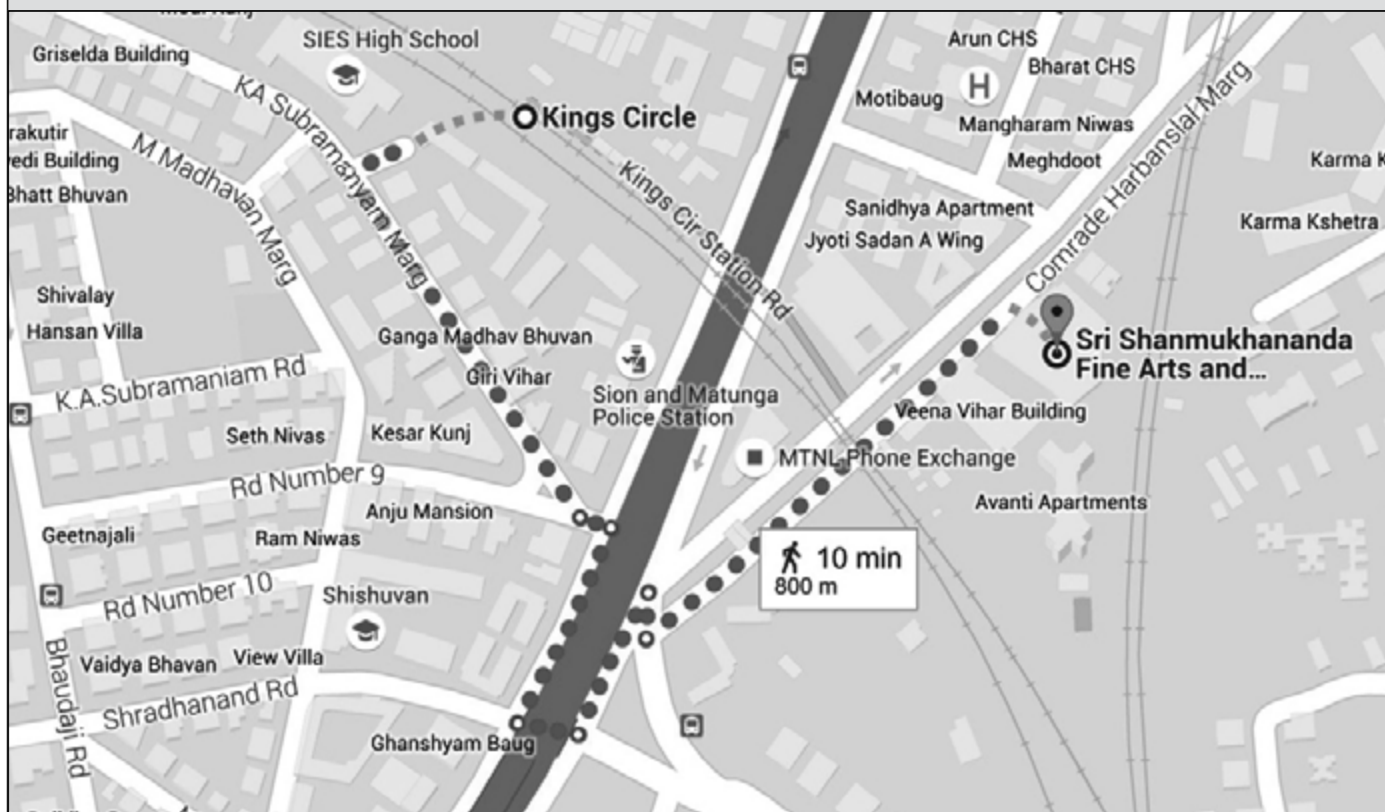
1) Signature of Proxy holder..... 2) Signature of Proxy holder.....

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.

24th Annual General Meeting Venue Route Map



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

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



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Credit Analysis & Research Ltd.

Registered & Head Office:

4th Floor, Godrej Coliseum, Somaiya Hospital Road,

Off Eastern Express Highway, Sion (East), Mumbai 400 022.

Tel: +91-22-6754 3456 | Fax: +91-22- 6754 3457

E-mail: care@careratings.com | CIN # L67190MH1993PLC071691

REGIONAL OFFICES

AHMEDABAD

32, Titanium,
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

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