



23rd
**Annual
Report**
2015-16

Credit Analysis & Research Limited

Vision

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

Mission

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

Values

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

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Message from Chairman



S.B. Mainak
Chairman - Mumbai

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

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

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

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

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

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

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

Message from Managing Director & CEO



Rajesh Mokashi
Managing Director & CEO

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

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

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

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

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

Directors & Committee Members

● Directors	Mr. S. B. Mainak	Chairman
	Mr. A. K. Bansal	Director
	Dr. Ashima Goyal	Director
	Mr. D. R. Dogra (upto August 21, 2016)	Managing Director & CEO
	Mr. Rajesh Mokashi (w.e.f. August 22, 2016).....	Managing Director & CEO
	(Deputy Managing Director upto August 21, 2016)	
● Audit Committee	Dr. Ashima Goyal	Chairperson
	Mr. S. B. Mainak (w.e.f. May 26, 2016).....	
	Mr. A. K. Bansal	
	Mr. Rajesh Mokashi (upto May 26, 2016).....	
● Stakeholders Relationship Committee	Mr. S. B. Mainak	Chairman
	Mr. D. R. Dogra (upto August 21, 2016)	
	Mr. Rajesh Mokashi	
● Nomination & Remuneration Committee	Mr. A. K. Bansal	Chairman
	Mr. S. B. Mainak (w.e.f. May 26, 2016).....	
	Mr. S. Ananthkrishnan (upto September 29, 2015)	
	Dr. Ashima Goyal	
● Rating Committee	Mr. Y. H. Malegam.....	Chairman
	Mr. V. Leeladhar.....	
	Mr. V. K. Chopra.....	
	Mr. P. P. Pattanayak.....	
	Mr. D. R. Dogra (upto August 21, 2016).....	
	Mr. Rajesh Mokashi (w.e.f August 23, 2016)	
● Corporate Social Responsibility Committee	Dr. Ashima Goyal (w.e.f. May 26, 2016)	
	Mr. A. K. Bansal.....	
	Mr. D. R. Dogra (upto August 21, 2016).....	
	Mr. Rajesh Mokashi.....	
● 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. D. R. Dogra
Managing Director & CEO,
CARE Ratings (upto August 21, 2016)



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

The Rating Committee Members *



Mr. Y. H. Malegam
Chairman of Rating
Committee.

Former Managing Partner
of S.B. Billimoria & Co,
C.A. and former
Co-chairman of Deloitte,
Haskins & Sells C.A.
Former Member – Cen-
tral Board of Directors of
Reserve Bank of India.



Mr. P.P. Pattanayak

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



Mr. V. Leeladhar

Former Deputy
Governor, RBI, and
Chairman of Indian
Banks Association (IBA).



Mr. V. K. Chopra

Former Whole Time
Member of SEBI and
Chairman and Managing
Director of Corporation
Bank and Small
Industries Development
Bank of India

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

Senior Management Team



T. N. Arun Kumar
Executive Director



P. N. Sathees Kumar
Chief General Manager



Revati Kasture
Chief General Manager



Milind Gadkari
Chief General Manager



Mehul Pandya
Chief General Manager



Swati Agarwal
Chief General Manager



Sanjay Agarwal
Chief General Manager



Amod Khanorkar
Chief General Manager



Madan Sabnavis
Chief Economist



Umesh Ikhe
Chief Technology Officer



Chandresh Shah
Chief Finance Officer

22nd Annual General Meeting

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



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

CARE Ratings' Conversations Over Dinner

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

@ Ahmedabad, on 2nd July 2015, Marriot Courtyard



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@ Mumbai, on 15th July 2015, Hotel Sofitel



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@ Hyderabad on 24th July 2015, Park Hyatt



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