



CARE Ratings
Professional Risk Opinion

Credit Analysis & Research Ltd.

21ST ANNUAL REPORT

2013-2014

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MESSAGE FROM MANAGING DIRECTOR & CEO



I am pleased to announce that your company has continued its strong performance in the year gone by, notwithstanding the challenging circumstances. Fiscal '14 was yet another tough year for the economy with GDP growth being recorded at 4.7%, making it the second consecutive year of sub 5% growth. Inflation was a pressing concern for the larger part of the year with a sharp and persistent rise in agricultural produce prices impacting the overall inflation indices. The RBI hence took an aggressive stance to fight inflation with repeated repo rate hikes, which in turn also affected investment decisions. The economy also struggled with a slowdown in the manufacturing industry as the sector slipped into recession with successive negative growth rates in industrial production. All this led to lower level of activity in the debt and credit markets, which had an impact on the pool of assignments that came up for rating.

We as an organization had to think harder and work towards maintaining our business numbers on a large base that had been constructed in the earlier years. Looking at how your company has performed notwithstanding these odds, it can be said with a modicum of satisfaction that the company has fared creditably in terms of maintenance of profit margins and a growth in the top line.

In the above context then, it is pleasing to share with you some of our financial numbers. Your company recorded growth of 17% in total income from Rs 227 crore in FY13 to Rs 265 crore in FY14. Rating income increased from Rs 197 crore to Rs 227 crore during this period. Growth in our credit rating business led to an increase in Profit after Tax (PAT) to Rs 129 crore in FY14 from Rs 113 crore in the previous year. Our PAT margin was maintained at 49% in FY14. Along with rising profits, we have also maintained a rising dividend payout ratio over the years which stood at 74% in FY14 up from 58% in FY13.

I credit the relentless effort of our business team in bringing our clients on board and our ratings team in completing the assignments in a timely manner which helped us to attain this objective. In fact, I am happy to state that CARE now has the highest share of clients in ET's (Economic Times) Top 500 and BS (Business Standard) Top 1000 list for FY13. This clearly gives us a solid foundation on which we can cement the bricks in future. As a mark of recognition for the work put in by our employees, the company has also introduced an ESOP Scheme during the year. The performance is further validated by our expanding clientele which, increased in FY14 by 2,491 taking our total number of clients up to 7,754.

I would like to also highlight two major developments that have taken place this year. The first is that of ARC Ratings, a joint venture of five domestic credit rating agencies in five countries of which your company is one of the partners, was launched in January 2014. This is the first of its kind in the world and we are observing a lot of interest in this agency. The second is that CARE Kalypto started its advisory practices.

We do believe that the road to continued success is to think right and implement fast so that we reduce the gestation periods. While we would like to be sanguine that conditions would be better in FY15 as both the government and RBI have projected higher growth rates relative to FY14, we would prefer to be conservative and look at other options too so that we de-risk our overall business. With the new government at the helm, and better growth prospects for the country, there is a sense of general recovery in the industry. Business for rating agencies is bound to pick up as investments increase in the economy. Hence, we remain optimistic about CARE's growth in the ongoing fiscal. Juxtaposed with our persistent efforts and skilled analysis, we will continue delivering up to the market expectations.

We do start the New Year with renewed enthusiasm and remain committed to delivering high value to our stakeholders. We have created the structures in terms of systems, technology and human resources, which will be the foundation for the implementation of our future strategies as we work towards achieving the goals set for ourselves.

D.R. Dogra
Mumbai

MESSAGE FROM DEPUTY MANAGING DIRECTOR



Your company did go through challenging times once again in FY14 as the big push witnessed in the earlier years had gotten punctuated with the Indian economy slowing down significantly for the third successive year. The lower growth levels reflected low investment in the country, which was for various reasons on the demand and supply sides as the policy makers worked hard to set right the environment. But all this meant that there was less demand for funds which in turn narrowed down the canvas that rating agencies could look at for expansion purposes.

We as an organization had to think harder and work towards maintaining our business numbers on a large base that had been constructed in the earlier years. The focus had to be on customer relationship and building on the same. In our business, relationships are sticky and the efforts put in the last two decades did help us to retain such business notwithstanding the growth in competition. We have been relentlessly working on furthering relations with our customers while also simultaneously being on the lookout for new customers. This we believe is a clue to the way forward as once the economy recovers and the credit and debt markets improve, we could enhance our customer additions. We also looked at a larger number of smaller ticket size clients, essentially in the SME segment. This we consider to be an achievement as we have expanded our client base. In a way it could be said that FY14 was probably the most challenging year in the last two decades or so, and to come out creditably could be termed as passing the litmus test.

While one can never be sure of the future, our endeavor is to hone our analytical expertise in this area so as to deliver the right ratings all the time, as the quality of the rating is of utmost importance in this industry. In this respect we have been working towards improving skill sets of our analysts so that we are up-to-date with the changing requirements.

We are aware of the demands from investors who do expect the company to keep replicating its good performance every year. This is where we have been strategizing continuously to look at every opportunity which can be leveraged to grow our overall business. The SME/SSI segment is once such vast and unexplored area that we can keep working towards taking a larger slice progressively.

FY14 was a significant year for us as it was our twentieth anniversary and we did work on improving the visibility of Brand CARE Ratings. By holding several interactive sessions with leading CEOs at various locations we did intensify our efforts at branding. This went along with various other knowledge sharing forums, webinars on various industries where our experts presented and conversed with the audience. In addition, we participated and partnered in various reputed seminars by way of preparing the knowledge papers. This was possible due to the deep reservoir of knowledge that resides in the company.

Quite clearly we do look forward to better times in FY15 and our focus will be on growing and consolidating our existing business. We do have a number of interesting products in the grading area, such as real estate & equity, which will stand to benefit when overall economic conditions improve. There is expectation that with a new stable government in place investment conditions will improve significantly which in turn could lead to a turnaround in the overall state of the economy. The way things unfurl will set the signals for us in the coming year.

Rajesh Mokashi

Mumbai

DIRECTORS & COMMITTEE MEMBERS

Directors

Mr. A. K. Bansal	Chairman
Dr. Ashima Goyal <i>(with effect from August 26, 2014)</i>	Director
Mr. S. Venkatraman	Director
Ms. Bharti Prasad <i>(upto August 23, 2014)</i>	Director
Mr. D. R. Dogra	Managing Director & CEO
Mr. Rajesh Mokashi	Dy. Managing Director

Audit Committee

Mr. A. K. Bansal	Chairman
Mr. S. Venkatraman	
Dr. Ashima Goyal <i>(with effect from August 26, 2014)</i>	
Ms. Bharti Prasad <i>(upto August 23, 2014)</i>	
Mr. Rajesh Mokashi	

Stakeholders Relationship Committee

Mr. A. K. Bansal	Chairman
Ms. Bharti Prasad <i>(upto August 23, 2014)</i>	
Mr. D. R. Dogra	

Nomination & Remuneration Committee

Mr. S. Venkatraman	Chairman
Mr. A. K. Bansal	
Ms. Bharti Prasad <i>(upto August 23, 2014)</i>	

Rating Committee

Mr. Y. H. Malegam	Chairman
Mr. V. Leeladhar	
Mr. V. K. Chopra	
Mr. P. P. Pattanayak	
Mr. D. R. Dogra	

Investment Committee

Mr. S. Venkatraman	Chairman
Mr. D. R. Dogra	
Mr. Rajesh Mokashi	

ESOP Compensation Committee

Mr. A. K. Bansal	Chairman
Mr. S. Venkatraman	
Mr. D. R. Dogra	

Corporate Social Responsibility Committee

Ms. Bharti Prasad <i>(upto August 23, 2014)</i>	Chairperson
Mr. A. K. Bansal	
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. A.K. Bansal is the Chairman and an Independent Director of your Company. He worked as Executive Director of Indian Overseas Bank between 2010-13. He is a Post Graduate in Agriculture from the renowned G B Pant Agriculture University, Pant Nagar, Nainital and recipient of ICAR Junior Research Scholarship. He joined Union Bank of India as Agricultural Field Officer at the age of 23 years in the year 1976. He has had a highly successful and rewarding career path at Union Bank during which he was awarded Super Achiever and Star Performer status, conferred with the Chairman Club Membership and was entrusted with some of the most challenging and coveted assignments of the Bank. He was also the driving force for setting up the Bank's Capital Market Cell at Mumbai and establishing the Bank's first museum at M S M branch in Mumbai. At Indian Overseas Bank, among other portfolios, he had exclusive charge of Large Corporate, International, MSME, Planning, NPA management, Agriculture & Priority Credit, Inspection & Audit, Public Relations, Customer Service & Vigilance. He has been conferred the "Indira Super Achiever Award" for the year 2010-11 by the Indira Group of Institutions, Pune in recognition of his high contribution value to the field of Banking and Finance during his banking career. He is also on the Board of Directors of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited. He has been associated with our company as chairman and independent director since December 03, 2013.



Mr. S. Venkatraman is an Independent and Non-Executive Director of your Company. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant. He has more than 26 years of experience as a practicing Chartered Accountant. He is currently a partner of V. Sankar Aiyar & Co., Chartered Accountants. He is on Board of Directors for Chennai Petroleum Corporation Ltd., UTI Retirement Solution Ltd. & Shriram Properties Pvt. Ltd. He has been associated with our Company as an Independent Director since May 12, 2006. He is liable to retire by rotation at the ensuing Annual General Meeting. He has intimated the Company that due to pre-occupation he does not wish to seek re-appointment at the ensuing Annual General Meeting.



Ms. Bharti Prasad is an Independent and Non-Executive Director of your Company. She holds a Master's degree in Arts and an M.Phil degree from Punjab University, Chandigarh. She has more than 39 years of experience in finance, accounts, audit, oversight and administration. She was a member of the Indian Audit & Accounts Service and retired as Deputy Comptroller & Auditor-General. She has held various positions including Principal Accountant-General, West Bengal, Joint Secretary Department of Expenditure, Ministry of Finance, Director, National Academy of Audit & Accounts, Shimla and Accountant-General, Uttar Pradesh. She has also worked with United Nations Children Fund, New York. She was a member of the Advisory Group on Evaluation and Audit of the International Civil Aviation Organization, Montreal, Canada and, member of the International Public Sector Accounting Board (IPSASB), New York. She is Independent Monitor to the Ministry of Defence and to the Ministry of Food Processing Industries. She has been associated with our company as an Independent Director since July 29, 2010. She resigned from the Board of Directors on August 23, 2014.



Dr. Ashima Goyal was appointed as an additional director of the Company on August 26, 2014 as per the provisions of section 161 of the Companies Act, 2013. She is a B.A. (Honours) Economics from Delhi University and M.A. and M. Phil. from Delhi School of Economics, Delhi University, and Ph.D. from Bombay University. She has rich experience in the field of open economy macroeconomics, international finance, institutional and development economics, in which she is widely published. Her research has received national and international awards. She is editor of an OUP handbook on the Indian economy and a Routledge journal on Macroeconomics and Finance. She is a Professor at Indira Gandhi Institute of Development Research, member of the Monetary Policy Technical Advisory Committee of the RBI, Vice-Chairperson and a Public Interest Director at MCX-SX, has been a member of various committees of Reserve Bank, Government of India, Governing Council of the Exchange Traded Currency Derivatives Segment (ETCD) of the Bombay Stock Exchange Ltd., and Indian Merchants Chamber, and has served on the Boards of MCX, MCX-SX Clearing Corporation, and National Institute of Bank Management.



Mr. D. R. Dogra is the Managing Director and Chief Executive Officer of your Company. He holds a Bachelor's and a Master's degree in agriculture from Himachal Pradesh University and a Master's degree in business administration (FMS), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 36 years of experience in the financial sector and in credit administration. Prior to joining our Company, he was associated with Dena Bank. He is a member of Western Region Economic Affairs, Sub Committee of Confederation of Indian Industry, Member of FICCI Maharashtra State Council, Executive Body of Swayam Siddhi College of Management & Research and Board of Governance of Universal Business School, Mumbai. He is an expert member of Academic Advisory Committee in Finance at Birla Institute of Technology. He is on Board of Directors of Association of Credit Ratings Agencies in Asia, Manila, Philippines, ARC Ratings Holdings Pvt Ltd, Singapore, CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd., Public interest Director at MCX Stock Exchange Ltd. and ARC Ratings, SA, Portugal. He has been associated with your Company since 1993 and was appointed on the Board on June 30, 2008.



Mr. Rajesh Mokashi is the Deputy Managing Director of your Company. He holds a Bachelor's degree in Mechanical Engineering from VJTI, Mumbai and a Master of Management Studies degree from NMIMS University of Bombay. He is a qualified Chartered Financial Analyst and has also cleared Level III of the CFA Program conducted by the CFA Institute, USA. He has obtained a Diploma in Import and Export Management from Indian Institute of Materials Management. He has more than 27 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. He is on Board of Directors with CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. He is also a Member of Empanellment Committee of NISM. He has been associated with your Company since 1993 and was appointed on the Board on August 22, 2009.

RATING COMMITTEE MEMBERS



Mr. Y. H. Malegam

Y. H. Malegam, Chairman of Rating Committee is a former Managing Partner of S.B. Billimoria & Co, C.A. and former Co-chairman of Deloitte, Haskins & Sells C.A. He is a member – Central Board of Directors of Reserve Bank of India. He is also on the Board of First Source Solutions Limited, The Clearing Corporation of India, NSE, Siemens Limited, Western India Plywood Limited, Clariant Chemicals (India) Ltd and Member of the Committee of Indo German Chamber of Commerce. He has been associated with our Rating Committee since June 17, 1993.

Mr. P.P. Pattanayak



P.P. Pattanayak, is a former Managing Director of State Bank of Mysore and former Deputy Managing Director and Chief Credit Officer of SBI. He is also a member of the Board of Directors of IIFL Asset Management Company Limited and Shriram City Union Finance. He has been associated with our Rating Committee since June 03, 2009.



Mr. V. Leeladhar

V. Leeladhar, is a former Deputy Governor, RBI, and Chairman of Indian Banks Association (IBA). He was also former member of the Board of Directors for Institute of Banking and Finance, NABARD, National Housing Bank, New India Assurance Company Limited, General Insurance Corporation of India, Export Credit Guarantee Corporation of India Limited, Agriculture Finance Corporation Limited, Discount and Finance House of India Limited and SEBI. He is a member of the Board of Directors of Tata Global Beverages Limited. He has been associated with our Rating Committee since July 29, 2010.

Mr. V.K. Chopra



V.K. Chopra, is a former whole time member of SEBI and Chairman and Managing Director of Corporation Bank and Small Industries Development Bank of India. He was also the Executive Director of Oriental Bank of Commerce. He is a member of the board of directors of Jaiprakash Associates Ltd., Havells India Ltd., Future Retail Ltd., Rolta India Ltd., Bhartiya International Ltd., PNB MetLife India Insurance Co. Ltd., Responsive Industries Ltd., Religare Invesco Asset Management Co. Ltd., Reliance Capital Pension Fund Ltd., India Infoline Finance Co. Ltd. etc. He has been associated with our Rating Committee since July 29, 2010.



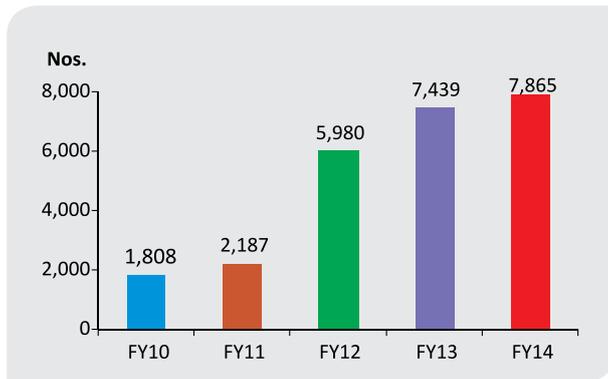
Mr. D. R. Dogra

D. R. Dogra is the Managing Director and Chief Executive Officer of your Company.

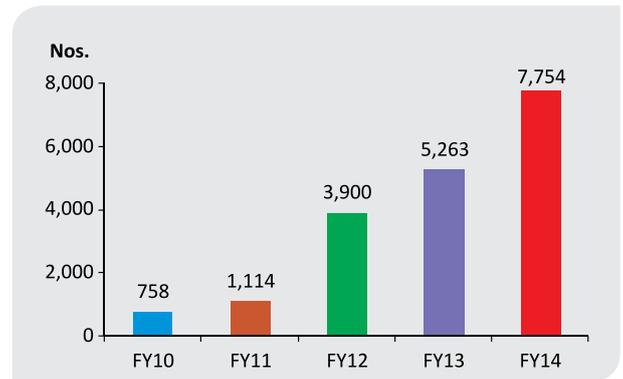
PERFORMANCE

Expansion in Business

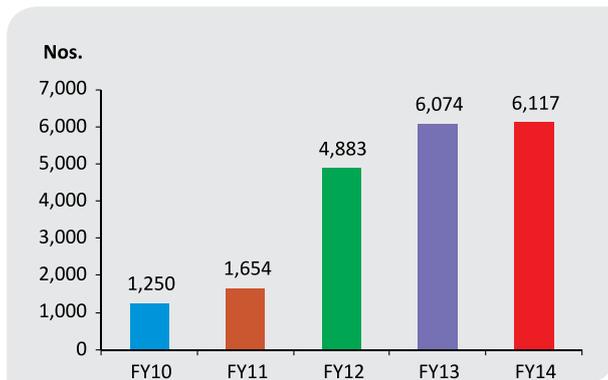
1. Number of Assignments



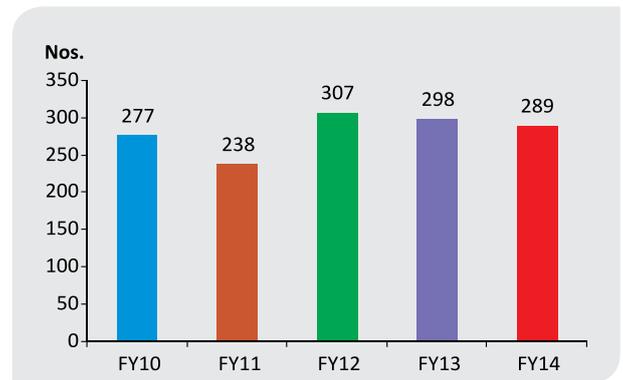
2. Number of Active Clients



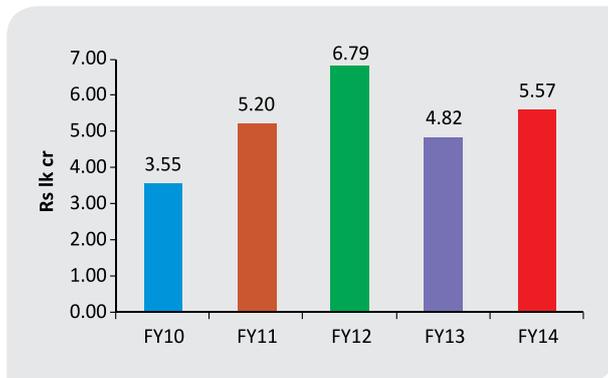
3. Bank Facility - No of Instruments Rated



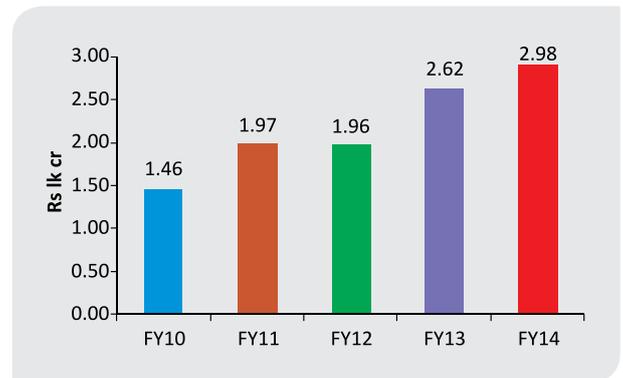
4. Debentures/Bonds - No of Instruments Rated



5. Volume of Bank Facility Ratings Rated

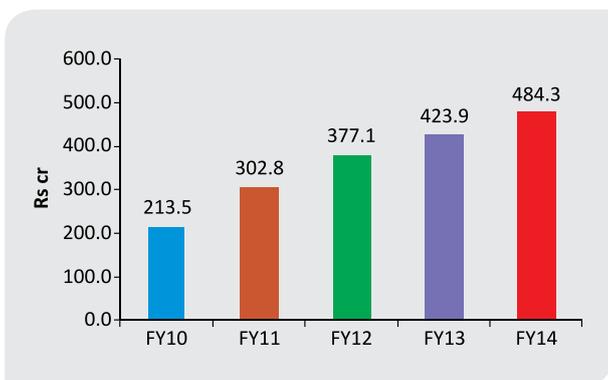


6. Volume of Debentures/Bonds Rated

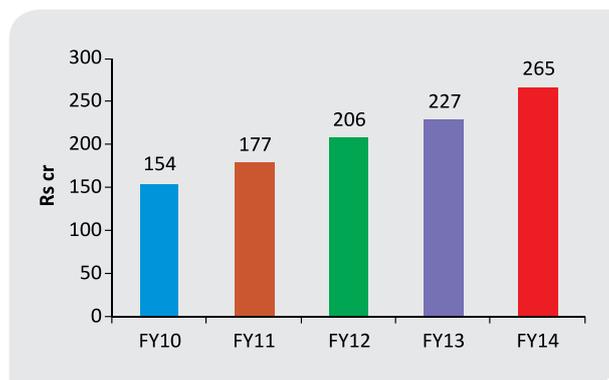


Value Creation

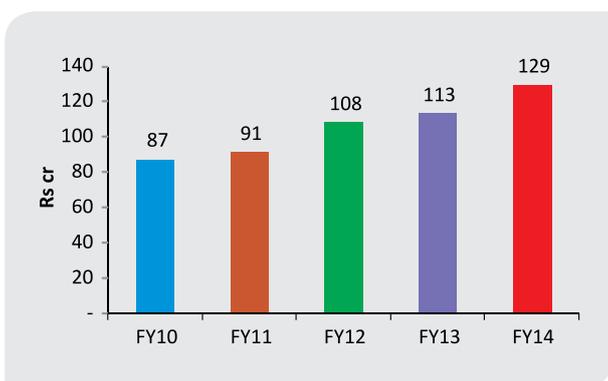
7. Network



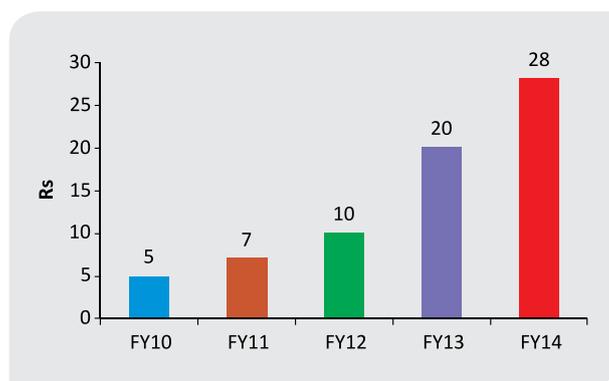
8. Total Income



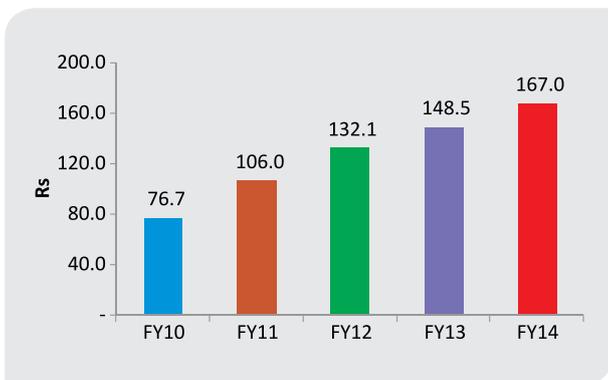
9. Profit After Tax



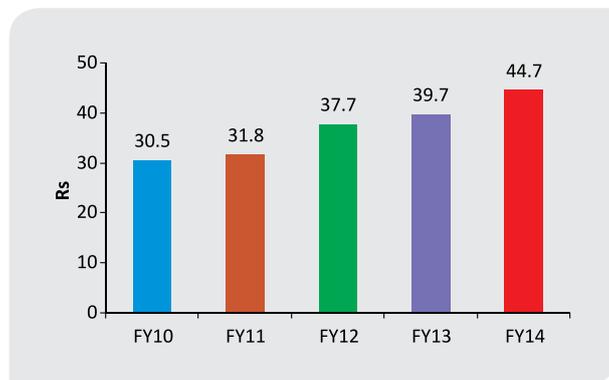
10. Dividend Per Share



11. Book Value Per Share



12. Earnings Per Share (Diluted)



20 YEARS CELEBRATIONS

Mumbai: on 29th April, 2013 at Taj Mahal Palace, Mumbai
A presentation was made by **Mr Pradip Shah**, *Chairman, IndAsia Fund Advisor* on, 'Development Paths of India and China'



Hyderabad: on 3rd September, 2013 at Taj Krishna, Hyderabad
Chief Guest **Mr. M. Bhagavantha Rao**, *Managing Director, State Bank of Hyderabad* made a special address on, 'Challenges in quality of assets and debt restructuring in uncertain times'



Delhi: On 25th September, 2013 at The Lalit, New Delhi.
The Guests for the event were **Mr Sunil Jain**, *Managing Editor, Financial Express* and **Mr Anil Padmanabhan**, *Deputy Managing Editor, Mint* who debated the subject 'Getting the economy back on track'



20 YEARS CELEBRATIONS

Kolkata: On 22nd November, 2013 at Taj Bengal.

The Chief Guests for the event was **Ms. S. A. Panse, CMD, Allahabad Bank**, who made a presentation on, 'Emerging scenarios in banking in the next decade – Issues & Challenges'.



Chennai: On 10th December, 2013 at Sheraton Park.

The Chief Guest for the event was **Mr. M. Narendra, CMD, Indian Overseas Bank**, who made a presentation on, 'Reconciling the challenge of inclusive banking with business goals'.



Bangalore: On 11th December, 2013 at ITC Windsor.

The Chief Guest for the event was **Mr. R. K. Dubey, CMD, Canara Bank**, who made a presentation on, 'Basel II & Basel III: How are banks geared up for this challenge'.



ANNUAL GENERAL MEETING

27th September 2013



From Left: **Ms. Bharti Prasad**, Board Member, **Mr. Venkatraman Srinivasan**, Board Member, **Mr. Bundellu**, then Chairman, **Late Dr. N. K. Sengupta**, Board Member, **Mr. D. R. Dogra**, MD & CEO, **Mr. Rajesh Mokashi**, DMD



Mr. O. V. Bundellu, then Chairman, making his speech at the AGM



Mr. D. R. Dogra, MD & CEO, answering the Shareholders



Mr. Navin Jain, Chief General Manager & Company Secretary, reading Auditor's Report



Mr. D. R. Dogra, MD & CEO, interacting with the Shareholders

EXTRA ORDINARY GENERAL MEETING

11th March 2014



From left: **Ms. Bharti Prasad**, Board Member, **Mr. Venkatraman Srinivasan**, Board Member, **Mr. A. K. Bansal**, Chairman, **Mr. D. R. Dogra**, MD & CEO and **Mr. Rajesh Mokashi**, DMD seated on the dais



From left: **Mr. A. K. Bansal**, Chairman, **Mr. D. R. Dogra**, MD & CEO and **Mr. Rajesh Mokashi**, DMD during the EGM as **Mr. D. R. Dogra** interacts with the audience



From left: **Mr. A. K. Bansal**, Chairman, addressing the shareholders. Seated alongside **Mr. D. R. Dogra**, MD & CEO



A shareholder posing his question to the Board of Directors



Mr. D. R. Dogra, MD & CEO and **Mr. Rajesh Mokashi**, DMD, interact with the audience

EVENTS



From Left: **Mr. D. R. Dogra**, MD & CEO CARE Ratings, **Mr. Rajesh Mokashi**, DMD CARE Ratings at the ARC Ratings launch in London on 16th January 2014



1st from right, **Mr. D. R. Dogra**, MD & CEO, releasing CARE Ratings study on 'Financial Markets- Reviving India Story' at the Financial Markets' Summit organized by ASSOCHAM in New Delhi on 29th November 2013



2nd from left, **Mr. D. R. Dogra**, MD & CEO, with the dignitaries at the MSME Banking Excellence Awards-2013 held at Taj Lands' End in Mumbai on 9th January 2014



1st from right, **Mr. D. R. Dogra**, MD & CEO, with **Shri Prithviraj Chauhan - CM of Maharashtra**, 3rd from right, and other dignitaries at the 'Progressive Maharashtra: 2014' Summit at Trident Hotel, Mumbai on 13th February 2014



Mr. Rajesh Mokashi, DMD, addressing the gathering on 'Rethinking, Reshaping: Agenda for Good Growth and Governance in Maharashtra' at the Progressive Maharashtra: 2014' Summit held at Hotel Trident, Mumbai on 13th February 2014



3rd from left, **Mr. D. R. Dogra**, MD & CEO, Panel Discussion @ Business Standard - Smart Business on 26th February 2014

EVENTS



Mr. Rajesh Mokashi, DMD, making a presentation at the Marathi Entrepreneurs Summit on 19th April 2013, Mumbai



Mr. D. R. Dogra, MD & CEO, Address at Automotive Dealership Excellence Awards (ADEA) in Delhi on 3rd February 2014



2nd from left, Mr. D. R. Dogra, MD & CEO, at ADEA Awards, Presenting the award for the most aspiring dealer of the year, in Delhi on 3rd February 2014



Mr. Mehul Pandya – CGM, CARE Ratings, (extreme right), Mr. K. S. Chandramouli, General Manager, Canara Bank, (2nd from left), Signing the MoU on Rating Services in MSME segment on 14th August 2013



2nd from right, Mr. Amod Khanorkar, GM & Head Ratings, with the dignitaries at the 'Progressive Maharashtra:2014' Summit organized by FICCI at Hotel Trident in Mumbai on 13th February 2014



1st from right, Mr. Dinesh Sharma - AGM & Regional Head Bangalore expressing his views during the round table discussion on 'Accelerated Industrial Growth in Karnataka' organized by FICCI on 15th January 2014

PUBLICATIONS



In the Media



Mr. D. R. Dogra, MD & CEO, on CNBC TV18



Mr. D. R. Dogra, MD & CEO, on ET NOW



Mr. Rajesh Mokashi, DMD, on Bloomberg TV



Mr. D. R. Dogra, MD & CEO, on NDTV PROFIT



Mr. Rajesh Mokashi, DMD, on CNBC TV18



Ms. Revati Kasture, CGM, on CNBC TV18



Mr. Mehul Pandya, CGM, on ZEE Business

IN THE MEDIA

Business Line
High space in the world of ratings: CARE

Currency depreciation: RBI's response: Signposts for other central banks?
-D.R. Dogra, MD & CEO, CARE Ratings

Cracking the SME Riddle
Driving Profitable Growth in SMEs

TRENDS IN CREDIT RATING AND THE ROAD AHEAD
By D. R. Dogra, MD & CEO, CARE Ratings

THE ECONOMIC TIMES
The markets are doing well due to a positive sentiment. There is a feeling that a strong government will accelerate the pace of reforms. More clarity on US position on tapering and rates has caused funds to move more positively into our markets.

AN ALTERNATIVE SOURCE
PE investments in SMEs fell 25% last year

Slowing economy: RBI target on Basel III bonds seen threatened

THE HINDU
Q4 earnings estimates indicate recovery

Public Sector Banks Challenges Galore

bonds gaining ground in India?

Private equity

CARE Ratings
Professional Risk Opinions

D.R. Dogra, MD & CEO, CARE Ratings

Everyone is asking for a choice, and we feel that through our customers, D.R. DOGRA, CHIEF EXECUTIVE OFFICER, Mumbai, Dec. 9: D.R. Dogra, CPO, CARE, speaks to Business Line about global level.

Could you give us some information as to why others than four countries to launch a new CARE has tied up with four other domestic South Africa to start an international credit

The domestic currencies of various economies, especially of emerging market economies, have been subject to steep declines in the last 6 months. Amongst the worst has been the Indian Rupee, depreciated nearly 15% April-November 13 period. Lifetime low of Rs.68.8/US dollar in the currencies of market economies has been result of the shift in foreign preference towards US market dollar denominated assets as US Federal Reserve indicates improving US economic environment could see it scale down, earlier anticipated, its quantitative programme i.e. its \$ 85 bn bond buying programme that has been largely responsible for infusing liquidity into the global markets propelling asset prices. The purpose here is to examine what all the RBI has done to restore confidence in the rupee which can serve as a template for other central banks too.

Capital infusion by the government works in the short-term, but is evidently not the solution. We need to ideologically decide on public building in these banks and that they should be able to access the market on their own as soon as possible. This will also help them to become more customer centric, says Rajesh Prabakar, Deputy Managing Director, CARE RATINGS, Mumbai.

Q4 earnings estimates indicate recovery
Fourth quarter earnings estimates of top listed companies for this quarter the persistence of headwinds in the economy. Whether this recovery would result in a turnaround would depend on the outcome of general elections.

Public Sector Banks Challenges Galore
Capital infusion by the government works in the short-term, but is evidently not the solution. We need to ideologically decide on public building in these banks and that they should be able to access the market on their own as soon as possible. This will also help them to become more customer centric, says Rajesh Prabakar, Deputy Managing Director, CARE RATINGS, Mumbai.

IN THE MEDIA



OBITUARY



Dr. Nitish Kumar Sengupta (IAS retd)
(23rd September, 1934 - 3rd November, 2013)

We do report with sorrow the demise of Dr. N.K. Sengupta, member of our Board of Directors. Dr. N.K. Sengupta, served as an Independent & Non-Executive Director at CARE Ratings since inception. With over 50 years of experience in the field of planning, administration and management, Dr. Sengupta had made valuable contributions to India's financial and capital markets. He had also contributed to various spheres of public policy during his time as a key appointee with the Government of India and State Government of West Bengal.

We, at CARE Ratings, will always value our over two decades of relationship with Dr. Sengupta, for his guidance in our regular business routine and strategic decisions alike. He will always be remembered for his exemplary knowledge and insightful views, which he shared and conveyed in the most unassuming manner. We, at CARE Ratings, found in Dr. Sengupta, a guide, mentor and friend, who we will always miss.

MANAGEMENT QUOTES



“ CARE Advisory offers its clients pragmatic solutions – solutions that are legally tenable, technically feasible, commercially attractive and financially viable. Focus areas include credit assessment, risk management strategies, business and financial restructuring and mobilization of resources. ”

- P.N. Sathees Kumar,
CEO, CARE Advisory,
CARE Kalypto Risk Technologies & Advisory Services Limited

“ In a dynamic environment, it is important for rating agencies to have sound controls and processes and be able to enjoy independence while carrying out rating assignments. It is our constant endeavor to put in place sound mechanisms in our rating processes to ensure that we do, at all times, enjoy complete independence with highest professional and ethical standards and requisite analytical rigor. ”

T.N. Arun Kumar,
Chief General Manager, Ratings



“ CARE’s visibility has been enhanced after our IPO and our stock is part of major stock market indices. CARE continues to deliver shareholder value thus reinforcing the faith of investors. The interest of investors remains high given our financial profile and performance. ”

Navin Jain,
Chief General Manager, Secretarial, Corporate Services

“ In today’s dynamic world, credit ratings are gaining lot of importance in a way, giving overall view on the health of the company, industry as well as economy in advance. The signaling can be used by policy makers for tuning up their actions. Companies can also organize and plan based on the risk perception as projected by rating agency, which provides unbiased third party view. ”

- Milind Gadkari,
Chief General Manager, Ratings



“ Research is an important tool for informed decision making and our effort is to provide relevant and insightful research which can be relied on to take business decisions by clients. Our grading services are addressed towards fulfilling the information asymmetry in equity markets and real estate projects and provide a reliable source of value added information. ”

Revati Kasture,
Chief General Manager

“There is no second opinion on the profound need for the primacy of development of SMEs in India. It is the need of the hour and credit rating shall be an integral part of all such steps – be it with the objective of facilitating easier access to credit or for augmenting the comfort level for the counterparties. The SME Vertical of CARE is taking all measures for this with adequate product offerings backed by efforts to disseminate quality information through knowledge based initiatives such as CARE SME Digest.”



-Mehul Pandya,
Chief General Manager



“Undoubtedly credit ratings have established their credibility and utility as a barometer in financial and business decisions. It is therefore, imperative that CARE follows the highest standards in adapting disclosures and managing conflict of interest. CARE promotes complete independence to analysts in execution of assignments and has a well-structured business development set-up for managing client relationships and commercial negotiations.”

- Swati Agarwal,
Chief General Manager and Regional Head North

“CARE Ratings enjoys market leadership in the large company segment. We rate 46% of ET-500 companies. The second largest rating agency rates 32%. This shows the trust and confidence CARE Ratings enjoys within the Issuer and Investor community. We are committed to further our relationships with existing and new clients and grow with them. Our interest in ARC Ratings also shows our commitment towards this objective.”



-Sanjay Kumar Agarwal,
Co-head, Business Development



“At CARE Ratings we constantly endeavour consistent application of criteria and methodology. Correct analytical approach holds key at arriving proper rating decision. At heart of each rating decision is a continuing desire to protect investor’s interest. That we make available to the investor a robust tool for arriving at correct risk return trade-off.”

Amod Khanorkar,
General Manager

“Information technology in CARE Ratings should be termed as IT 4.0 with delivery of state of art built business application, unified seamless communication platform , business intelligence , IT enabled marketing and sales and Big data to revolutionize business growth. We believe in providing 360^o view and projection to business and operations.”



-Umesh Ikhe,
Chief Technology Officer

HIGHLIGHTS

Business

- Completed 20 years of operations in 2013
- Established itself as the second largest credit rating agency based on rating income
- Rated a large volume of debt of around Rs. 56.99 lakh crore (as on March 31, 2014) and completed 31,381 rating assignments since inception upto March 2014
- Client base increased from 5,263 in FY13 to 7,754 in FY14
- Total number of assignments rated in FY14 were 7,865, with number of bank facilities rated being 6,117 and number of debentures 289
- Highest PAT margins in the industry at 49% in FY14
- Strong cash position of Rs. 494 crore as of March 31st 2014
- Dividend Payout Ratio increased from 6% in FY10 to 74% in FY14
- In terms of business penetration, CARE has the highest share in BS top 1000 companies and ET top 500 companies based on published ratings
 - o Rated 364 of the 846 rated companies the BS top 1000 companies (43% share)
 - o Rated 231 of the 438 rated companies in ET top 500 companies (53% share)
- Graded the largest number of IPOs since the introduction of IPO grading in India
- Has ratings for maximum number of states (implicit state ratings for rating of state enterprises)
- SME division launched the CARE Due Diligence Services (CDDS) for the existing and prospective clientele of banks
- Is now listed on BSE and NSE. IPO in 2012 subscribed 34.05 times

Firsts

- The only rating agency in the country to have obtained an ISO certification 9001:2008 in 2011, with a renewal of the certification in FY13 and FY14
- Rated India's First Securitization Transaction backed by Mortgage Guarantee
- Also assigned rating to India's first Alternate Investment Fund (AIF)

Global operations

- Started its rating services operations in Maldives in 2011
- Launched ARC Ratings in January 2014 in London
- Had signed a MoU for exploring possibilities of providing risk management solutions & training in Nigeria in association with Riskmap Consulting Limited
- Has had a number of MoUs for technical assistance across countries such as Ecuador (still in force), Mexico and Nepal
- In process to set up a subsidiary company in Mauritius in FY15, subject to regulatory approvals
- Recognized by the Hong Kong Monetary Authority as an external credit assessment institution for the purpose of the regulatory capital framework in Hong Kong
- Recognized by Bank of Mauritius for using our ratings for risk weighting of bank claims on corporates for capital adequacy purposes

CARE CALENDAR: A GLIMPSE OF EVENTS / PARTICIPATION BY SENIOR MANAGEMENT

April 2013

- As a part of our 20 years celebrations, a presentation was made by the Chief Guest, Mr Pradip Shah, Chairman, IndAsia Fund Advisors on 'Development Paths of India and China' at the event held in Mumbai
- Mr. Rajesh Mokashi, Deputy Managing Director represented CARE at the Marathi Entrepreneurs Summit organized by Maharashtra Industrial and Economic Development Association in Mumbai
- Mr Mehul Pandya, Chief General Manager, was Speaker at the SME Conclave organized at Delhi in April, 2013 and spoke on "Funding Alternatives for SMEs"
- A webinar was held on 'Steel Industry: A Path Less Certain'

May 2013

- Mr. D. R. Dogra, Managing Director & CEO, was a panelist for the interactive Session on 'Emerging Capital markets Scenario Investors' Confidence' seminar held by the Calcutta Chamber of Commerce, Kolkata
- Mr. Milind Gadkari, Chief General Manager, made a presentation at the Securitization Summit conducted by Vinod Kothari Consultants
- A webinar presentation was held on the Telecom Wireless sector in India titled, 'Sailing through Troubled Waters'

June 2013

- Mr. D.R Dogra, Managing Director & CEO, made a presentation at ASSOCHAM National Conference on Credit Rating Assessment & Impact
- Mr. Rajesh Mokashi, Deputy Managing Director, provided training to Indian Economic Service probationers regarding 'Credit rating agencies: Rating process and economic interpretation' organized by Indian Institute of Capital Markets
- A webinar presentation was held on the Power Generation Sector titled, 'Can Reforms Revive Growth?'

July 2013

- CARE opened a new branch at Chandigarh
- A webinar presentation was held on the Cement Industry in India titled, 'Is the cement sector on a recovery path?'

August 2013

- Mr. Mehul Pandya, Chief General Manager, signed a MoU with Canara Bank represented by Mr. K. S. Chandramouli, General Manager, MSME for NSIC – Performance Credit Scheme
- Mr. Mehul Pandya, Chief General Manager, was Speaker at event organized by NSIC at Ahmedabad
- A webinar was held on the Automobile Sector in India titled, 'Automobile Industry - In Reverse Gear?'

September 2013

- CARE held its first Annual General Meeting after its listing in Mumbai
- As a part of our 20 years celebrations, we held two events:
 - The Chief Guest, Mr. M. Bhagavantha Rao, Managing Director – State Bank of Hyderabad, made a special address on 'Challenges in quality of assets and debt restructuring in uncertain times' at the event in Hyderabad
 - The Chief Guests, Mr. Sunil Jain, Managing Editor, Financial Express and Mr. Anil Padmanabhan, Deputy Managing Editor, Mint were panelists for the discussion on 'Getting the economy back on track' at the event held in New Delhi
- CARE Ratings, as content partner, developed the entire content for a certification programme for credit risk professionals launched by Association of International Wealth Management titled 'Certified Credit Research Analyst.' This was launched by Mr. Rajesh Mokashi, Deputy Managing Director

- Launched CARE Ratings App for Android operating system. The app is free to download and is designed for multiple platforms. The App runs on smartphones, tablet computers and other mobile devices
- Ms. Priti Agarwal, Joint General Manager and Regional Head–East, made a presentation at ICC/NFCG Seminar, Kolkata, presenting on “Role of Rating Agencies in Corporate Governance & Shareholders’ Right”
- CARE took a session during the programme organized by Entrepreneurship Development Institute of India, Ahmedabad for the international participants. The theme of the programme was “SME Banking and Financial Services”
- A webinar was held on the Sugar Industry in India titled, ‘Can sugar sector regain its sweetness?’

October 2013

- Mr. D. R. Dogra, Managing Director & CEO, was awarded the prestigious IPE (Institute of Public Enterprises, Hyderabad) Corporate Excellence Award for his contribution to the field of corporate governance
- Mr Mehul Pandya, Chief General Manager, was a panelist at Financial Services Roundtable, organized by Pandit Deen Dayal Petroleum University, Gandhinagar, on the topic “Macroeconomic Scenario Framework for Financial Services”
- A webinar presentation was held on ‘Indian Retail Sector: Increasing consumerism to benefit organized retail’

November 2013

- As a part of our 20 years celebrations, a presentation was made by the Chief Guest, Ms. S. A. Panse, CMD, Allahabad Bank on ‘Emerging scenarios in banking in the next decade - Issues and Challenges’ at the event in Kolkata
- CARE was the host coordinator for the Association of Credit Rating Agencies in Asia (ACRAA) training workshop on ‘Credit Rating Assessment and Funding Alternatives for MSMEs’ held at Alibag. The event was well attended by rating analysts of various rating agencies from across Asia. The event was also graced by Mr. Santiago Dumlaio, Jr- Secretary General of ACRAA (headquartered in Manila) and Mr. Muzaffar Ahmed, President & CEO, Credit Rating Information and Services Ltd., Bangladesh. Mr. D.R. Dogra, MD & CEO, delivered the inaugural address in this workshop
- Mr. D. R. Dogra, Managing Director& CEO was a panelist at the ‘Financial Markets’ Summit organized by ASSOCHAM where he made a presentation on ‘Financial Markets- Reviving India Story’ and also released a knowledge paper prepared by CARE Ratings on the same topic
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE at The Annual Lenders Meet 2013 organized by India Infoline Finance Ltd where he made a presentation on the ‘NBFC Sector’. Mr. Vijay Agrawal, Joint General Manager, was also a speaker at this Meet where he made a presentation on ‘Credit perspective on IIFL Group’
- A webinar presentation was held on ‘Power Transmission and Distribution: Catch up game begins’

December 2013

- As part of our 20 years celebrations, a presentation was made by the Chief Guest, Mr. M. Narendra, CMD, Indian Overseas Bank on ‘Reconciling the challenge of inclusive banking with business goals’ at the event in Chennai
- As part of our 20 years celebration, a presentation was made by the Chief Guest, Mr. R. K. Dubey, CMD, Canara Bank on ‘Basel II & III: How are Banks geared up for this challenge’ at the event in Bangalore
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE at ACCRA’s Seminar in Manila on ‘Best Practice Dialogue Programme’ where he made a presentation on ‘The Changing Landscape for DCRA’s and the Implications’
- Mr. D. R. Dogra, Managing Director & CEO, was a panelist at a Panel Discussion on ‘Debt for Financing Growth’ at the AIBI Summit in Mumbai
- Mr. Pradeep Kumar, DGM and Regional Head Chennai, made a presentation on the NBFC rating methodologies to the core committee members of Finance Companies Association on NBFC ratings and SME rating
- A webinar presentation was held on ‘Housing Finance Industry: Demographic drivers lead to strong growth’

January 2014

- Mr. D. R. Dogra, Managing Director & CEO, and Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE at the launch of ARC Ratings, S.A in London

- Mr. D. R. Dogra, Managing Director and CEO, represented CARE at the MSME Banking Excellence Awards- 2013
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE at an induction programme for the second batch of new recruit officers of SEBI regarding 'Credit Rating Institutions & Rating Process' organized by National Institute of Securities Market
- A webinar presentation was held on the Construction industry

February 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE at the 'Progressive Maharashtra 2014' Summit organized by FICCI where he shared his views on 'Rethinking, Reshaping: Agenda for good growth and governance in Maharashtra' and also released the knowledge paper prepared by CARE Ratings on the same topic. Mr. Rajesh Mokashi, Deputy Managing Director, and Mr. Amod Khanorkar, General Manager and Head Ratings, were also panelists at this Summit
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE at a panel discussion on 'Global Economic Outlook & India's Position' at Business Standard – Smart event held in association with All India Association of Industries and World Trade Centre in Mumbai
- Mr. D. R. Dogra, Managing Director & CEO, was a speaker at the ADEA Awards. Ms Swati Agarwal, Chief General Manager and Regional Head, North, was part of the jury for these awards
- Ms. Priti Agarwal, Joint General Manager and Regional Head – East CARE, was a speaker at a Panel discussion on 'Integration of Growth, Risk Management and Corporate Governance in Challenging Times'
- Mr. Amod Khanorkar, General Manager & Head Ratings, was a speaker at 'Coaltrans 2014' which was a Euromoney conference
- A webinar presentation was held on the Coal industry

March 2014

- An Extraordinary General Body Meeting (EGM) for CARE Ratings was held at IMC in Mumbai for seeking member's approval for increasing FII holding in the Company
- Mr. Avinash Chandra, AVP, Marketing, represented CARE at the signing of MoU with ICICI Bank to assist SMEs to get loans
- An webinar presentation was held on the Iron Ore industry

Other Events/Participation

- CARE participated in 19 seminars/events over the year where our colleagues shared their views
- CARE organized 24 events across different branches during the year
- CARE analysts participated in 26 events for SMEs during the year
- CARE also organized 17 Knowledge Sharing Forums with its clients

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty First Annual Report of your company along with the audited accounts for the year ended March 31, 2014.

Economic Backdrop

The Indian economy went through challenging times since FY12 with a cyclical downturn in growth, pressure on fiscal balances, elevated current account deficit and prolonged high inflation. The government put in place a series of appropriate measures in order to address these challenges. However, the recovery in growth continued to remain weak at sub 5% level. In FY14, GDP growth as per the provisional estimates showed a growth of 4.7%, marginally higher than the 4.5% of FY13.

The agricultural sector performed well during FY14 on the back of good monsoons, recording growth of 4.7% in FY14 against 1.4% in FY13. However, industrial growth weakened further in FY14 contracting by -0.08% as against growth of 1.1% in FY13 and 2.9% in FY12. The continued weak industrial performance has been the outcome of the slowdown in investments and slump in overall consumer demand. This has, in turn, had an impact on demand for credit and long term funds. With elevated inflationary pressures fuelled by food inflation, RBI hiked its key interest rates thrice during the year maintaining an anti-inflationary policy stance. With the RBI pursuing a tight interest rate regime since FY12 and with domestic economic conditions coming under pressure coupled with a less favorable investment environment, entrepreneurs were seen to keep capital projects on hold. Consequently, the gross fixed capital formation rate declined from 30.4% of GDP in FY13 to 28.3% in FY14.

Global economic activity remained in low gear in the first half of 2013. It then picked up in the second half of the year. As per the IMF estimates, World GDP in 2013 grew at 3.0%, 0.2% lower than that in 2012. Although, growth has been subdued in 2013, the dynamics of the global economy changed and the advanced economies accounted for much of the pickup, whereas growth in emerging markets increased only modestly. Growth in U.S was recorded at 1.9%, against 2.8% in 2012. The Euro area economic growth still continued to be weak at -0.5% in 2013. Among the emerging economies, growth in China remained stable at 7.7% while it slipped in Russia to 1.3% from 3.4% earlier. In terms of monetary policy across various countries such as Brazil, India, and Indonesia which were affected by high inflationary pressures and currency depreciation, interest rates were raised in the past year.

With prevailing tighter monetary conditions in the Indian economy, growth in deposits stood at 14.6% which was marginally higher than 14.2% growth recorded in FY13. Growth in deposits was largely supported by inflows of over \$30 bn through the FCNR deposit scheme where a foreign currency swap facility was offered by RBI to banks. Likewise, bank credit growth also increased marginally to 14.3% compared with 14.1% in FY13 and was concentrated relatively more in the retail loan space. Investments witnessed a downward trend and grew at a slower pace of 10.7% when compared with the 15.4% growth in FY13.

Also, the yields in the secondary markets witnessed significant fluctuation during the year. The 10-Year GSec yields fell marginally in the first three months of the financial year from 7.82% in April'13 to 7.47% in Jun'13. However, since July'13 the yields gradually picked up from 7.99% to touch 8.96% in November'13. These fluctuations in the yields have been witnessed on account of various RBI initiatives taken on the policy front. The yields did remain range bound between 8.8-9% for the remainder of the year.

During the year monetary policy stance was mainly influenced by the rising concern over the depreciating rupee and elevated food inflation which constrained the RBI from cutting down its key interest rates. Repo rate was hiked three times in the second half of FY14 in tranches of 25bps each from 7.25% in May'13 to 8% in Jan'14. The RBI has also indicated that it would be targeting the CPI inflation rate and monetary policy would be tuned to the same. It has targeted CPI inflation of 8% by January 2015.

The corporate debt market was also subdued during the year. Total debt raised through public issues and private placements was lower at Rs 318,437 crore in FY14 as against Rs 381,444 cr in FY13. Lower growth and investment in the economy – especially in the infrastructure space was responsible for this slowdown in demand for long term funds.

Corporate performance remained subdued during FY14. A study on the performance of 880 companies showed that net sales increased by 12% in FY14 as against 15.3% in the previous year, while net profit increased by 8.2% in FY14 compared with growth of 13.1% in FY13. Accordingly, the net profit margin moderated from 9.8% to 9.5% during the fiscal. The deterioration in the overall performance has been the outcome of muted investment and lower market demand. Growth has been lower this year due to low demand conditions as well as higher raw material costs which have put pressure on profits. Also high interest rates have impacted cost of operations.

On the fiscal front, the government has managed to achieve its fiscal deficit target by primarily cutting down its capital expenditure significantly. In FY14, fiscal deficit has been contained at 4.6%, below the target of 4.8% for the year. On the other hand, taking into account the elevated borrowing costs on the back of high interest rates, government maintained its borrowing programme at Rs.5.63 lakh crore during FY14. The Budget announced by the new government in July 2014 has targeted gross market borrowings of Rs 6 lakh crore for FY15 which is almost the same as was announced in the Interim Budget. For the year FY15, fiscal deficit is budgeted to decline to 4.1%.

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

Financial Performance

The financial results for the year ended March 31, 2014 are presented below: **(Rs. Lakh)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Income from Operations	229,46	198,77
Other Income	35,66	28,63
Total Income	265,12	227,39
Total Expenditure	85,72 #	67,51
Profit Before Tax (PBT)	179,40	159,88
Provision for Tax	50,73	46,55
Profit After Tax (PAT)	128,67	113,33
Appropriations		
Interim Dividend	51,94	34,26
Tax on Interim Dividend	8,83	5,56
Final Dividend	29,00	22,84
Tax on final dividend	4,93	3,88
Transferred to General Reserve	15,00	15,00
Balance carried forward	18,97	31,79

#includes Rs. 143 lakh towards Amortization of Deferred Employees Compensation for Options granted under the Employee Stock Option Scheme of your company on January 1, 2014.

Total income increased by 16.6% with income from operations increasing by 15.4%. This may be attributed to an increase in both rating assignments from new companies as well as from existing clients. Total expenditure increased by 26.9%, with an increase in wage bill largely on account of an increase in staff count from 565 on March 31, 2013 to 594 on March 31, 2014. Profit before tax increased by 12.2% in FY14, and with provision for tax rising by 8.9%, profit after tax increased by 13.5%.

Dividend

During the year ended March 31, 2014, your company has distributed an amount of Rs. 18 per share as interim dividend. The Board of Directors has recommended a final dividend of Rs. 10 per share. If approved, the total dividend for the year would be Rs. 28 per share and the payout ratio would be 74%.

Increase in issued, subscribed and paid-up Equity Share Capital

During the year your company, allotted 446,310 equity shares of Rs. 10 each to Ascent India Fund III, at a price of Rs. 560.15 per share (including Rs. 550.15 towards share premium) aggregating to an issue price of Rs. 250,000,547 to comply with the

minimum capitalization norms applicable to non-fund based non-banking finance companies in connection with the IPO of the Company undertaken in December 2012. Consequently the issued, subscribed and paid-up capital of the Company increased from 28,552,812 equity shares of Rs. 10 each to 28,999,120 equity shares of Rs. 10 each.

Business Operations

While overall economic conditions have been and continue to be challenging, your company was successful in both the widening of customer base and deepening of relationship with existing clients. Your company has now completed over 30,000 rating assignments since inception to reach 31,381 as of March 2014. The cumulative amount of debt rated has increased to Rs.56.99 lakh crore as of March 2014 from Rs. 48.51 lakh crore as of March 2013. As of March 2014, your company had business relationships with 7,754 clients (5,263 in March 2013). The relentless thrust on expanding the client base will set the foundation for further leveraging in future.

Instruments	Number of assignments completed		Volume of debt rated (Rs crore)	
	FY14	FY13	FY14	FY13
Short term	44	61	30,713	32,906
Medium & Long term	297	298	298,752	264,436
Bank facility rating	6,117	6,074	556,609	481,798
Others	1,407	1,006	-	-
Total	7,865	7,439	886,074	779,140

As per the statistics given above the total number of rating assignments completed grew by about 5.7% in FY14 aggregating to 7,865 from 7,439 in FY13. Also, the total volume of debt rated has witnessed an increase on account of bank facility ratings segment by 15.5% while that of long term debt increased by 13.7%. Volume of short-term debt was lower by 6.8%.

In terms of rating assignments completed, there was a decline in the number of short term ratings and long term ratings while bank facility ratings increased by 0.7%. The miscellaneous category (including grading) witnessed robust increase of more than 39.8%, which was mainly due to higher NSIC-MSME ratings.

Business during the year

The credit ratings business is volumes driven; and comes from expanding the client base and deepening the value of the relationship. The business team has focused on both these aspects and focused specifically on widening our coverage of clients given that both the debt and credit markets were stagnant. Your company has made significant strides in terms of enhancing the client base despite a challenging year. CARE has the highest coverage in the Economic Times (ET) Top 500 companies with a share of 53% within a sub-sample of 438 rated companies as per the published accepted ratings on the web sites of rating agencies. Your company also accounts for the highest coverage in Business Standard (BS) Top 1000 companies with a share of 43% as percent of the universe of 846 rated companies (as per published accepted ratings of various rating agencies).

Your company has also widened its reach by having its business development team in 53 locations. For furthering business with area-wise focus, your company has opened an office in Chandigarh. The company is also in the process of setting up an office in Coimbatore.

Products

Your company rated India's First Securitization Transaction backed by Mortgage Guarantee. This transaction is a landmark development that will enhance the growth prospects for the securitization market for housing loan receivables in India by helping to effectively manage credit risk associated with housing loans. During the course of the year, your company launched the ratings of infrastructure debt funds.

CARE also assigned a rating to India's first Alternate Investment Fund (AIF). AIFs have the potential to show the way for the MFIs and other entities which are looking out for funding alternatives.

SMEs

Your company does realize that SME business is a very critical part of the overall business strategy. The company has worked on various frontiers to make the SME business model more robust. To begin with the SME division launched the CARE Due Diligence Services (CDDS) for the existing / prospective clientele of banks. Your company also took some definite steps through MOUs signed with some leading banks and more such tie-ups are in the offing. Continuous productivity improvement measures were put in place for the operations in this segment. This will be crucial as these services are scaled up.

A consortium led by CARE bagged the prestigious assignment for development of a Green Rating Model for MSMEs. The project is a part of the initiative from Global Environment Facility (GEF) through SIDBI.

Towards providing a tool for value assessment of rating information by users, CARE has published Default Study and Customer Satisfaction Survey for MSEs. Also, CARE has come out with publications on the SME sector to provide regular updates in the sector. To keep our clients informed about developments taking place in the SME sector, your company publishes a daily SME newsletter which is widely disseminated. It covers the day's major developments in the SME segment in India as well as globally. This report is sent to more than 15,000 users across India. The SME division also came out with special studies such as Study of SME policies of Major Asian Economies, Malaysian SME Master Plan and learning for India etc.

Your company hosted a workshop for risk assessment of SMEs on behalf of ACRAA at Alibaug, Maharashtra in November, 2013. The workshop was attended by participants from credit rating agencies across Asia.

Views of sector specialists

An initiative taken in the area of sectoral research and analysis was the publication of views from the designated sector specialists within the ratings team. These reports have also been circulated widely to the clients and media with some being printed and circulated.

CARE Industry Risk Metrics

CARE Ratings offers a product for quantifying industry risk known as CARE Industry Risk Metrics. Your company covers 150 industries under this product which is used by various banks as an input in their credit risk assessment process. Your company has also begun its Valuation Services and offers valuation of equity, debt instruments and market linked debentures (also with embedded complex options).

Economics

Economics Division provides near real time global and domestic economic updates through reports that are released almost immediately after economic announcements are made. The coverage of economic reports encompasses regular updates on global and domestic indicators and/or events, topical notes on new interesting economic developments, debt market related updates monthly (Debt Market Review) as well as on daily basis (DDMU- Daily Debt Market Update), studies on macro – phenomena and surveys on contemporary trends. These reports are circulated widely to clients, banks, mutual funds, government officials and the media. The purpose is to showcase the brand CARE Ratings as well as disseminate your company's viewpoint on issues relating to both the global and domestic economy.

As a part of building our visibility, the company continues to print and circulate major reports to several opinion makers which have been appreciated. This is over and above a wide circulation through e-mails to clients, banks, mutual funds investors, media, government officials, etc. These reports are also uploaded on company's website. CARE Ratings economic division is now included in the polls on economic variables carried out by RBI, Reuters, Bloomberg, Dow Jones and Ticker News.

Brand CARE Ratings and Media Coverage

A 'brand' is a perception of your business. Hence, CARE has been continuously focusing on strengthening its brand through its presence in media as well as organizing various events.

Your company conducted a series of 20 years celebrations events across the country in FY14 with top dignitaries being our chief guests who spoke on various subjects and interacted with our guests – Mr. Pradip Shah (Chairman, Ind Asia Fund Advisors in Mumbai), Mr. R.K Dubey (CMD, Canara Bank in Bangalore), Mr. M. Narendra (CMD, Indian Overseas Bank in Chennai), Mr. Bhagvantha Rao (MD, State Bank Of Hyderabad in Hyderabad), Ms. S.A Panse (CMD, Allahabad Bank in Kolkata), Mr. Sunil Jain (Managing Editor, Financial Express in Delhi) and Mr. Anil Padmanabhan (Deputy Managing Editor, Mint in Delhi).

Your company has also been associated with various prestigious awards ceremonies and our MD & CEO, Mr. D. R. Dogra presented the awards for 'CV dealer of the year' & 'Most aspiring CV dealer of the year at The Automotive Dealership Excellence Awards (ADEA) as well as at the MSME Banking Excellence Awards- 2013'.

Your company has been knowledge partner for several seminars and conferences. The company has prepared the Knowledge paper for FICCI's conference, 'Progressive Maharashtra' on 'Rethinking, Reshaping: Agenda for good growth and governance in Maharashtra'. CARE Ratings also published a background report titled 'Financial Markets – Reviving India Story' for the ASSOCHAM Summit on Financial Markets.

Top Management representation

The top management has represented CARE at various events at the national and international level during the year. Some of the significant events where they participated are:-

Mr. D. R. Dogra, Managing Director & CEO, was awarded the prestigious IPE (Institute of Public Enterprises, Hyderabad) Corporate Excellence Award for his contribution to this field. He also represented CARE at various events- ARC Ratings S.A meet in Portugal, Investors' meet in Boston and BANCON 2013 in Mumbai. He was also jury member on Construction Global Awards 2013. He has been a panelist at various forums such as the interactive Session on 'Emerging Capital markets Scenario: Investors' Confidence' by Calcutta Chamber of Commerce, 'Global Economic Outlook & India's Position' At Business Standard – Smart event, etc.

Mr. Rajesh Mokashi, Deputy Managing Director, made presentations at training programmes organized by Indian Institute of Capital Markets/ National Institute of Securities Markets for the Central Economic Intelligence Bureau, Department of Revenue, Ministry of Finance, Indian Economic Service, SEBI etc. on credit rating. He has spoken in various seminars such as The Annual Lenders Meet 2013 organized by India Infoline Finance Ltd, 'Progressive Maharashtra 2014' etc.

Knowledge Sharing Forums

CARE employees have actively participated in Knowledge sharing forums where our senior staff provided views on the economy and various sectors to officials in banks, corporates, etc. During the year CARE presented its views in over 15 Knowledge sharing forums.

IT initiatives

Your company has revamped its corporate and research websites. The website contains a rich user interface (UI), better navigation, more dynamic content, better visualization and importance for new products, news highlights and banners. Your company also launched CARE Ratings iOS and Android App which has the capability to retrieve and display the public domain information available on www.careratings.com such as rated company brief rationale, search by industry/ company, and outstanding ratings.

Another initiative taken was Ci3 - DMS (Document Management System) integration. This is an integrated document management workflow with core rating application which is aimed for secure, faster and reliable document retrieval. During the year your company also upgraded the technology for its ci3 application. It has migrated to the latest Microsoft DotNet technology framework (4.5). The Ci3 Application can now support both 32 bit and 64 bit operating system. Ci3 application has gone through several enhancement cycles to incorporate business needs like existing client mapping with account manager, sales business segregation (new/existing), SME/LME segregation, integration of securitization, invoice booking to Oracle, rating and CKC database separation.

Your company also implemented an open source application for IT infrastructure monitoring, which generates auto alerts for critical paths like network interruption, server status etc. as well as an open source application for IT Asset management.

ISO Certification

Your company has received ISO 9001:2008 quality management certifications for our head office in Mumbai and six branch offices (Ahmedabad, Kolkata, Delhi, Hyderabad, Bangalore and Chennai) for the credit rating of debt instruments and facilities, for research services at our head office in Mumbai and for data processing at the CARE Knowledge Centre in Ahmedabad.

Internal Control Systems and their Adequacy

Your Company has established and maintained strong internal controls for financial reporting and has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. The roles and responsibilities have been clearly defined for people at various levels. Adherence to these processes is ensured by the internal auditors and periodically reported to the Audit Committee.

CARE Kalypto Risk Technologies and Advisory Services Pvt Limited

Your company exercised the call option, and has acquired 1,992,960 equity shares representing 24.87% of the paid up equity share capital of its subsidiary CARE Kalypto Risk Technologies and Advisory Services Private Limited, thus making it a wholly owned subsidiary.

Risk Solutions

During FY14, CARE Kalypto received a mandate to implement its Funds Transfer Pricing and Customer Profitability Solution at a reputed private bank in India. The Company also upgraded its Rating Engine at a leading bank in Sri Lanka. With the closure of many of its projects, the Company is now a major player in Sri Lanka with the largest number of live risk management solution implementations. The Company also successfully completed rolling-out its credit risk solution at a large bank in Vietnam, which was a first-of-its-kind, thereby enabling the bank to become a pioneer in the credit risk automation space in Vietnam. The Company also successfully completed rolling-out the 1st Phase of its Kalypto/IFRS solution at a bank in Sri Lanka. The Company further expanded its geographic reach with the sign-on of a bank in the Philippines for its market risk solution.

CARE Advisory

During FY14 CARE Kalypto started its advisory practice. The Advisory services SBU has organized its business under two practices: Corporate & Infra and Risk Advisory. The focus areas of Corporate & Infra practice are credit assessment studies, business and financial restructuring studies, TEV studies, investment banking, enterprise valuation etc. Services offered by Risk Advisory include designing of risk assessment models and related activities. Given the nature of the business and the competition around, the progress would depend largely on the state of the economy as well as our own ability to make inroads into this competitive space.

Global Forays

Your company is one of the five partners in a new global credit rating agency, ARC Ratings. The other shareholders are domestic credit rating agencies in Brazil, Malaysia, Portugal and South Africa. ARC Ratings was launched in London on 16th January 2014. This diversification in the global space will help build alternative business streams over the next few years and complement our domestic business besides helping to de-risk our income flows.

CARE is planning to set up a subsidiary company in Mauritius in the current year subject to regulatory approvals. The subsidiary shall offer the entire gamut of rating and information services in Mauritius. Some leading players in the financial sector in Mauritius are likely to join the venture as equity partner(s).

Human Resources

Human resource, a broad combination of education, knowledge, experience and skill is the most valuable asset for a company. Especially for a rating business, human capital is the backbone of the organization's business. Hence, your company aims to obtain the best from the talent pool of diverse professionals.

As of March 31, 2014, your company had 594 Employees spread across the country which marks an increase over the 565 staff strength as on March 31, 2013. Over 90% of the staff was professionally qualified in the areas of management, CAs, CS, legal, economics, engineering etc.

The company has in place a rigorous induction programme for all new joiners on a regular basis. All the new recruits have been through such induction programmes where senior and experienced colleagues give an overview of various aspects of the functioning of the processes in the organization.

Besides, employees have been nominated to attend various training programmes and seminars. We have sent our staff members for several seminars/conferences/training programmes during the year. In order to incentivize employees to enhance their knowledge and hone their skill sets, your company has also a policy in place to reimburse the fees for relevant professional courses such as CFA and FRM programmes undertaken and completed by the employees.

Rating Committee

Your company is committed to maintaining high standards of professional quality and integrity. In line with this, your company has an internal rating committee comprising senior executives of our company and an external rating committee, comprising a majority of independent members. The rating report is considered by our internal rating committee or our external rating committee, if not both. Ratings decided by our internal rating committee are reported to the external rating committee. Our rating committees are assisted in the evaluation by a team of professional analysts with relevant industry knowledge. Mr. Y. H. Malegam (Chairman), Mr. P. P. Pattanayak, Mr. V. Leeladhar, and Mr. V. K. Chopra are independent members on the Committee while Mr. D. R. Dogra is the only employee of CARE on the external rating committee.

Conflict of interest

There is a clear policy to segregate staff on the basis of business and ratings to ensure that there is no conflict of interest. Besides, there is a strict code of conduct rules for staff which, clearly ensures that the rating analyst does not have any interest in terms of equity or otherwise in the company being rated by him/her. This we believe is necessary for providing unbiased ratings which in turn enhances the credibility of the organization.

Board of Directors

The Board of Directors comprise Mr. A.K. Bansal, Ms. Bharti Prasad, Mr. S. Venkatraman, Mr. D.R. Dogra and Mr. Rajesh Mokashi.

The company is sorry to announce the demise of our Director, Dr. N.K. Sengupta who was associated with your company as an Independent Director since May 1993. During the year, Mr. O.V. Bundellu, Chairman and Independent Director of the company had resigned due to personal reasons.

Your company wishes to thank Dr. N. K. Sengupta and Mr. O. V. Bundellu for their contribution to the company and the continuous encouragement and support provided to the management. Your company also welcomes Mr A.K. Bansal, former Executive Director, Indian Overseas Bank, as our new Chairman and Independent Director and Dr. Ashima Goyal as a Non-Executive Independent Director on the Board.

Management Discussion and Analysis

The management discussion and analysis for FY14 is annexed to the Directors' report as Annexure – A.

Corporate Governance

The report of the Board of Directors of your Company on Corporate Governance for FY14 which forms part of the annual report is annexed to the Directors' report as Annexure – B.

The following are the Standing Committees of the Board (See Annexure – B titled Corporate Governance Report)

Audit Committee

The Committee met 4 times in FY14. The Committee comprises Mr. S. Venkatraman, Mr. A. K. Bansal, Ms. Bharti Prasad and Mr. Rajesh Mokashi. Dr. N.K. Sengupta who was one of the member of the Audit Committee expired on November 03, 2013.

The Board of Directors at its meeting held on July 31, 2014 inducted Mr. A. K. Bansal, Non-Executive Independent Director as a member in the Committee.

Investment Committee

The Investment Committee comprises the following Directors, namely: - Mr. S. Venkatraman, Mr. D.R. Dogra and Mr. Rajesh Mokashi. Mr. O.V. Bundellu, who was one of the member of the Investment Committee, resigned on December 03, 2013.

The Committee met 2 times during the year 2013-2014 and decided on various investment options for the company's funds to derive the maximum return while optimizing risk levels.

Stakeholders Relationship Committee (Shareholders / Investor grievance committee)

The Shareholders/Investor Grievance Committee comprise the following Directors, namely:- Mr. S. Venkatraman, Ms. Bharti Prasad and Mr. D.R. Dogra.

The Committee carries out such functions for the redressal of shareholders' and investors' complaints, including but not limited to, transfer of equity shares, non-receipt of balance sheet, non-receipt of dividends and any other grievance that a shareholder or investor of the Company may have against the Company.

The Board of Directors at its meeting held on May 20, 2014 designated the Shareholders /Investor Grievance Committee as **"Stakeholders Relationship Committee"** to comply with the provisions of section 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement. Further, the Committee was reconstituted to include the following Directors as its members, namely: Mr. A. K. Bansal, Ms. Bharti Prasad and Mr. D. R. Dogra.

Nomination and Remuneration Committee

a) Remuneration Committee

The Remuneration Committee comprises the following Directors, namely: - Mr. S. Venkatraman, Ms. Bharti Prasad and Mr. D. R. Dogra. Dr. N.K. Sengupta, who was the chairman of the Committee, expired on November 03, 2013.

The Committee met once during the year.

b) Corporate Governance and Nomination Committee

Your company has also adopted the Corporate Governance and Nomination Committee Charter and constituted Corporate Governance and Nomination Committee. This committee will be responsible for developing CARE's approach to Board governance issues and the company's response to the corporate governance guidelines; reviewing the composition and contribution of the Board and its members as also the Rating Committee and its members and recommending Board/Rating Committee nominees and maintaining an effective working relationship between the Board/Rating Committee members.

Mr. O.V.Bundellu, who was the Chairman of the Committee, resigned on December 03, 2013, Dr. N.K. Sengupta, who was one of the member of the Committee, expired on November 03, 2013.

In order to comply with the provisions of Section 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement, the Board of Directors at its meeting held on May 20, 2014, merged the Remuneration Committee and Corporate Governance and Nomination Committee and named it as **"Nomination and Remuneration Committee"**. The Nomination and Remuneration Committee comprise the following Directors, namely: - Mr. S. Venkatraman, Ms. Bharti Prasad and Mr. A. K. Bansal.

Corporate Social Responsibility Committee

To comply with the provisions of section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee was constituted with the following directors as its members, namely Ms. Bharti Prasad, Mr. D. R. Dogra and Mr. Rajesh Mokashi. Further the Board of Directors at its meeting held on May 20, 2014 reconstituted the committee to include the following directors as its members, namely Ms. Bharti Prasad, Mr. A. K. Bansal and Mr. Rajesh Mokashi.

ESOP Compensation Committee

The ESOP Compensation Committee comprises the following Directors as its members, namely Mr. A. K. Bansal, Mr. S. Venkatraman and Mr. D. R. Dogra. The Committee met twice during the year.

Directors Responsibility Statement

The MCA has vide its General Circular No. 08/2014 dated April 4, 2014, clarified that the financial statements (and documents required to be attached thereto), auditors report and Board Report in respect of financial years that commenced earlier than April 1, 2014 shall be governed by the relevant provisions/Schedules/Rules of the 1956 Act. In view of this, the following information has been provided as per the provisions of the 1956 Act.

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility statement, it is hereby confirmed.

- I. that in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- II. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- III. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- IV. that the Directors have prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

Auditors

As per the provisions of section 139 (2) of the Companies Act, 2013, no listed company or a company belonging to such class or classes of companies as may be prescribed, shall appoint or re-appoint—

- (a) an individual as auditor for more than one term of five consecutive years; and
- (b) an audit firm as auditor for more than two terms of five consecutive years.

M/s. Khimji Kunverji & Co., Chartered Accountant, the Statutory Auditors of CARE have already completed their term of 3 years as they were the auditors of CARE since FY 2012. Taking into consideration the provisions of section 139 (2) of the Companies Act, 2013, they may now be appointed for a further period of 2 years for FY15 & FY16 to complete their term of 5 years.

Employees Salary

As required in terms of section 217(2A) of the Companies Act, 1956, read with the rules framed there under a statement of employees drawing a salary of Rs. Sixty Lakhs if employed throughout the year is to be provided as Annexure to the Annual Report. However, in terms of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all Shareholders of your Company without this annexure. Any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of your Company.

Subsidiary Companies

During the financial year under review, your Company had one subsidiary, CARE Kalypto Risk Technologies and Advisory Services Private Limited.

Pursuant to the General Circular No. 2/2011 dated February 08, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Board of Directors of your Company have given their consent for not attaching the accounts of subsidiary of your Company along with the Annual report of your Company. In line with the above circular and as per the Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of your Company along with the Auditors Report have been annexed to this Annual Report.

The annual accounts of subsidiary and the related information will be made available to any member of the Company / its subsidiary seeking such information and are available for inspection by any member of the Company / its subsidiary at the registered office of the Company. The annual accounts of the said subsidiary will also be available for inspection, at the head office / registered office of the subsidiary company.

Disclosures as per section 217(1)(e) of the Companies Act, 1956

A. Conservation of Energy & Technology Absorption

The Company did not carry out any business activities warranting conservation of energy and technology absorption in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

B. Foreign Exchange Earnings and Outgo

During the year under review the Company has received a foreign exchange of Rs. 97,15,117/- and has spent a foreign exchange of Rs. 93,05,215/-.

Fixed Deposits

The Company has not accepted Fixed Deposits within the purview of section 58A of the Companies Act, 1956 during the year under review.

Employee Stock Option Scheme

The Company has an employee stock option scheme. The CARE Employee Stock Option Scheme - 2013 (ESOS 2013) was approved by the shareholders vide a special resolution at the Annual General Meeting of the Company held on September 27, 2013.

Summary Information on ESOS 2013 of the Company is provided as Annexure-I to this Report. The information is being provided in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

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, Comptroller and Auditor General of India and the Company's Bankers, IDBI Bank, State Bank of India and HDFC Bank.

On behalf of the Board of Directors

A. K. Bansal
Chairman

Place : Mumbai

Date : July 31, 2014

Annexure-I

Disclosure relating to Credit Analysis and Research Limited Employees Stock Option Plan -2013 (ESOS-2013)

Particulars	Details
Options Granted	500,000
The Pricing Formula	The Exercise Price is the average price of six months prior to grant date (i.e. July 1, 2013 to December 31, 2013), which comes to Rs. 617 per share
Options Vested	500,000
Options Exercised	Nil
The total number of shares arising as a result of exercise of options	Nil
Options forfeited / lapsed / cancelled	Nil
Variation in the terms of options	Nil
Money realised by exercise of options	Nil
Total number of Options in force	500,000
Employee wise details of options granted	
(i) Senior Management Personnel (KMP)	Refer Note 1 below
(ii) Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
(iii) 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
Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per share'	The diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with AS-20 is Rs. 44.68.
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company has used fair value of options and impact of this difference of profits and EPS of the Company	Not applicable since the company has used fair value method of options
Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Rs 228.59
Description of the method and significant assumptions used during the year to estimate the fair value of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in the market at the time of grant of the option	Method : Black-Scholes Options pricing formula Risk-free interest Rate: 8.74% Expected Life : 3 years Expected Volatility : 31.34% Expected Dividend Yield : 3.29% Market Price on the date of grant of option : Rs 728.40
Impact on profits of the last three years and on the EPS of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Purchase Scheme) Guidelines, 1999, as amended, in respect of options granted in the last three years.	Nil

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

Name	Designation	Number of options granted under ESOS 2013
D R Dogra	MD & CEO	29,903
Rajesh Mokashi	DMD	29,903
Navin K Jain	Company Secretary	22,783
Chandresh M Shah	Chief Financial Officer	3,000

CEO & CFO Certification

To
The Board of Directors
Credit Analysis & Research Ltd.
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Sion (East),
Mumbai – 400 022.

Dear Sir,

SUB: Certificate under Clause 49 V of the Listing Agreement

We, Mr. D R Dogra, Managing Director & CEO, and Mr. Chandresh Shah, Chief Financial Officer of Credit Analysis & Research Limited, certify that:-

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:-
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (ii) 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 company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that 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 that:
- (i) there were no significant changes in internal control over financial reporting during the year;
 - (ii) there were no significant changes in the accounting policies during the year; and
 - (iii) there were no 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 company's internal control system over financial reporting.

For Credit Analysis and Research Ltd.

Chandresh Shah

Chief Financial Officer

Place: Mumbai
Date: May 20, 2014

D. R. Dogra

Managing Director & CEO

ANNEXURE - A

MANAGEMENT DISCUSSION & ANALYSIS

Background

The hope for revival of the Indian economy failed to materialize in FY14. The economy continued to be challenged by the twin problems of low growth and high inflation. The domestic economy had witnessed a drastic drop in GDP growth from an average 8.2% during FY04-FY12 to sub 5% in FY13 and FY14. India's economy in the last 2 years has been marked by declining industrial output, significant drop in investment, deterioration in asset quality, high current account deficit, depreciation in exchange rate and persistent high inflation that prompted the pursuance of a high interest rate regime by the monetary authority.

While in terms of overall growth, FY14 has seen marginal improvements with GDP growth estimates for the year being pegged at 4.7%, 0.2% higher than that in FY13, it fell short of earlier estimates of 4.9% growth. In terms of sectoral growth, the Indian economy was sustained by agriculture and the services sector in FY14. The agriculture sector, aided by favorable monsoons, clocked noteworthy growth of 4.7%, while the service sector despite registering a deceleration from an average 9.7% in FY05-12 to 6.8% in FY14, continues to be the single most significant contributor to the country's economy.

The industrial sector has been highly subdued since FY13 with growth hovering around zero. FY14 witnessed a further deterioration in the sector with growth coming in at 0.4%, lower than the 1.0% growth of FY13. The growth contraction in the mining and manufacturing sub-segments, depressed investments and a slump in consumer demand have resulted in low industrial growth. Also, high inflation negatively impacted consumption demand and investments have declined on account of high interest rates and prevalence of spare capacity.

Low growth and investment set the tone for subdued activity in both the credit and debt markets in FY14. Growth in credit to industry had slowed down while it was higher in case of agriculture and the retail segment. In particular, companies in the large industry segment preferred to source the ECB market for funds and higher growth was witnessed in the SME space. Further, with infra projects being held back on account of high interest rates, fresh debt issuances had also been subdued during the year. CARE's performance needs to be juxtaposed against this background.

CARE's approach

CARE had in its projections for the Indian economy for FY14 rightly anticipated a subdued economy. Its business plans were accordingly drawn out for the year. The strategy was twofold. The first was to increase coverage among the larger clients and the second was to make inroads in a bigger way into the SME segment.

The LME (Large & Medium Enterprises) approach

Concerted efforts were made to capture fresh business. CARE aggressively pursued big ticket entities to solidify its existing relationship with them as well for generating new business. This was done through relentless interactions with clients to garner fresh business as well as expand on the ticket size. The strategy also included having knowledge sessions where presentations were made on various aspects of the economy. Our views on various sectors were also presented so as to convey the broader picture to our clients.

This strategy paid off and helped us achieve the highest share in the credit rating space. CARE holds the unique distinction of having rated the maximum number of leading/top companies of the country as per published accepted ratings of rating companies. In the Business Standard top 1000 companies list, it has rated 364 of the 846 rated companies (43% share) and in the Economic Times top 500 companies list it has rated 231 of the 438 rated companies (53% share). It is recognized that while this is an achievement, your company needs to widen the client base and our business teams have been shown the way forward. It is believed that when the economy does recover and return to its trend path of higher growth in GDP your company would be able to grow our business further as the number of debt issuances and volume of debt rated tends to increase when the investment cycle recovers.

The SME strategy

At the same time, CARE increased its focus on the SME segment. The SME segment is a very important section of the economy and dominates in terms of its share in industrial output, exports and employment. These units while large in number and growing are the ones which face challenges when accessing credit due to their size and the existence of limited formal information on their working and financials. A credit rating is extremely useful for them as it bridges the information asymmetry between the lender and the unit as the rating conveys succinctly the creditworthiness of these units. There is hence a very big opportunity in this area.

Your company does see a lot of potential for business in the SME segment with only 1 lakh SME units being rated from amongst the estimated 15 lakh functional SMEs of the country. In order to build this business it is necessary to create structures for which the strategy must be forward looking. Your company has been working on this for the last couple of years and building on these physical structures with appropriate human resources.

The CARE Knowledge Centre, established in Ahmedabad, has already the infrastructure in place to handle the SME cases. This facility addresses the requirements of both the SME and LME cases and is scalable so that larger numbers can be addressed at minimum cost. To build on this structure, we have deployed our business development officials in 53 locations in the country so that they would be in a position to approach the SMEs in various clusters and procure business. The focus is both on bank loan ratings as well as ratings under the NSIC Scheme where the unit gets a subsidy from the government on the rating. Your company will be expanding the field force gradually so that the company does have a presence in all leading industrial clusters which house these units.

In FY14, CARE successfully added 2,491 clients, taking its total clients tally to 7,754. In terms of number of assignments, FY14 recorded a 5.7% growth totaling 7,865 assignments.

New Product Launch

CARE Rated India's First Securitization Transaction backed by Mortgage Guarantee. The agency rated an innovative MBS transaction backed by housing loans originated by Dewan Housing Finance Ltd and carrying the mortgage guarantee from India Mortgage Guarantee Corporation Private Limited (IMGCC). This has been a major highlight this year as it also shows the way for such transactions in future when backed by a credit rating.

CARE also assigned a rating to the IFMR Impact Investment Fund managed by IFMR Investment Managers Pvt. Ltd. This is the first ever AIF rating assigned in India.

Global forays

CARE made further strides on the international map with the launching of ARC Rating on 16th Jan 2014 in London. CARE is one of the five shareholders of ARC Ratings, an international credit ratings agency based in Europe with global reach and profile. The whole concept of such an agency is to widen the choice for international issuers. While the expected clientele to begin with would be from these member countries, where the domestic rating agency already has a strong presence, your company does expect to widen the contours of operations in course of time to other countries as well.

Diversification

CARE also commenced operations in Advisory Services through its subsidiary company CARE Kalypto. CARE aims to leverage its brand to nurture risk solutions and advisory business. As the economy recovers and moves towards its earlier trend path, it is expected that opportunities would arise in this domain, especially in the SME segment.

Knowledge Sharing

CARE has been very active in conducting knowledge sharing forums with clients viz. banks. It has also conducted numerous webinars on varied subjects and sectors, wherein, our in-house sector specialist speak about the developments in the various sectors along with their outlook for the same.

In our endeavor to develop the SME segment your company has been disseminating news and related information pertaining to the sector. Your company has also been publishing daily SME Newsletter and Quarterly SME Digest.

CARE has also served as knowledge partner with industry bodies such as FICCI (Progressive Maharashtra Summit – Feb'14) and ASSOCHAM (Credit Rating Conference – June'13, Financial Market Summit – Nov'13) and prepared detailed knowledge papers for their seminars.

The reports brought out on various industries as well as economic issues have been widely circulated to our clients as well as government officials and opinion makers to reach out our views on various subjects.

Branding

CARE celebrated two decades of operations across its various branches, which were presided over by eminent industry leaders such as Chairman and Managing Directors of leading Public Sector Banks, as well as editors of the prominent national financial dailies. These programmes were held in Mumbai, Delhi, Chennai, Hyderabad, Kolkata and Bangalore. Such interactions will help to further the brand of CARE Ratings and forge a closer bond with our clients.

CARE launched its App for Android operating system in September'13. The App is designed for multiple platforms and runs on smartphones, tablet computers and other mobile devices. It has the capability to retrieve and display the public domain information available on www.careratings.com such as rated company brief rationale, search by industry/ company, and outstanding ratings.

CARE's management and senior executives have been regularly featuring in the media – leading print and electronic, addressing happening in the financial markets and writing articles/column on the subject.

CARE's management has also been participating in various Investor forums organized by various financial intermediaries to showcase the value brought to investors by the company. This, will be an ongoing process.

Prospects for 2014-15

Although there are expectations that the Indian economy would see a revival, it would be moderate and gradual. The domestic economy continues to be fragile with a continued weak internal and external demand scenario which is unlikely to see any sudden and significant reversal. In terms of sectoral growth, agri sector performance would be contingent on the monsoons, industry is likely to see a moderate pick-up and the service sector is likely to witness stable growth. There are signals that the monsoon will be sub-normal which will impact the kharif crop and overall farm prospects.

The RBI looks unlikely to lower interest rates until it is convinced that retail inflation has come down and will remain at these levels. With the present apprehension relating to the monsoon prospects, it does look likely that rate cuts are still months away. The RBI had been targeting 8% CPI inflation by January 2015, which could be a trigger point provided prices do move southwards.

The performance of the domestic economy would have a direct bearing on CARE's growth and performance in FY15. A lot would depend on the growth in the country's infrastructure sector and the pick-up in investments (essentially the speed of project clearances by the new government). A strong new government is in place and there are expectations that there will be a thrust on infrastructure which will provide strong linkages to others sectors of the real economy. This in turn could gradually revive investment which will provide some positive impulse to the debt market.

Given that the debt market of the country is severely underpenetrated, the potential for rating agencies seems encouraging. Initiatives are being increasingly taken at the government and regulatory level to develop the bond market, this could benefit the country's rating agencies as a whole. Also, the agencies could benefit from increased penetration by pension funds and insurance companies.

Your company does expect an increase in bank loan rating with signs of pick up in credit growth. This should be accompanied by growth in the debt segment where bonds, NCDs, CPs etc are issued to meet the growing requirements of both long term and short term funds. Further, as this market is still not fully penetrated covering this space along with the fresh growth in credit would widen opportunity for the company. Also, the SME segment will continue to be dependent on the banking sector unlike the larger companies which can consider the ECB market, based on interest rate differential in other economies.

On the whole the economic prospects for FY15 look better, though changes at the macro level will be incremental in nature.

Business Prospects for FY15

CARE's business prospects would be dependent on the macroeconomic developments. Gradual recovery in the economy is expected in the ongoing fiscal. The government clearing pending projects would provide boost to the investment climate leading to pick up in debt issuances. Higher growth in bank credit would provide support for bank loan rating.

The company would attempt to widen its client base and also increase its share in the business standard top 1000 companies list and ET top 500 companies list. Emphasis on SME sector would continue in the current fiscal as well. Therefore, one can sense opportunity both within the existing rating universe as well as expansion of these boundaries.

Human Resources

Human resource, a broad combination of education, knowledge, experience and skill is the most valuable asset for a company. Especially for a rating business, human capital is the backbone of the organization's business. Hence, your company aims to obtain the best from the talent pool of diverse professionals.

As of March 31, 2014, your company had 594 Employees spread across the country which marks an increase over the 565 staff strength as on March 31, 2013. Over 90% of the staff was professionally qualified in the areas of management, CAs, CS, legal, economics, engineering etc.

The company has in place a rigorous induction programme for all new joiners on a regular basis. All the new recruits have been through such induction programmes where senior and experienced colleagues give an overview of various aspects of the functioning of the processes in the organization.

Besides, employees have been nominated to attend various training programmes and seminars. We have sent our staff members for several seminars/conferences/training programmes during the year. In order to incentivize employees to enhance their knowledge and hone their skill sets, your company has also a policy in place to reimburse the fees for relevant professional courses such as CFA and FRM programmes undertaken and completed by the employees.

ANNEXURE - B

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

Recognizing the need to incorporate the best practices being followed in the corporate space, a CARE 'BOARD CHARTER' has been adopted by the Board of Directors. The Board Charter spells out the membership/composition/term of the Board, rights and obligation of the Board, the various committees of the Board, role of chairman and office, meetings of the Board, etc. The Charter is being revised to make it compatible as per the Companies Act, 2013.

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

1.0 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, 2014.

1.1 COMPOSITION, CATEGORY OF DIRECTORS AND OTHER DIRECTORSHIP DETAILS ARE AS FOLLOWS:

Category Designation	No. of outside Directorships and Committee Memberships/Chairmanships			
	Public Companies	Private Companies	Committee Membership	Committee Chairmanship
Independent/ Non-Executive Directors				
Mr. A. K. Bansal – Chairman	1	--	1	--
Ms. Bharti Prasad – Director	--	--	--	--
Mr. S. Venkatraman – Director	2	1	1	--
Executive Directors				
Mr. D. R. Dogra – MD & CEO	2	2	--	--
Mr. Rajesh Mokashi – DMD	--	1	--	--

Note:

- 1) Mr O. V. Bundellu who was the chairman of the Board of Directors resigned from the Board on December 03, 2013.
- 2) Mr A. K. Bansal was appointed as an additional director on the Board of Directors on December 03, 2013. He is the chairman of the Board of Directors.
- 3) Dr. N. K. Sengupta who was the director on the Board of Directors expired on November 03, 2013.

The Board of Directors of your Company has an optimum combination of Executive and Non- Executive Directors so as to have a balanced structure. The Board has five Directors, two of whom are Executive Directors and three are Non- Executive Independent Directors. The number of Independent Non-Executive Directors is more than 50% of the total number of Directors. The Chairman of the Board is an Independent Non-Executive Director.

None of the Directors is a member of more than ten Board-level committees or Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

DISCLOSURE REGARDING DIRECTORSHIP / MEMBERSHIP / PARTNERSHIP OF DIRECTORS IN OTHER COMPANIES / FIRMS / ASSOCIATIONS

Name of Director	Directorship / Membership / Partnership in other companies / firms / associations
Mr A. K. Bansal – Chairman	<ul style="list-style-type: none"> • CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LIMITED <i>Chairmanship in Committees</i> 1) Corporate Social Responsibility Committee 2) With – Profits Committee 3) Policyholder Protection Committee <i>Membership in Committees</i> 1) Audit Committee 2) Remuneration Committee 3) Board Risk Committee
Ms. Bharti Prasad - Director	NIL
Mr. S. Venkatraman - Director	<ul style="list-style-type: none"> • Chennai Petroleum Corporation Ltd. <i>Membership in Committees</i> 1) Audit Committee 2) Remuneration Committee • UTI Retirement Solutions Ltd. <i>Chairmanship in Committee</i> 1) Investment Management Committee • Shriram Properties Pvt. Ltd. <i>Chairmanship in Committee</i> 1) Audit Committee • V. Sankar Aiyar & Co. (Firm - Partner)
Mr. D. R. Dogra – Managing Director & Chief Executive Officer	<ul style="list-style-type: none"> • ARC Ratings Holdings Pte. Ltd. Singapore • ARC Ratings, SA, Portugal - Chairman • CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. - Chairman • MCX Stock Exchange Ltd. • Association of Credit Rating Agencies in Asia, Manila, Philippines. <i>Chairmanship in Committee</i> 1) Membership Committee <i>Membership in Committee</i> 1) Training Committee • Confederation of Indian Industry <i>Membership in Committee</i> 1) Western Region Economic Affairs Sub - Committee • Federation of Indian Chamber of Commerce and Industry • Swayam Siddhi College of Management & Research • Universal Business School, Mumbai • Birla Institute of Management Technology <i>Membership in Committee</i> 1) Expert Member of Academic Advisory Committee in Finance.
Mr. Rajesh Mokashi – Deputy Managing Director	<ul style="list-style-type: none"> • CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. <i>Membership in Committee</i> 1) Audit Committee • National Institute of Securities Markets (NISM) <i>Membership in Committee</i> 1) Empanellment Committee

DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

As per the provisions of section 152 (6) (c) of the Companies Act, 2013, at every subsequent Annual General Meeting, 1/3 of the directors as are liable to retire by rotation, or if their number is neither three or a multiple of three, then the number nearest to 1/3 shall retire by rotation. Further, as per the provisions of section 149(13) of the Companies Act, 2013, the provisions in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Director on the same day, those to retire shall, in default of and subject to any agreement among themselves be determined by lots. The retiring Director shall be eligible for re-election.

Mr. S. Venkatraman, Director and Mr. D. R. Dogra, Managing Director & Chief Executive Officer retires by rotation and being eligible, offer themselves for re-appointment. Further, Mr. D. R. Dogra to be reappointed as Managing Director & CEO. The brief resume of Mr. S. Venkatraman and Mr. D. R. Dogra is as follows:

RESUME OF Mr. S. VENKATRAMAN

Mr. S. Venkatraman is an Independent and Non-Executive Director of your Company. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant. He has more than 26 years of experience as a practicing Chartered Accountant. He is currently a partner of V. Sankar Aiyar & Co., Chartered Accountants. He is on Board of Directors for Chennai Petroleum Corporation Ltd., UTI Retirement Solution Ltd. & Shriram Properties Pvt. Ltd. He has been associated with our Company as an Independent Director since May 12, 2006. He is liable to retire by rotation at the ensuing Annual General Meeting. He has intimated the Company that due to pre-occupation he does not wish to seek re-appointment at the ensuing Annual General Meeting.

RESUME OF Mr. D. R. DOGRA

Mr. D. R. Dogra is the Managing Director and Chief Executive Officer of your Company. He holds a Bachelor's and a Master's degree in agriculture from Himachal Pradesh University and a Master's degree in business administration (FMS), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 36 years of experience in the financial sector and in credit administration. Prior to joining our Company, he was associated with Dena Bank.

He is a member of Western Region Economic Affairs, Sub-Committee of Confederation of Indian Industry, Member of FICCI Maharashtra State Council, Executive Body of Swayam Siddhi College of Management & Research and Board of Governance of Universal Business School, Mumbai. He is an expert member of Academic Advisory Committee in Finance at Birla Institute of Technology. He is on Board of Directors of Association of Credit Ratings Agencies in Asia, Manila, Philippines, ARC Ratings Holdings Pvt Ltd, Singapore, CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd., Public interest Director at MCX Stock Exchange Ltd. and ARC Ratings, SA, Portugal. He has been associated with your Company since 1993 and was appointed on the Board on June 30, 2008.

Mr. Rajesh Mokashi proposed to be re-appointed as a Wholetime Director at the forthcoming Annual General Meeting. The brief resume of Mr. Rajesh Mokashi is as follows:

RESUME OF Mr. RAJESH MOKASHI

Mr. Rajesh Mokashi is the Deputy Managing Director of your Company. He holds a Bachelor's degree in Mechanical Engineering from VJTI, Mumbai and a Master of Management Studies degree from NMIMS University of Bombay. He is a qualified Chartered Financial Analyst and has also cleared Level III of the CFA Program conducted by the CFA Institute, USA. He has obtained a Diploma in Import and Export Management from Indian Institute of Materials Management. He has more than 27 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. He is on Board of Directors with CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. He is also a Member of Empanellment Committee of NISM. He has been associated with your Company since 1993 and was appointed on the Board on August 22, 2009.

The resume of Independent Director to be reappointed at the ensuing Annual General Meeting is as follows:

RESUME OF Mr. A. K. BANSAL

Mr. A. K. Bansal is the Chairman and an Independent Director of your Company. He worked as Executive Director of Indian Overseas Bank between 2010-13. He is a Post Graduate in Agriculture from the renowned G B Pant Agriculture University, Pant Nagar, Nainital and recipient of ICAR Junior Research Scholarship. He joined Union Bank of India as Agricultural Field Officer at the age of 23 years in the year 1976. He has had a highly successful and rewarding career path at Union Bank during which he was awarded Super Achiever and Star Performer status, conferred with the Chairman Club Membership and was entrusted with some of the most challenging and coveted assignments of the Bank. He was also the driving force for setting up the Bank's Capital Market Cell at Mumbai and establishing the Bank's first museum at M S M branch in Mumbai. At Indian Overseas Bank, among other portfolios, he had exclusive charge of Large Corporate, International, MSME, Planning, NPA management, Agriculture & Priority Credit, Inspection & Audit, Public Relations, Customer Service & Vigilance. He has been conferred the "Indira Super Achiever Award" for the year 2010-11 by the Indira Group of Institutions, Pune in recognition of his high contribution value to the field of Banking and Finance during his banking career. He is also on the Board of Directors of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited. He has been associated with our company as chairman and independent director since December 03, 2013.

1.2 MEETINGS OF THE BOARD

The Board of Directors met 11 times during the year 2013-2014 on the following dates April 29, 2013, May 15, 2013, August 10, 2013, August 29, 2013, September 27, 2013, November 12, 2013, December 3, 2013, December 19, 2013, January 19, 2014, February 12, 2014 and March 11, 2014.

DETAILS OF ATTENDANCE			
Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held On Sep 27, 2013
Mr A. K. Bansal (Joined the Board on 03/12/2013)	05	05	---
Mr. O. V. Bundellu (Resigned on 03/12/2013)	07	07	Yes
Dr. N. K. Sengupta (Expired on 03/11/2013)	05	04	Yes
Ms. Bharti Prasad	11	11	Yes
Mr. S. Venkatraman	11	11	Yes
Mr. D. R. Dogra	11	11	Yes
Mr. Rajesh Mokashi	11	11	Yes

1.3 CODE OF CONDUCT

The Board of Directors has prescribed a Code of Conduct for all Directors of the Board, Rating Committee Members, Employees and the Senior Management of your 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, 2014.

2.0 SUB COMMITTEES OF THE BOARD OF DIRECTORS

In compliance with both the mandatory and non-mandatory requirements under the Listing Agreement, and the applicable laws, the Board has constituted the following Committees:

- Audit Committee
- Investment Committee
- Remuneration Committee *
- Shareholders / Investor Grievance Committee*
- Corporate Governance and Nomination Committee *
- ESOP Compensation 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.

* NOTE:

To comply with the provisions of 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement the Board of Directors at its meeting held on May 20, 2014 –

- 1) Merged the Remuneration Committee and Corporate Governance and Nomination Committee and named it as **“Nomination and Remuneration Committee”**. The terms of reference were also revised in line with the requirements of the Companies Act, 2013.
- 2) Designated the Shareholders / Investor Grievance Committee as **“Stakeholders Relationship Committee”**. The terms of reference were also revised in line with the requirements of the Companies Act, 2013.

2.1 AUDIT COMMITTEE

[A] Composition of Audit Committee

The Audit Committee consists of three Directors out of which two are Non-Executive Independent Directors. The chairman of the Committee, Mr. S. Venkatraman is a non-executive independent director.

The composition of the Audit Committee is as under:-

Non-Executive – Independent

- | | |
|---|------------|
| (1) Mr. S. Venkatraman | - Chairman |
| (2) Dr. N. K. Sengupta
(Expired on 03/11/2013) | - Member |
| (3) Ms. Bharti Prasad | - Member |

Executive

- | | |
|------------------------|----------|
| (1) Mr. Rajesh Mokashi | - Member |
|------------------------|----------|

The Board of Directors at its meeting held on July 31, 2014 inducted Mr. A. K. Bansal, Non-Executive Independent Director as a member in the Committee.

The previous Annual General Meeting of the Company was held on September 27, 2013 and it was attended by Mr. S. Venkatraman, Chairman of the Audit Committee.

[B] Terms of Reference

The Board of Directors at its meeting held on May 20, 2014 revised the terms of reference of the Audit Committee to comply with the provisions of section 177(4) of the Companies Act, 2013 and the revised clause 49 of the Listing Agreement which is 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.

[C] Meetings of the Audit Committee

The Audit Committee met 4 times during the year 2013-2014 on the following dates May 15, 2013, August 10, 2013, November 12, 2013 and January 19, 2014.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of Audit Committee Meetings held	No. of Meetings attended
Mr S. Venkatraman	04	04
Dr. N. K. Sengupta <i>(Expired on 03/11/2013)</i>	02	02
Ms. Bharti Prasad	04	04
Mr Rajesh Mokashi	04	04

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

2.2 INVESTMENT COMMITTEE

The Investment Committee comprises of the following Directors, namely:-

Non-Executive – Independent

- (1) Mr O. V. Bundellu - Chairman
(Resigned on 03/12/2013)
- (2) Mr S. Venkatraman - Member

Executive

- (1) Mr D. R. Dogra - Member
- (2) Mr Rajesh Mokashi - Member

In light of the resignation of Mr. O. V. Bundellu, the Board of Directors at its meeting held on May 20, 2014 appointed Mr. S. Venkatraman as the Chairman of the Committee.

Meetings of the Investment Committee

The Committee met 2 times during the year 2013-2014 on the following dates: June 26, 2013 and September 24, 2013.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of Investment Committee Meetings held	No. of Meetings attended
Mr O. V. Bundellu <i>(Resigned on 03/12/2013)</i>	02	02
Mr S. Venkatraman	02	02
Mr D. R. Dogra	02	02
Mr Rajesh Mokashi	02	02

2.3. REMUNERATION COMMITTEE

The Remuneration Committee comprises of the following Directors, namely:-

Non-Executive – Independent

- (1) Dr. N. K. Sengupta - Chairman
(Expired on 03/11/2013)
- (2) Mr S. Venkatraman - Member
- (3) Ms. Bharti Prasad - Member

Executive

- (1) Mr D. R. Dogra - Member

Meetings of the Remuneration Committee

The Committee met once during the year 2013-2014 on May 15, 2013.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of Remuneration Committee Meetings held	No. of Meetings attended
Dr. N. K. Sengupta (Expired on 03/11/2013)	01	01
Mr. S. Venkatraman	01	01
Ms. Bharti Prasad	01	01
Mr. D. R. Dogra	01	01

Remuneration Policy

During the year 2013-14, your Company paid remuneration to its Executive Directors within the limits envisaged under the applicable provisions of the Companies Act, 1956. The remuneration paid to the Executive Directors was approved by the Board and the Remuneration Committee within the limits approved by the shareholders.

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

Remuneration to Directors

(Amount in Rupees)

	Name of Director	Salary, benefits	Sitting fees
1.	Mr A. K. Bansal (Appointed as Additional Director on 03/12/2013)	-----	1,40,000
2	Mr O. V. Bundellu (Resigned on 03/12/2013)	-----	2,00,000
3	Dr. N. K. Sengupta (Expired on 03/11/2013)	-----	1,60,000
4	Ms. Bharti Prasad	-----	3,20,000
5	Mr. S. Venkatraman	-----	4,20,000
6	Mr. D. R. Dogra	16,697,359*	-----
7	Mr. Rajesh Mokashi	13,631,484*	-----

(*salary includes Basic + HRA + Provident Fund (Employer & Employee) + Medical + Variable pay)

Criteria of making payments to Non-Executive directors

Sitting fees : Rs. 20,000/- for per Board & Committee Meetings *

* The Board of Directors at its meeting held on May 07, 2014 increased the sitting fees from Rs. 20,000/- to Rs. 40,000/- for per Board and Committee Meetings. The increase in the sitting fees is within the limits of Rule 4 of the Companies (Appointment & Remuneration) Rules, 2014.

Details of the shareholding of non-executive directors:

The Non-Executive Independent Directors do not hold any shares of the Company.

2.4 CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The Corporate Governance and Nomination Committee comprises of the following Directors, namely:-

Non-Executive – Independent

- (1) Mr O. V. Bundellu - Chairman
(Resigned on 03/12/2013)
- (2) Dr. N. K. Sengupta - Member
(Expired on 03/11/2013)
- (3) Mr S. Venkatraman - Member

Meetings of the Corporate Governance and Nomination Committee

The Committee met once during the year 2013-2014 on August 23, 2013.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of Corporate Governance and Committee Meetings held	No. of Meetings attended
Mr O. V. Bundellu (Resigned on 03/12/2013)	01	01
Dr. N. K. Sengupta	01	01
Mr S. Venkatraman	01	01

2.5 NOMINATION AND REMUNERATION COMMITTEE

In order to comply with the provisions of Section 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement, the Board of Directors at its meeting held on May 20, 2014, merged the Remuneration Committee and Corporate Governance and Nomination Committee and named it as **“Nomination and Remuneration Committee”**. The Nomination and Remuneration Committee comprises of the following Directors, namely:-

Non-Executive – Independent

- (1) Mr S. Venkatraman - Chairman
- (2) Mr A. K. Bansal - Member
- (3) Ms. Bharti Prasad - Member

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 the revised clause 49 of the Listing Agreement are as follows:

[A]Terms of Reference

- 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.

2.6. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

The Shareholders / Investor Grievance Committee carries out such functions for the redressal of shareholders' and investors' complaints, including but not limited to, transfer of equity shares, non-receipt of balance sheet, non-receipt of dividends and any other grievance that a shareholder or investor of the Company may have against the Company.

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.

Composition of Shareholders / Investor Grievance Committee

The Shareholders / Investor Grievance Committee comprises of the following Directors, namely:-

Non-Executive – Independent

- (1) Mr S. Venkatraman - Chairman
- (2) Ms. Bharti Prasad - Member

Executive

- (1) Mr. D. R. Dogra - Member

The Compliance Officer is Mr. Navin Kumar Jain, Company Secretary.

STAKEHOLDERS RELATIONSHIP COMMITTEE

To comply with the provisions of 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement the Board of Directors at its meeting held on May 20, 2014, designated the Shareholders / Investor Grievance Committee as "**Stakeholders Relationship Committee**" comprising the following directors as its members, namely:-

Non-Executive – Independent

- (1) Mr A. K. Bansal - Chairman
- (2) Ms. Bharti Prasad - Member

Executive

- (1) Mr D. R. Dogra - Member

The details of shareholders complaints for FY ended 31.03.2014 are as follows

No	Description	Complaints Received	Complaints Attended	Complaints Pending
1.	Non-receipt of refund order	63	*123	Nil
2.	Non-receipt of Annual Report	6	6	Nil
3.	Non-receipt of dividend	14	14	Nil
4.	Non-receipt of Securities	2	2	Nil
	TOTAL	85	*145	Nil

* Includes 60 complaints of the previous financial year i.e. F.Y. 2012-2013.

2.7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors at its meeting held on November 12, 2013 constituted a Corporate Social Responsibility committee to comply with the provisions of section 135 of the Companies Act, 2013 with the following directors as its members, namely:-

Non-Executive – Independent

- (1) Ms. Bharti Prasad - Chairperson

Executive

- (1) Mr D. R. Dogra - Member
 (2) Mr. Rajesh Mokashi - Member

Further, the Board at its meeting held on May 20, 2014 reconstituted the Corporate Social Responsibility Committee with the following directors as its members, namely:-

Non-Executive – Independent

- (1) Ms. Bharti Prasad - Chairperson
 (2) Mr A. K. Bansal - Member

Executive

- (1) Mr. Rajesh Mokashi - Member

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

[A] Terms of Reference

- 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.

2.8. ESOP COMPENSATION COMMITTEE

The Board of Directors at its meeting held on November 12, 2013 constituted an ESOP Compensation Committee constituting of the following directors as its members, namely:-

Non-Executive – Independent

- (1) Mr O. V. Bundellu - Chairman
(Resigned on 03/12/2014)
 (2) Mr S. Venkatraman - Member

Executive

- (1) Mr. D. R. Dogra - Member

Further, as Mr O. V. Bundellu resigned from the Board of Directors, Mr A. K. Bansal was appointed as the Chairman of the Committee. After such reconstitution, the members of the Committee are as follows:-

Non-Executive – Independent

- (1) Mr A. K. Bansal - Chairman
 (2) Mr S. Venkatraman - Member

Executive

- (1) Mr D. R. Dogra - Member

Terms of Reference

The terms of reference of the ESOP Compensation Committee approved by the Board are as follows:

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

Meetings of the ESOP Compensation Committee

The Committee met 2 times during the year 2013-2014 on December 27, 2013 and January 10, 2014.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of ESOP Compensation Committee Meetings held	No. of Meetings attended
Mr A. K. Bansal	02	02
Mr S. Venkatraman	02	02
Mr. D. R. Dogra	02	02

3.0 GENERAL MEETINGS

Details of last three Annual General Meetings (AGM) and Extra Ordinary General Meeting

	Venue	Date	Time	No of special resolutions passed
a)	Walchand Hirachand Hall, 4th Floor, Indian Merchants Chamber, Indian Merchants Chamber Building, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020.	March 11, 2014 (Extra Ordinary General Meeting)	4.00 p.m.	1
b)	Rang Sharda Natya Mandir, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050.	September 27, 2013 (Annual General Meeting)	2.30 p.m.	4
c)	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022.	September 27, 2012 (Annual General Meeting)	4.00 p.m.	0
d)	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022.	September 13, 2011 (Annual General Meeting)	3.30 p.m.	4

4.0 POSTAL BALLOT

During FY 2013-2014, no resolution was passed through Postal Ballot as required under Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011.

5.0 RELATED PARTY DISCLOSURES

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, management or related parties for the year ended March 31, 2014.

6.0 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.

7.0 WHISTLE BLOWER POLICY

Your Company has adopted a Whistle Blower Policy and has established 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.

8.0 ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and the non-mandatory requirements relating to maintaining Chairman's office at the Company's expense, the constitution of the Remuneration Committee and adoption of whistle blower policy.

9.0 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 and Marathi daily newspapers.

The quarterly and annual financial results and the press releases issued are also available on your Company's website www.careratings.com

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.

10.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is annexed and forms part of the Directors' Report.

11.0 AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Auditors' certificate with respect to compliance with Clause 49 of the Listing Agreement relating to 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.

12.0 CEO / CFO CERTIFICATION

As required under Clause 49 of the Listing agreement, the CEO / CFO certificate has been annexed to the Directors Report.

13.0 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.

14.0 GENERAL SHAREHOLDERS INFORMATION

a)	Annual General Meeting	September 29, 2014
	Time	3.00 p.m.
	Venue	Rangswar Chavan Centre, General Jagannathrao Bhosle Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021.
b)	Financial Year	2014 - 2015
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2014	On or before August 14, 2014
	Financial reporting for the quarter ending September 30, 2014	On or before November 14, 2014
	Financial reporting for the quarter ending December 31, 2014	On or before February 14, 2015
	Financial reporting for the quarter and year ending March 31, 2015	On or before May 30, 2015
c)	Dates of Book Closure	September 26, 2014 to September 29, 2014 (both days inclusive)
d)	Dividend Payment Date	Final dividend on equity shares for the year ended March 31, 2014 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before October 28, 2014.
e)	Listing on Stock Exchange	The Company got listed on December 26, 2012. The shares of your Company are listed on: The Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Mumbai 400 001 The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051
f)	Stock Code	Bombay Stock Exchange Limited: 534804 National Stock Exchange of India Limited: CARERATING ISIN: INE752H01013
g)	Registrar and Share Transfer Agent	Karvy Computershare Pvt. Ltd. 'Karvy House', 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 038. Tel. No. 040 – 23312454 Fax No. 040 – 23311968
h)	Share Transfer System	Share transfer requests received in physical forms are registered within an average period of 15 days. Request for dematerialisation (demat) and rematerialisation (remat) received from the shareholders are effected within an average period of 15 days. The Company had obtained from a practising Company Secretary a certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges, and filed a copy of the certificate with the Stock Exchanges.

i) Market Price Data HIGH/LOW during each month from April 2013 to March 2014 (BSE).

PERIOD – 2013-14	HIGH	LOW
April 2013	819.00	720.00
May 2013	767.65	685.80
June 2013	765.00	595.35
July 2013	626.00	480.60
August 2013	590.00	415.05
September 2013	604.90	523.10
October 2013	677.65	532.10
November 2013	744.95	660.00
December 2013	804.00	713.00
January 2014	756.00	682.15
February 2014	874.90	680.00
March 2014	788.00	717.00

Price Data HIGH/LOW during each month from April 2013 to March 2014 (NSE).

PERIOD – 2013-14	HIGH	LOW
April 2013	817.95	717.80
May 2013	770.00	685.00
June 2013	765.10	594.00
July 2013	626.00	480.00
August 2013	585.00	415.00
September 2013	606.85	520.40
October 2013	677.75	532.00
November 2013	744.00	661.15
December 2013	804.00	718.00
January 2014	757.00	684.05
February 2014	875.00	680.00
March 2014	787.20	716.00

j) Distribution schedule and Shareholding Pattern as on March 31, 2014

DISTRIBUTION SCHEDULE

Sr No	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	48886	98.65	15392790	5.31
2	5001 - 10000	276	0.56	2108250	0.73
3	10001 - 20000	149	0.30	2226120	0.77
4	20001 - 30000	56	0.11	1404110	0.48
5	30001 - 40000	27	0.05	958630	0.33
6	40001 - 50000	13	0.03	602940	0.21
7	50001 - 100000	40	0.08	2869800	0.99
8	100001 & ABOVE	109	0.22	264428580	91.19
	TOTAL	49556	100.00	289991220	100.00

SHAREHOLDING PATTERN

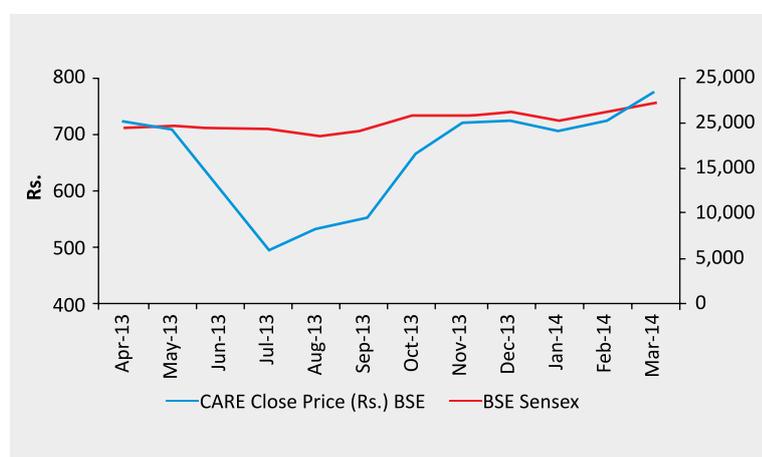
Sr. No	Category	No. of Shares Held	Percentage (%)
I	PROMOTERS	-----	-----
II	NON-PROMOTERS		
a)	Mutual Funds / UTI	19,45,469	6.71
b)	Financial Institutions / Banks	1,22,45,681	42.23
c)	Foreign Institutional Investors	45,40,684	15.66
d)	Qualified Foreign Investors	4,46,310	1.54
e)	Bodies Corporate	70,95,887	24.47
f)	Individuals	22,40,999	7.73
g)	Directors	93,636	0.32
h)	Non-Resident Indians	1,45,760	0.50
i)	Clearing Members	1,33,195	0.46
j)	Trusts	1,11,501	0.38
	TOTAL	2,89,99,122	100.00

k)	Dematerialisation of Shares and Liquidity	2,89,54,596 equity shares which constitutes 99.85% of the paid up capital as on March 31, 2014 of your Company are held in electronic mode.
l)	Registered Office & Address for Correspondence	Credit Analysis and Research Ltd. 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456 Fax No: 022 – 67543457
m)	Branches Locations	The Company has 11 Branches, namely :
		Ahmedabad 32, Titanium, Prahaladnagar Corporate Road, Opp. AUDA Garden, Satellite, Ahmedabad – 380 015 Tel: 079 – 40265656
		Bengaluru Unit No. 1101-1102, 11th Floor, Prestige Meridian 2 No. 30, M. G. Road, Bangalore – 560001. Tel No. 080 – 22117140
		Chandigarh 2nd Floor, S.C.O. 196-197, Sector 34-A, Chandigarh - 160022
		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, Pappanaikentalayam, Coimbatore – 641037
		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
		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
		Maldives 4th Floor, Champa Centre Point, Chaandhanee Magu, Male’ 20153 Maldives
n)	Email	care@careratings.com
o)	Investor Complaints ID	investor.relations@careratings.com
p)	Website	www.careratings.com
q)	Compliance Officer	Navin Kumar Jain Company Secretary Credit Analysis and Research Ltd. 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel No: 022 - 67543456; Fax No: 022 - 67543457
r)	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, 2014 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.

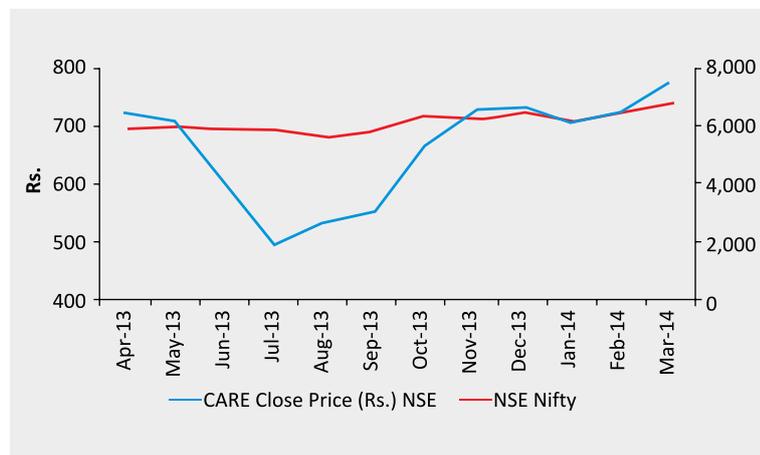
s) CARE Share Price vs. BSE Sensex

Month	CARE Close Price (Rs.) (BSE)	BSE Sensex
April 2013	722.10	19504.18
May 2013	706.75	19760.30
June 2013	599.35	19395.81
July 2013	497.00	19345.70
August 2013	533.25	18619.72
September 2013	553.50	19379.77
October 2013	662.95	21164.52
November 2013	720.80	20791.93
December 2013	723.00	21170.68
January 2014	707.35	20513.85
February 2014	727.75	21120.12
March 2014	775.20	22386.27



CARE Share Price vs. NSE Nifty

Month	CARE Close Price (Rs.) (NSE)	NSE Nifty
April 2013	719.20	5930.20
May 2013	711.30	5985.95
June 2013	599.15	5842.20
July 2013	495.55	5742.00
August 2013	531.00	5471.80
September 2013	553.80	5735.30
October 2013	665.45	6299.15
November 2013	718.85	6176.10
December 2013	723.25	6304.00
January 2014	700.20	6089.50
February 2014	730.20	6276.95
March 2014	779.45	6704.20



**Declaration by the Chief Executive Officer of the Company
under Clause 49 of the Listing Agreement**

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

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), 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 for the year ended March 31, 2014.

For Credit Analysis and Research Ltd.

D. R. Dogra
Managing Director & Chief Executive Officer

Place: Mumbai
Date: July 31, 2014

Auditor's Certificate on Corporate Governance

The Members of Credit Analysis & Research Limited

1. We have examined the compliance of conditions of Corporate Governance by Credit Analysis & Research Limited ('the Company') for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.
2. 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.
3. 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 Agreement.
4. 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 and on behalf of

Khimji Kunverji & Co.

Chartered Accountants

Firm Registration Number: 105146W

Gautam V Shah

Partner

Membership No. 117348

Mumbai

Date: July 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Credit Analysis and Research Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Credit Analysis and Research Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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 Financial Statements

2. Management is responsible for the preparation of these 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 notified under the Companies Act, 1956 ('the Act'), read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
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 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. In the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a. We have 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 notified under the Act, read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For Khimji Kunverji & Co

Chartered Accountants
ICAI FRN-105146W

Gautam V Shah

Partner (F-117348)

Place: Mumbai

Date: May 20, 2014

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

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained, these fixed assets have been physically verified by the management at reasonable intervals. As informed, no material discrepancies were noticed on such verification.
- c) There was no disposal of a substantial part of fixed assets during the year.
- ii) The Company does not hold any inventory or securities as stock in trade, hence clause 4(ii)(a) to 4(ii)(c) of the Order are not applicable to the Company.
- iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(iii) (b) to (d) of the Order are not applicable to the Company.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(iii) (f) to (g) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. Further, on the basis of examination and explanations given, as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor we have been reported for any continuing failure to correct major weaknesses in the Internal control system relating to the aforesaid. During the year, the Company has neither purchased any inventory nor sold any goods, hence same have not been commented upon.
- v) Based on the audit procedures applied and according to the information and explanations provided by the management, the Company has not entered into any transaction that need to be entered in the register in pursuance of Section 301 of the Act and hence clause 4(v) of the Order is not applicable.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) As informed, the Company is not required to maintain any cost records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act .
- ix) a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax and any 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, Wealth Tax, Service Tax, and other undisputed 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, Custom Duty, Investor Education and Protection Fund, Excise Duty and Cess during the year.

- b) According to the information and explanations given, there are no dues in respect of Income Tax, Wealth tax,

Service Tax 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	TDS	89,54,906	AY 2011–12	Commissioner of Income- Tax (Appeals)-XIV Mumbai
The Income Tax Act, 1961	TDS	82,813	AY 2012–13	Commissioner of Income- Tax (Appeals)–XIV, Mumbai

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

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) There are no loans taken from financial institutions and banks nor has the Company issued any debentures, hence clause 4(xi) of the Order is not applicable.
- xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv) In our opinion and according to the information and explanations given, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given, the Company has not raised any term loans. Accordingly, the provision of clause 4(xvi) of the Order is not applicable to the Company.
- xvii) According to the information and explanations given and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any secured debentures during the year. Hence, the provision of clause 4(xix) of the Order is not applicable to the Company.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any fraud on or by the Company noticed or reported during the year nor we have been informed of such case by the management.

For Khimji Kunverji & Co

Chartered Accountants
ICAI FRN–105146W

Gautam V Shah

Partner (F–117348)

Place: Mumbai
Date: May 20, 2014

Credit Analysis & Research Ltd.

Balance Sheet as at March 31, 2014

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	289,991,220	285,528,120
Reserves and Surplus	3	4,553,150,069	3,953,437,872
Non Current Liabilities			
Deferred Tax Liability (Net)	4	39,294,813	39,049,751
Long Term Provisions	5	39,053,662	42,472,285
Current Liabilities			
Short Term Provisions	6	438,063,921	340,234,866
Other Current Liabilities	7	421,986,434	393,260,810
Total		5,781,540,119	5,053,983,704
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	8	515,044,737	511,554,761
Capital Work in Progress		-	365,190
Non Current Investments	9	2,000,806,172	1,522,294,069
Long Term Loans and Advances	10	120,612,692	108,423,241
Current Assets			
Current Investments	11	2,676,160,437	2,378,300,436
Trade Receivables	12	141,707,343	218,890,572
Cash and Bank Balances	13	267,191,021	271,658,117
Short Term Loans and Advances	14	21,011,709	18,603,169
Other Current Assets	15	39,006,008	23,894,150
Total		5,781,540,119	5,053,983,704
Significant Accounting Policies	1		
Other Notes to Accounts	20 to 32		

The notes are an integral part of the financial statements

As per our attached Report of even date

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

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

Gautam V Shah
Partner (F-117348)

Anil Kumar Bansal
Chairman

D R Dogra
Managing Director & CEO

Mumbai
Date : May 20, 2014

Rajesh Mokashi
Dy Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K Jain
Company Secretary

Credit Analysis & Research Ltd.

Statement of Profit and Loss for the year ended March 31, 2014

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue From Operations	16	2,294,645,567	1,987,658,126
Other Income	17	356,572,132	286,305,073
Total Income		2,651,217,699	2,273,963,199
EXPENDITURE			
Employee Benefits Expense	18	605,993,370	507,880,628
Depreciation	8	28,912,843	26,272,851
Other Expenses	19	222,264,607	140,990,116
Total Expenditure		857,170,820	675,143,595
Profit before Tax		1,794,046,879	1,598,819,604
Current Tax		507,076,264	454,000,000
Deferred Tax Expense		245,062	6,335,709
Add : Income tax adjustment for earlier years		-	5,185,439
Total Tax Expense		507,321,326	465,521,148
Profit after Tax		1,286,725,553	1,133,298,456
Earning Per Share (Face Value Rs.10/- each)	21		
- Basic		44.71	39.69
- Diluted		44.68	39.69

Significant Accounting Policies **1**
Other Notes to Accounts **20 to 32**

The notes are an integral part of the financial statements

As per our attached Report of even date

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

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

Gautam V Shah
Partner (F-117348)

Anil Kumar Bansal
Chairman

D R Dogra
Managing Director & CEO

Mumbai
Date : May 20, 2014

Rajesh Mokashi
Dy Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K Jain
Company Secretary

Credit Analysis & Research Ltd.

Cash Flow Statement for the year ended March 31, 2014

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash Flows from Operating Activities		
Profit before tax	1,794,046,879	1,598,819,604
Adjustments for		
Income from investments	(355,687,226)	(286,220,966)
Deferred Employee Stock Option	14,286,874	-
Unrealised Foreign Exchange (Gain) / Loss	18,505	49,795
Provision for Compensated Absence	4,689,801	10,307,927
Provision for Gratuity	(2,128,458)	2,128,458
Provision for Bad Debts	15,259,867	5,412,804
Loss on Sale of Fixed Assets	476,585	1,193,839
Depreciation	28,912,843	26,272,851
Operating Profit before working capital changes	1,499,875,670	1,357,964,312
Movements in working capital		
Decrease/(Increase) in Trade Receivables	61,923,362	(142,162,110)
Decrease/(Increase) in Deposits	(8,444,809)	(13,425,858)
Decrease/(Increase) in Advances and other Assets	1,523,878	(42,193,864)
Increase/(Decrease) in Other Current Liabilities	28,725,624	85,361,912
Increase/(Decrease) in Provisions and Other Liabilities	19,816,760	8,604,394
Cash generated from Operations	103,544,815	(103,815,526)
Taxes paid	(516,386,523)	(430,962,253)
Net Cash from Operations	1,087,033,962	823,186,533
Cash Flows from Investing Activities		
Income from investments	348,797,657	300,217,838
Investment in company	(56,797,432)	-
Sale of fixed assets	766,642	601,600
Purchase of fixed assets	(33,280,856)	(56,579,482)
Purchase of investments	(4,907,615,889)	(4,990,094,568)
Sale of investments	4,176,488,699	3,878,482,513
Net Cash from Investing Activities	(471,641,179)	(867,372,099)
Cash Flows from Financing Activities		
Proceeds from issue of equity shares	250,000,547	-
Dividend and Dividend Tax paid	(874,805,348)	(398,217,504)
Net Cash from Financing	(624,804,801)	(398,217,504)
Net increase / (decrease) in cash and cash equivalents	(9,412,018)	(442,403,070)
Cash And Cash Equivalents At The Beginning	243,589,853	685,992,923
Cash And Cash Equivalents At The End	234,177,835	243,589,853

Credit Analysis & Research Ltd.

Cash Flow Statement for the year ended March 31, 2014 - Contd.

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash and cash equivalents comprise of:		
Cash on hand	79,115	23,903
Other Bank balances		
On Current Account	69,277,642	53,225,255
Deposit Accounts	164,821,078	190,340,695
Total	234,177,835	243,589,853

As per our attached Report of even date

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

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

Gautam V Shah
Partner (F-117348)

Anil Kumar Bansal
Chairman

D R Dogra
Managing Director & CEO

Mumbai
Date : May 20, 2014

Rajesh Mokashi
Dy Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K Jain
Company Secretary

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

1. Summary of Significant Accounting Policies

a . Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standard notified under Companies (Accounting Standards) Rules 2006 (as amended), and the relevant provisions of the Companies Act, 1956 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 applied by the Company and are consistent with those used in the previous year.

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 Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as upto twelve months for the purpose of current/non-current classification of assets and liabilities.

b . Use of Estimates

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c . Revenue Recognition

Revenue from Operation

Income from operations comprises income from initial rating and surveillance services and subscription to information services exclusive of service tax. 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.

Fee for technical know-how is accounted for on accrual basis. Income on subscription to information services primarily pertains to sale of research reports and the income thereon is recognized on sale of such reports.

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.

Other Income

Dividends on investments are recognised as income as and when the right to receive the same is established. Interest income is recognised on accrual basis.

Profit or loss on redemption / sale of investment is recognized on accrual basis on trade date of transaction.

d. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

e . Depreciation

Depreciation is provided on straight-line method in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on assets added, sold or discarded during the year has been provided on a pro-rata basis.

Computer software is fully depreciated in the year of purchase.

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 account, on a straight line basis, over the lease term.

g . Investments

Investments are classified into current and 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. Investments in Commercial Paper stated at carrying cost.

h . Foreign Currency Translation

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

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

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

i . Retirement Benefits

- i) The Company provides retirement benefits to its employees in the form of Provident Fund, Superannuation and Gratuity.
- ii) Contribution to the Provident Fund is made at the prescribed rates to the Provident Fund Trust / Commissioner. Contribution to Provident Fund is charged to Statement of Profit & Loss.
- iii) Superannuation benefit is contributed by the Company to Life Insurance Corporation of India (LIC) @ 10% of basic salary of the employees with respect to certain employees. Contribution to Superannuation Fund is charged to Statement of Profit & Loss.
- iv) The Company accounts for the liability of future gratuity benefits based on actuarial valuation. The company has created a trust for future payment of gratuities which is funded through gratuity-cum-life insurance scheme of LIC of India (Defined Benefit Plan)
- v) Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates.
- vi) Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income or expenses.

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

j. Accounting for taxes

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

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

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

k. Impairment of Asset

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

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

l. Earnings per share ('EPS')

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

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

m. Provisions and Contingent Liabilities

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

n. Employee Stock Options

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

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

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 2

Share Capital

	As at March 31, 2014		As at March 31, 2013	
	Number	Amount Rs.	Number	Amount Rs.
Authorised				
Equity Shares of Rs.10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, subscribed and fully paid up				
Equity Shares of Rs.10 each	28,999,122	289,991,220	28,552,812	285,528,120
Total issued, subscribed and fully paid up share capital	28,999,122	289,991,220	28,552,812	285,528,120

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

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	28,552,812	285,528,120	28,552,812	285,528,120
Issued during the year - Preferential Allotment	446,310	4,463,100	-	-
Outstanding at the end of the year	28,999,122	289,991,220	28,552,812	285,528,120

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, 2014, interim dividend of Rs. 18 per share was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs. 10 per share. (March 31, 2013: Rs. 20 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, 2014 Number	As at March 31, 2013 Number
Equity Shares allotted as fully paid up bonus shares	20,485,869	20,485,869
Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-
Equity Shares bought back by the company	-	-
Equity Shares allotted as fully paid up in exercise of options granted under the ESOP	291,943	291,943

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

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

Equity Shares of Rs. 10 each fully paid	As at March 31, 2014		As at March 31, 2013	
	Number	% holding in the class	Number	% holding in the class
IDBI Bank Limited	4,818,292	16.62%	4,908,800	17.19%
Canara Bank	4,342,400	14.97%	4,342,400	15.21%
State Bank of India	1,751,755	6.04%	1,829,000	6.41%
IL&FS Financial Services Limited	996,495	3.44%	1,711,000	5.99%
Bajaj Holdings and Investment Limited	1,707,615	5.89%	1,707,615	5.98%

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: 31

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 3

Reserves and Surplus

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
a. Capital Redemption Reserve	2,250,000	2,250,000
b. Securities Premium Account		
Opening Balance as per last audited Financial Statement	20,106,747	20,106,747
Addition:		
Premium on preferential allotment of shares	245,537,447	-
Closing Balance	265,644,194	20,106,747
c. Shares Options Outstanding Account		
Gross Employee Stock Compensation for Options granted	114,295,000	-
Less :Deferred Employee Stock Option	(100,008,126)	-
Closing Balance	14,286,874	-
d. General Reserve		
Opening Balance as per last audited Financial Statement	1,204,831,844	1,054,831,844
Addition :		
Transfer from surplus in the statement of profit and loss	150,000,000	150,000,000
Closing Balance	1,354,831,844	1,204,831,844
e. Surplus in the statement of profit and loss		
Opening balance	2,726,249,281	2,408,411,228
Addition :		
Net Profit for the current year	1,286,725,553	1,133,298,456
Less :		
Proposed Dividend	289,991,220	228,422,496
Interim Dividend	519,306,336	342,633,744
Tax on Proposed Dividend	49,284,008	38,820,403
Tax on Interim Dividend	88,256,113	55,583,760
Transfer to General Reserve	150,000,000	150,000,000
Closing Balance	2,916,137,157	2,726,249,281
Total Reserves & Surplus	4,553,150,069	3,953,437,872

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 4****Deferred Tax Liability (Net)**

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Deferred Tax Liability		
Depreciation on Fixed Assets	63,896,731	55,754,428
Less : Deferred Tax Assets	24,601,918	16,704,677
Provision for Compensated Absence	17,575,277	15,981,214
Provision for Doubtful Debts	7,026,641	-
Provision for Gratuity	-	723,463
Total	39,294,813	39,049,751

Note 5**Long term provisions**

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Provision for Compensated Absence	39,053,662	42,472,285
Total	39,053,662	42,472,285

Note 6**Short Term Provisions**

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Provision for Salary, Performance Related Pay & Commission	68,159,076	47,577,790
Provision for Compensated Absence	12,653,538	4,545,114
Provision for Gratuity	-	2,128,458
Provision for Leave Travel Allowance	17,976,079	18,740,605
Others		
Proposed Dividend	289,991,220	228,422,496
Provision for Dividend Tax	49,284,008	38,820,403
Total	438,063,921	340,234,866

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 7

Other Current Liabilities

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Sundry Creditors for Expenses*	13,256,126	17,115,126
Unearned Revenue	215,637,188	177,929,227
Advance from customers	156,756,069	160,278,350
Statutory Dues	9,872,665	14,468,658
Unclaimed Dividend	2,651,694	1,068,264
Advance received from selling shareholders (net)#	23,747,971	22,379,929
Other Liabilities	64,721	21,256
Total	421,986,434	393,260,810

*Refer note 27 for amounts due to micro, small and medium enterprises

Refer note 29

Credit Analysis & Research Ltd.
Notes to the financial statements for the year ended March 31, 2014
Note 8
Fixed Assets for the year ended March 31, 2014

Amount Rs.

Description of Assets	Gross Block			Impairment			Depreciation			Net Block As at 31-Mar-14		
	As at 01-Apr-13	Additions during the year	Deductions during the year	At at 31-Mar-14	As at 01-Apr-13	During the Year	As at 31-Mar-14	Up to 01-Apr-13	For the Year		On deletions/ disposals during the year	Up to 31-Mar-14
Tangible Assets												
Furniture & Fixtures	42,405,288	60,850	-	42,466,138	-	-	-	15,247,888	2,508,974	-	17,756,862	24,709,276
Office Equipments	52,551,480	2,011,586	56,367	54,506,699	-	-	-	5,085,138	2,559,110	24,126	7,620,122	46,886,577
Computers	54,315,848	11,635,724	1,034,371	64,917,201	-	-	-	23,489,743	8,800,116	848,308	31,441,551	33,475,650
Vehicles	7,854,856	1,132,921	1,835,212	7,152,565	-	-	-	1,715,360	768,587	810,289	1,673,658	5,478,907
Electrical Installations	6,825,282	-	-	6,825,282	-	-	-	1,945,441	481,521	-	2,426,962	4,398,320
Buildings	424,826,827	11,915,870	-	436,742,697	2,257,525	-	2,257,525	27,483,725	6,905,440	-	34,389,165	400,096,007
Total Tangible (A)	588,779,581	26,756,951	2,925,950	612,610,582	2,257,525	-	2,257,525	74,967,295	22,023,748	1,682,723	95,308,320	515,044,737
Intangible Assets												
Computer Software	26,095,019	6,889,095	-	32,984,114	-	-	-	26,095,019	6,889,095	-	32,984,114	-
Total Intangible (B)	26,095,019	6,889,095	-	32,984,114	-	-	-	26,095,019	6,889,095	-	32,984,114	-
Total (A+B)	614,874,600	33,646,046	2,925,950	645,594,696	2,257,525	-	2,257,525	101,062,314	28,912,843	1,682,723	128,292,434	515,044,737

Credit Analysis & Research Ltd.
Notes to the financial statements for the year ended March 31, 2014
Note 8
Fixed Assets for the year ended March 31, 2013

Amount Rs.

Description of Assets	Gross Block			Impairment		Depreciation			Net Block			
	As at 01-Apr-12	Additions during the year	Deductions during the year	At at 31-Mar-13	As at 01-Apr-12	During the Year	As at 31-Mar-13	Up to 01-Apr-12	For the Year	On deletions/disposals during the year	Up to 31-Mar-13	As at 31-Mar-13
Tangible Assets												
Furniture & Fixtures	41,317,286	1,230,634	142,632	42,405,288	-	-	-	12,636,615	2,663,516	52,243	15,247,888	27,157,400
Office Equipments	18,168,922	34,625,358	242,800	52,551,480	-	-	-	3,972,565	1,272,513	159,940	5,085,138	47,466,342
Computers	42,737,860	12,640,996	1,063,008	54,315,848	-	-	-	17,493,455	6,752,746	756,458	23,489,743	30,826,105
Vehicles	10,029,790	-	2,174,934	7,854,856	-	-	-	1,798,201	776,453	859,294	1,715,360	6,139,496
Electrical Installations	6,549,631	275,651	-	6,825,282	-	-	-	1,467,123	478,318	-	1,945,441	4,879,841
Buildings	424,826,827	-	-	424,826,827	2,257,525	-	2,257,525	20,596,073	6,887,652	-	27,483,725	395,085,577
Total Tangible	543,630,316	48,772,639	3,623,374	588,779,581	2,257,525	-	2,257,525	57,964,032	18,831,198	1,827,935	74,967,295	511,554,761
Intangible Assets												
Computer Software	18,653,366	7,441,653	-	26,095,019	-	-	-	18,653,366	7,441,653	-	26,095,019	-
Total Intangible	18,653,366	7,441,653	-	26,095,019	-	-	-	18,653,366	7,441,653	-	26,095,019	-
Total	562,283,682	56,214,292	3,623,374	614,874,600	2,257,525	-	2,257,525	76,617,398	26,272,851	1,827,935	101,062,314	511,554,761

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 9****Non Current Investments****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
Trade Investment		
A) UNQUOTED (valued at cost)		
1) Investment in Subsidiaries		
6,020,540 equity shares (PY 6,020,540) CARE Kalypto Risk Technologies and Advisory Services Private Limited (Formerly known as Kalypto Risk Technologies Pvt. Ltd.)	89,398,652	89,398,652
2) Other Investments		
53,000 Ordinary Shares of USD 10 each fully paid up (PY Nil) ARC Ratings Holdings PTE Limited	30,680,300	-
3) 400,000 ordinary shares of RM 1 each fully paid up (PY Nil) in Malaysian Rating Corporation Berhard	26,117,132	-
Other Investments (valued at cost, unless stated otherwise)		
A) QUOTED		
1) Investment in Bonds of PSUs		
50,000 Bonds (PY NIL) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022)	53,283,100	-
300 Bonds (PY 300 Bonds) 6.32% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on December 20, 2017)	30,000,000	30,000,000
Nil (PY 1000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 8, 2015)	-	100,000,000
92,718 Bonds (PY 92,718 Bonds) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2022)	94,850,514	94,850,514
1,00,000 Bonds (PY 1,00,000) of 8.1% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 22, 2027)	105,648,400	105,648,400
20,000 Bonds (PY 20,000) of 7.34% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 19, 2028)	20,000,000	20,000,000
50,000 Bonds (PY 50000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027)	48,600,000	48,600,000
130,000 Bonds (PY 130,000) of 8.10% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2022)	134,134,000	134,134,000

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 9

Non Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
50,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027)	52,975,000	-
20,000 Bonds (PY NIL) of 8.68% Tax Free Bonds of National Housing Bank (Maturing on March 24, 2029)	101,270,400	-
50,000 Bonds (PY NIL) of 8.12% Tax Free Bonds of Rural Electrification Corporation (Maturing on March 24, 2029)	53,659,400	-
80,000 Bonds (PY 80,000) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027)	85,816,000	85,816,000
	780,236,814	619,048,914
2) Investment in Gold ETF		
14,807 Units (PY 14,807 Units) UTI MF Gold Traded Mutual Fund	37,538,398	37,538,398
5,247 Units (PY 5,247 Units) IDBI MF-Gold Exchange Traded Fund Opend Ended	15,007,017	15,007,017
5,279 Units (PY 5,279 Units) Kotak MF-Gold Exchange Traded Fund	15,013,259	15,013,259
1,180,689 Units (PY 1,180,689 Units) SBI Gold Fund	11,999,998	11,999,998
6,881 Units (PY 5901) Goldman Sachs MF-Gold Benchmarck Exchange Traded Scheme - Units	20,023,229	17,520,486
	99,581,901	97,079,158
3) Investment in G-Sec		
FV -Rs 50,000,000 (PY Rs 50,000,000) G-Sec 8.79% Government of India 2021 (Maturing on 08 November 2021)	50,565,000	50,565,000
4) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
5,841,848 units (PY Nil) of IDFC Fixed Term Plan Series 23 - Growth	58,418,478	-
5,500,000 units (PY Nil) of SBIMF SDFS 16 Months - 1 - Growth	55,000,000	-
3,000,000 units (PY Nil) of Principal PNB FMP Series B-10	30,000,000	-
2,750,000 units (PY Nil) of Birla Sun Life Fixed Term Plan - Series IU - Growth	27,500,000	-

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 9****Non Current Investments - Contd.****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
5,000,000 units (PY Nil) of Kotak FMP Series 133 - 524 Day-G	50,000,000	-
2,000,000 units (PY Nil) of IDBI FMP-Series - IV- 542 Day (Feb-14) F (Direct)	20,000,000	-
1,250,000 units (PY Nil) of LIC Nomura MF FMP Series 76 -382 Days - G	12,500,000	-
6,032,567 units (PY Nil) of Baroda Pioneer FMP - Series M - 394 Days	60,325,670	-
Nil units (PY 5,000,000) of Sundaram FMP - Series DC - DP - 15 Months - Growth	-	50,000,000
Nil units (PY 4,520,516) of Baroda Pioneer FMP 378 Days Plan - Series B - Growth	-	45,205,163
Nil units (PY 2,250,000) of Birla Fixed Term Plan Series GB - 541 Days - Growth	-	22,500,000
Nil units (PY 5,000,000) of JP Morgan India FMP - Series 12 523 Days Growth	-	50,000,000
Nil units (PY 3,000,000) of Kotak FMP Series 98 465 Days Growth	-	30,000,000
Nil units (PY 2,500,000) of Reliance Fixed Horizon Fund – XXII – Series 21 739 Days	-	25,000,000
3,500,000 units (PY 3,500,000) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth	35,000,000	35,000,000
Nil units (PY 4,000,000) of DWS - FMP Series 23 - 15 Months Direct Plan - Growth	-	40,000,000
Nil units (PY 2,000,000) of HDFC FMP 462D January 2013 (1) Series 24 Growth	-	20,000,000
Nil units (PY 7,200,667) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth	-	72,006,610
	348,744,148	389,711,773
B) UNQUOTED		
1) Investment in various Equity and Debt Mutual Fund Schemes		
1,977,824 units (PY Nil) IDFC Arbitrage Fund	25,000,000	-
2,323,590 units (PY Nil) Kotak Equity Arbitrage Fund	25,000,000	-
3,469,187 units (PY Nil) IDFC Dynamic Bond Fund - Growth	50,000,000	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 9

Non Current Investments - Contd.

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
1,412,756 units (PY Nil) Birla Sun Life G Sec Fund - LT - Growth	50,000,000	-
620,818 units (PY Nil) DSP Blackrock Top 100 Equity Fund - Direct Plan	71,999,998	-
333,710 units (PY 665,582 units) DSP Blackrock Top 100 Equity Fund Regular G	34,156,704	67,500,000
2,858,469 units (PY 1,948,903 units) Franklin India Bluechip Fund Dividend Re-investment	100,280,640	70,280,640
169,322 units (PY 328,642 units) HDFC Top 200	34,837,204	67,500,000
308,299 units (PY Nil) HDFC Top 200 - Direct Plan	74,999,998	-
7,800,974 units (PY 4,982,671 units) ICICI Prudential Top 100 Fund Dividend	109,207,681	71,209,932
	575,482,225	276,490,572
Grand Total	2,000,806,172	1,522,294,069
Aggregate amount of quoted investments (Market value: Rs.1,237,570,398 PY Rs. 1,175,080,211)	1,279,127,863	1,156,404,845
Aggregate amount of unquoted investments	721,678,309	365,889,22
Aggregate provision for diminution in value of investments	-	-

Note 10

Long Term Loans and Advances

(Unsecured, considered good)

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Capital Advances	-	5,275,281
Security Deposits	27,440,594	18,995,785
Loan to Employees	2,427,225	1,095,156
Accrued Interest on Loans to Employees	449,831	258,700
Other Loans and Advances		
Prepaid Expenses	1,360,300	3,173,836
Advance payment of taxes	88,934,742	79,624,483
(Net of Provision for Tax Rs. 2,435,434,731 (PY 1,928,360,469))		
Total	120,612,692	108,423,241

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 11****Current Investments****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
A) QUOTED		
(valued at cost, unless stated otherwise)		
Current Maturity of Current Investment		
1) Investment in Bonds of PSUs		
1,000 Bonds (PY 1000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 8, 2015)	100,000,000	-
Nil Units (PY 400 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on January 22, 2014)	-	40,000,000
Nil Units (PY 550 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on March 20, 2014)	-	54,877,000
	100,000,000	94,877,000
2) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
Nil units (PY 12,502,620) of ICICI Pru FMP Series 51- 3years Plan F Cumulative	-	125,026,200
Nil units (PY 8,000,000) of Sundaram Fixed Term Plan - CQ - 370 Days - G	-	80,000,000
Nil units (PY 4,500,000) of Tata FMP Series 39 - Scheme H - 367 Days - G	-	45,000,000
Nil units (PY 4,000,000) of HDFC FMP - 36M - Apr 2010 (12) - Growth	-	40,000,000
5,000,000 units (PY Nil) of HDFC FMP 372 D- Jan2014(1) Direct Plan	50,000,000	-
5,000,000 units (PY Nil) of Sundaram FMP - Series DC - DP - 15 Months - Growth	50,000,000	-
4,520,516 units (PY Nil) of Baroda Pioneer FMP 378 Days Plan - Series B - Growth	45,205,163	-
2,250,000 units (PY Nil) of Birla Fixed Term Plan Series GB - 541 Days - Growth	22,500,000	-
5,000,000 units (PY Nil) of JP Morgan India FMP - Series 12 523 Days Growth	50,000,000	-
3,000,000 units (PY Nil) of Kotak FMP Series 98 465 Days Growth	30,000,000	-
2,500,000 units (PY Nil) of Reliance Fixed Horizon Fund – XXII – Series 21 739 Days	25,000,000	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 11

Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
4,000,000 units (PY Nil) of DWS - FMP Series 23 - 15 Months Direct Plan - Growth	40,000,000	-
2,000,000 units (PY Nil) of HDFC FMP 462D January 2013 (1) Series 24 Growth	20,000,000	-
7,200,667 units (PY Nil) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth	72,006,679	-
3,000,000 units (PY Nil units) of BNP MF Fix Term Fund Series 29 -B -Direct - G-368	30,000,000	-
2,000,000 units (PY Nil units) of Tata FMP Series 46 - 368 Day -Direct - Growth	20,000,000	-
1,500,000 units (PY Nil) of Religare Invesco FMP Series 23-Plan B-367 D-Direct	15,000,000	-
3,504,924 units (PY Nil units) of SBIMF SDF Series A - 9 - 366 D (Direct)- Growth	35,049,244	-
2,500,000 units (PY Nil) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G	25,000,000	-
2,500,000 units (PY Nil) of Religare Invesco FMP Series 22 - Plan K (367 Days	25,000,000	-
1,000,000 units (PY Nil) of IDBI FMP Series IV 368 Days Feb 2014 -C	10,000,000	-
3,250,000 units (PY Nil) of Kotak FMP Series 136 - 376 Days Direct	32,500,000	-
2,250,000 units (PY Nil) of Tata FMP Series 46 Scheme L - 366 Days	22,500,000	-
1,500,000 units (PY Nil) of Sundaram Fixed Term Plan EW 366 Day Direct	15,000,000	-
3,250,000 units (PY Nil) of DSP Blackrock Fmp Series 144-12 M (Direct)- Growth	32,500,000	-
2,000,000 units (PY Nil) of IDFC FIXED TERM PLAN - SERIES 40- DP -G	20,000,000	-
5,000,000 units (PY Nil) of BIRLA SUNLIFE FMP Series IL 368 Days DP G	50,000,000	-
5,000,000 units (PY Nil) of BIRLA SUNLIFE FMP Series IO 368 Days DP G	50,000,000	-
10,820,000 units (PY Nil) of SBI SDFS - 366 Days Series 44 DP-Growth	108,293,000	-
7,500,000 units (PY Nil) of L&T FMP Series IX - Plan G - 366 Days	75,000,000	-

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note II****Current Investments - Contd.**

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
7,500,000 units (PY Nil) of Religare Invesco FMP Series XXI - Plan E	75,000,000	-
5,426,150 units (PY Nil) of SBI MFSDFS - 366 Days - Series 47	54,261,500	-
5,000,000 units (PY Nil) of Birla Sun Life FTP Series JA - 366 Days	50,000,000	-
3,812,795 units (PY Nil) of HDFC FMP 370D October 2013 (5)	38,127,950	-
3,750,000 units (PY Nil) of IDFC Fixed Term Plan Series 59 - Growth	37,500,000	-
3,000,000 units (PY Nil) of Birla Sun Life FTP - Series GT -DP - Growth	30,000,000	-
5,000,000 units (PY Nil) of DSP Blackrock FMP Series 104 - 12 M - Growth	50,000,000	-
5,000,000 units (PY Nil) of HDFC FMP 370D April 2013 (1) (370 Days) DP - Growth	50,000,000	-
3,000,000 units (PY Nil) of HDFC FMP - 370D - May 13(1) - Growth	30,000,000	-
6,000,000 units (PY Nil) of ICICI Prudential Fixed Maturity Plan - Series 68 - 368 Days - Plan G	60,000,000	-
2,000,000 units (PY Nil) of ICICI Prudential Fixed Maturity Plan - Series 69 - 372 Days - Plan K	20,000,000	-
3,000,000 units (PY Nil) of Kotak FMP Series 104	30,000,000	-
5,750,000 units (PY Nil) of Kotak FMP Series 105 - Growth	57,500,000	-
3,500,000 units (PY Nil) of Kotak FMP Series 117 DP Growth	35,000,000	-
6,000,000 units (PY Nil) of L&T FMP Series VIII – Plan J - 368 Days - DP	60,000,000	-
10,312,850 units (PY Nil) of Reliance Interval Fund - Annual Interval Fund - Series 1 (370 days)	125,000,000	-
5,418,163 units (PY Nil) of Reliance Yearly Interval Fund - Series 8 - Growth	54,181,629	-
2,000,000 units (PY Nil) of Religare FMP Series XIX Plan A 367Days - DP -G	20,000,000	-
7,678,529 units (PY Nil) of UTI Fixed Term Income Fund Series XV - V - Growth	76,785,295	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note II

Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
3,500,000 units (PY Nil) of UTI FTI Fund Series XV - 368Days - G -DP	35,000,000	-
6,499,505 units (PY Nil) of UTI FTI FUND SERIES XV - II (367 DAYS) - DP-G	64,995,047	-
4,000,000 units (PY Nil) of HDFC FMP 478 D -Jan 2014 (1) (Direct)- G Option	40,000,000	-
Nil units (PY 2,750,000) of ICICI Prudential FMP Series 64 - 367 Days - Plan L	-	27,500,000
2,500,000 units (PY 2,500,000 units) of Tata FMP Series 42 - Scheme G - 419 days - G	25,000,000	25,000,000
Nil units (PY 3,000,000) of Taurus FMP Series X - 369 Days - Growth	-	30,000,000
Nil units (PY 5,516,700) of Baroda Pioneer Fixed Maturity Series A - Plan B - 366 Days	-	55,167,000
Nil units (PY 10,025,978) of Birla Sun Life - Fixed Term Plan - Sereis FM	-	100,259,787
Nil units (PY 4,503,459) of Birla Sun Life Fixed Term Plan - Series FP - G 366D	-	45,034,590
Nil units (PY 5,000,000) of Birla Sun Life Fixed Term Plan – Series FS-368 days	-	50,000,000
Nil units (PY 2,500,423) of DSP - FMP Series 48 - 12M -Growth	-	25,004,232
Nil units (PY 5,000,000) of HDFC FMP 369D DEC 2012 (1) Series23 Growth	-	50,000,000
Nil units (PY 4,185,699) of HDFC FMP 371 D Nov 2012 (1) - Growth	-	41,856,993
Nil units (PY 3,500,000) of HDFC FMP Series 22 373 Days Growth	-	35,000,000
Nil units (PY 5,000,000) of IDFC FMP - 366 Days -Series 74 - G	-	50,000,000
Nil units (PY 5,000,000) of IDFC FMP 366 Days Series 73 - Growth	-	50,000,000
Nil units (PY 1,750,000) of IDFC FMP 366 Days Series 76 - Growth	-	17,500,000
Nil units (PY 3,260,627) of IDFC Yearly Series Interval Fund - DP - Series II - Growth	-	32,606,271
350,000 units (PY 350,000) of JP Morgan India FMP Series 18 Direct Plan - Growth 373Days	35,000,000	35,000,000

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 11****Current Investments - Contd.****Amount Rs.**

	As at March 31, 2014		As at March 31, 2013	
Nil units (PY 14,776,984) of Reliance Annual Interval - Series I - 370 Days - G	-		162,756,667	
Nil units (PY 1,500,000) of Religare FMP- Series XVI - Plan D (370 Days)	-		15,000,000	
Nil units (PY 1,000,000) of Religare FMP- Series XV-Plan E (367 Days)	-		10,000,000	
Nil units (PY 5,000,000) of SBI MF SDFS 366 Days Series 11 Growth	-		50,000,000	
Nil units (PY 5,000,000) of SBI MF SDFS 366 Days Series 18 Growth	-		50,000,000	
Nil units (PY 10,000,000) of SBI MF SDFS 366 Days Series 16 Growth	-		100,000,000	
Nil units (PY 450,000) of SBI MF SDFS 366 Days Series 17 Growth	-		45,000,000	
Nil units (PY 5,923,611) of UTI Fixed Term Plan IF Series XI - IX 368 Days G	-		59,236,112	
Nil units (PY 4,716,372) of UTI Fixed Term Plan Income Fund Series XII - I Growth 368 Days	-		47,163,722	
Nil units (PY 20,00,000) of DSP Blackrock FMP - Series 68 - 12 M - Growth	-		20,000,000	
Nil units (PY 15,00,000) of DSP Blackrock FMP - Series 81 - 12M -Growth	-	2,123,905,507	15,000,000	1,534,111,574
B) UNQUOTED				
1) Investment in various open-ended Debt Mutual Funds				
Nil units (PY 25,270 units) of Axis Treasury Advantage Fund DDR	-		25,305,844	
Nil Units (PY 3,138,588 units) of JM High Liquidity Fund -Direct Plan -DDR	-		32,736,097	
Nil Units (PY 2,046,120 units) of Sundaram Money Fund - Direct Plan - DDR	-		20,670,932	
15,002 Units (PY Nil Units) of IDBI Liquid Fund - DDR - DP	15,010,466		-	
43,636 Units (PY Nil units) of IDFC Cash Fund-Direct Plan -DDR	43,651,068	58,661,534	-	78,712,873

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note II

Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
2) Investment in Commercial Paper (valued at carrying cost)		
Nil Units (PY 200 Units) Commercial Paper - Trapti Trading & Investment 19-07-2012 (Maturing on 19 July, 2013) 364 Days	-	97,272,155
Nil Units (PY 200 Units) Commercial Paper - Turquoise Investment and Finance Pvt Ltd. 29-06-2012 (Maturing on 28 July, 2013) 364 Days	-	97,748,022
Nil Units (PY 200 Units) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 17-05-2012 (Maturing on 15 May, 2013) 363 Days	-	98,785,928
Nil Units (PY 200 Units) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 07-06-2012 (Maturing on 31 May, 2013) 360 Days	-	98,413,490
Nil Units (PY 190 Units) Commercial Paper - TGS Invesements & Trade Pvt. Ltd. 09-10-2012 (Maturing on October 08, 2013) 364 Days	-	90,605,717
Nil Units (PY 400 Units) Commercial Paper - S. D. Corporation 27-11-2012 (Maturing on November 27, 2013) 365 Days	-	187,773,677
200 Units (PY Nil Units) Commercial Paper - Fullerton India Credit Company Limited 31-05-2013 (Maturing on May 30, 2014) 365 Days	98,632,329	-
200 Units (PY Nil Units) Commercial Paper - Reliance Capital Ltd. 31-05-2013 (Maturing on May 30, 2014) 366 Days	98,653,311	-
400 Units (PY Nil Units) Commercial Paper - Simplex Infrastructure Ltd. 12-06-2013 (Maturing on June 12, 2014) 366 Days	196,307,756	-
	393,593,396	670,598,989
Total	2,676,160,437	2,378,300,436
Aggregate amount of quoted investments (Market value: Rs. 2,346,423,488, PY Rs.1,746,763,654)	2,223,905,507	1,628,988,574
Aggregate amount of unquoted investments	452,254,930	749,311,862
Aggregate provision for diminution in value of investments	-	-

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 12****Trade Receivables (Unsecured)****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
Considered Good		
- Debts outstanding for a period exceeding six months	51,862,216	72,559,230
- Other Debts	89,845,127	146,331,342
Total Debtors (Considered Good)	141,707,343	218,890,572
Considered Doubtful		
- Debts o/s for a period exceeding six months	15,291,913	5,412,804
- Other Debts	5,380,758	-
Total Debtors (Considered Doubtful)	20,672,671	5,412,804
Total Debtors	162,380,014	224,303,376
Less: Provision for doubtful debts	20,672,671	5,412,804
Total	141,707,343	218,890,572

Note 13**Cash and Bank Balances****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
Cash and Cash Equivalents		
Cash on hand	79,115	23,903
Balances with Banks		
- On Current Account	69,277,642	53,225,255
Other Bank Balances		
- Deposit Accounts	164,821,078	190,340,695
- Unclaimed Dividend Account	2,651,694	1,068,264
- Lienmarked Deposit	30,361,492	27,000,000
Total	267,191,021	271,658,117
<i>Deposit accounts with more than 12 months maturity</i>	-	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 14

Short Term Loans and Advances

(Unsecured, considered good)

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Loans to Employee	1,032,011	1,517,759
Prepaid Expense	10,330,534	8,200,087
<i>Advances recoverable in cash or in kind or for value to be received</i>		
- Service Tax, VAT, Other taxes and Statutory Deposits	8,325,502	22,705
- Advance to Suppliers	901,428	6,831,178
- Other Advances	422,234	2,031,440
Total	21,011,709	18,603,169

Note 15

Other Current Assets

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Interest Accrued on Investments	30,459,830	23,761,392
Interest Accrued on Loans to Employees	95,587	132,757
Other Receivables*	8,450,591	-
Total	39,006,008	23,894,149
*Includes dues from subsidiary	5,971,468	-

Note 16

Revenue From Operations

	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rating Income (including Surveillance)	2,269,098,113	1,972,744,011
Sale of Publications / Information Services	25,547,454	14,914,115
Total	2,294,645,567	1,987,658,126

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****Note 17****Other Income**

	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest on Investments		
On long term investments	68,259,027	53,504,313
On short term investments	68,939,525	78,834,685
Dividend on Investments		
On long term investments	23,800,811	8,535,788
On short term investments	10,382,533	15,501,332
Profit / (Loss) on Redemption / Sale of investments (Net)	184,305,330	129,708,210
Interest on Staff Loans	322,473	136,638
Miscellaneous Income	562,433	84,107
Total	356,572,132	286,305,073

Note 18**Employee Benefits Expense**

	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and Other Allowances	539,494,680	456,042,490
Contribution to Provident, Gratuity & Other Funds	28,818,906	29,577,275
Expense on Employee Stock Option Scheme (Refer Note 31)	14,286,874	-
Staff Welfare Expenses	23,392,910	22,260,863
Total	605,993,370	507,880,628

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Note 19

Other Expenses

Amount Rs.

	For the year ended March 31, 2014	For the year ended March 31, 2013
Electricity Charges	12,890,801	10,487,569
Postage & Telephone Charges	13,598,190	10,032,193
Rent	32,119,268	9,477,058
Travelling & Conveyance Expenses	27,229,994	23,905,342
Directors' Sitting Fees	11,80,000	560,000
Sitting Fees to Rating Committee	4,018,000	3,697,000
Insurance Premium	543,346	508,013
Legal & Professional Fee	17,313,387	23,131,065
Rates & Taxes	1,475,442	1,656,871
Repairs & Maintenance		
- Buildings	7,175,337	8,005,390
- Others	13,303,402	7,829,538
Exchange Gain / (Loss) (Net)	18,505	49,795
Loss on Sale of Fixed Assets	476,585	1,193,839
Advertisement and Sponsorship Expenses	5,573,408	2,923,945
Office Supplies	10,706,915	9,527,749
Bad Debts Written off	23,753,969	5,127,459
Provision for Bad and Doubtful Debts	15,259,867	5,412,804
Auditors Remuneration:		
- Audit Fees (including Limited Review Fees)	1,275,000	975,000
- Tax Audit Fees	75,000	75,000
- Other Services	345,000	55,000
- Reimbursement to Auditors	34,055	28,275
	1,729,055	1,133,275
Miscellaneous Expenses	33,899,136	16,331,211
Total	222,264,607	140,990,116

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014****20 Contingent Liability & Capital Commitment****Amount Rs.**

Particulars	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Contingent Liability on account of Income Tax	10,445,022	22,942,149
Bank Guarantees Issued	910,000	-

21 Earnings Per Share**Amount Rs.**

Particulars	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit After Tax (A)	1,286,725,553	1,133,298,456
Weighted average number of shares for computation of Basic Earnings Per Share (B)	28,780,247	28,552,812
Basic Earnings Per Share (A/B)	44.71	39.69
Weighted average number of shares for computation of Diluted Earnings Per Share (C)	28,795,937	28,552,812
Diluted Earnings Per Share (A/C)	44.68	39.69

22 List of Related Parties

Parties	Relationship
Related party where control exists	
Care Kalypto Risk Technologies Pvt. Ltd. (75.13% equity stake acquired in November 2011)	Subsidiary
ARC Ratings Holding Pte Ltd.	Joint Venture
Key Management Personnel	
Shri D R Dogra	MD & CEO
Shri Rajesh Mokashi	Deputy Managing Director

Transaction with Related Party**Amount Rs.**

Name of the Company	Relationship	Nature of Transaction	Amount Rs.	
			For the year ended March 31, 2014	For the year ended March 31, 2013
Incurred during the FY 2013-14				
CARE Kalypto Risk Technologies Pvt Ltd	Subsidiary	Reimbursement of Expenses	5,971,468	-
Outstanding balances as on 31.3.2014				
CARE Kalypto Risk Technologies Pvt Ltd	Subsidiary	Reimbursement of Expenses Receivable	5,971,468	-
		Investments	89,398,652	89,398,652

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Transaction with Key Management Personnel

Key Management Personnel	Designation	Nature of Transaction	Amount Rs.	
			For the year ended March 31, 2014	For the year ended March 31, 2013
Shri D. R. Dogra	MD & CEO	Remuneration	16,697,359	14,779,297
Shri Rajesh Mokashi	DMD	Remuneration	13,631,484	12,000,077

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.

23 Expenditure in foreign currency

Particulars	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Foreign Travel	3,780,337	4,889,048
Training	-	135,830
Administrative Expenses	3,639,925	3,789,096
Advertisement	84,262	-
Subscription	1,354,824	1,116,519
Membership Fees	123,344	137,257
Legal	322,523	-
Total	9,305,215	10,067,750

24 Earnings in foreign currency

Particulars	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Information Services	968,086	1,468,964
Rating	8,747,031	3,405,334
Total	9,715,117	4,874,298

25 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.

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

26 Disclosure as per Accounting Standard 15 (revised 2005)

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

Amount Rs.

a Assumptions	Gratuity (Funded)		Compensated Leave absence (unfunded)	
	Apr 2013 to Mar 2014	Apr 2012 to Mar 2013	Apr 2013 to Mar 2014	Apr 2012 to Mar 2013
Discount Rate Previous	8.00%	8.50%	8.00%	8.50%
Rate of Return on Plan Assets Previous	8.70%	8.60%	NA	NA
Salary Escalation Previous	5.00%	5.00%	5.00%	5.00%
Attrition Rate Previous Year	2.00%	2.00%	2.00%	2.00%
Discount Rate Current	9.31%	8.00%	9.31%	8.00%
Rate of Return on Plan Assets Current	8.70%	8.70%	NA	NA
Salary Escalation Current	5.00%	5.00%	5.00%	5.00%
Attrition Rate Current Year	2.00%	2.00%	2.00%	2.00%
Method of Valuation	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method	Project Unit Credit Method
b Table showing changes in Benefit Obligation				
Liability at the beginning of the year	25,749,315	12,747,012	47,017,398	36,709,471
Interest Cost	2,059,945	1,083,496	3,761,392	3,120,305
Current Service Cost	8,017,195	3,184,198	3,926,071	4,346,148
Cost on account of Transitional Liability incurred during the period	-	-	-	-
Past Service Cost (Non Vested Benefit)	-	-	-	-
Past Service Cost (Vested Benefit)	-	6,371,556	-	-
Settlement	-	-	-	-
Liability Transfer in (Liability Transfer out)	-	-	-	-
Benefit paid in the normal course	(1,439,920)	(331,341)	(24,811,506)	(14,942,337)
Actuarial (gain)/loss on obligations	(8,949,598)	2,694,394	21,813,845	17,783,811
Liability at the end of the year	25,436,937	25,749,315	51,707,200	47,017,398
c Table showing fair value of plan assets				
Fair value of plan assets at beginning of year	23,620,857	16,876,936	-	-
Expected Return on Plan Assets	2,055,015	1,451,416	-	-
Contributions	4,587,977	5,089,771	-	-
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Benefit paid in the normal course	(1,439,920)	(3,331,341)	-	-
Actuarial (gain)/loss on obligations	278,081	534,075	-	-
Fair value of Plan Assets at the end of year	29,102,010	23,620,857	-	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

Amount Rs.

	Gratuity (Funded)		Compensated Leave absence (unfunded)	
	Apr 2013 to Mar 2014	Apr 2012 to Mar 2013	Apr 2013 to Mar 2014	Apr 2012 to Mar 2013
d Recognition of Actuarial Gains / Losses				
Actuarial (gain)/loss on obligations for the period.	(8,949,598)	2,694,394	21,813,845	17,783,811
Actuarial (gain)/loss on asset for the period.	(278,081)	(534,075)	-	-
Actuarial (gain)/loss recognized in statement of Profit & Loss	(9,227,679)	2,160,319	21,813,845	17,783,811
e Actual Return on Plan Assets				
Expected Return on Plan Assets	2,055,015	1,451,416	-	-
Actuarial gain / (loss) on Plan Assets	278,081	534,075	-	-
Actual Return on Plan Assets	2,333,096	1,985,491	-	-
f Amount recognized in the Balance Sheet				
Fair Value of Plan Assets at the end of the year	29,102,010	23,620,857	-	-
Present Value of Benefit Obligation at the end of the year	(25,436,937)	(25,749,315)	(51,707,200)	47,017,398
Difference	-	(2,128,458)	(51,707,200)	47,017,398
Funded Status	3,665,073	(2,128,458)	-	-
Unrecognized Past Service Cost	-	-	-	-
Unrecognized Transition Liability	-	-	-	-
Amount recognized in the Balance Sheet	3,665,073	(2,128,458)	(51,707,200)	(47,017,398)
g Amount recognized in the Income Statement				
Current Service cost	8,017,195	3,184,198	39,26,071	4,346,148
Interest Cost	2,059,945	1,083,496	3,761,392	3,120,305
Expected return on Plan Assets	(2,055,015)	(1,451,416)	-	-
Actuarial (gain)/loss	(9,227,679)	2,160,319	21,813,845	17,783,811
Past Service Cost (Non Vested Benefit) Recognized	-	-	-	-
Past Service Cost (Vested Benefit) Recognized	-	-	-	-
Recognition of Transition Liability	-	-	-	-
Expense Recognized in statement of Profit & Loss	(1,205,554)	4,976,597	29,501,308	25,250,264

Credit Analysis & Research Ltd.**Notes to the financial statements for the year ended March 31, 2014**

Amount Rs.

h Balance Sheet Reconciliation	Gratuity (Funded)		Compensated Leave absence (unfunded)	
	Apr 2013 to Mar 2014	Apr 2012 to Mar 2013	Apr 2013 to Mar 2014	Apr 2012 to Mar 2013
Opening Net Liability	2,128,458	5,996,639	47,017,398	36,709,471
Expense Recognized in statement of Profit & Loss	(12,05,554)	49,76,597	25,250,264	25,250,264
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Employer's Contribution	(4,587,977)	(5,089,771)	-	-
Benefits paid in the normal course	-	-	(24,811,506)	(14,942,337)
Benefits paid on account of Settlements	-	-	-	-
Amount Recognized in Balance Sheet	(3,665,073)	5,883,465	47,456,156	47,017,398

The reversal in actuarial liability during the year of Rs.36,65,073 (Previous Year Rs. Nil) for Gratuity was not recognized in Statement of Profit & Loss on account of prudence.

27 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:

Amount Rs.

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
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	-	-

28 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 payment are recognized in the statement of profit and loss under rent in Note 19 - other Expenses.

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

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

Particulars	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent recognized in statement of Profit & Loss	30,580,939	9,477,058
Not later than one year	35,180,392	8,754,580
Later than one year and not later than five years	114,906,999	-

29 The Company has completed its Initial Public Offer (IPO) through an Offer for Sale of 7,199,700 equity shares at a price of Rs. 750 per share (including a share premium of Rs. 740 per equity share) on December 26, 2012. Since this was an offer for sale, all the share issue expenses relating to IPO are recovered / recoverable from selling shareholders.

30 During the year the company, allotted 446,310 equity shares of Rs. 10 each to Ascent India Fund III at a price of Rs. 560.15 per share (including Rs. 550.15 towards share premium) aggregating to Rs. 25,00,00,547/-, to comply with Reserve Bank of India's norms on minimum capitalization applicable to non-fund based non-banking finance companies in connection with the IPO of the Company undertaken in December 2012. These funds have been utilised for business operations.

31 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	Year ended 31st March ,2014
Nos. of Options	500,000
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 (Per Share)	Rs . 617 per share
Market Price on the date of Grant of Option (Per Share)	Rs. 728.40 per share

(B) Movement of Options granted:

Particulars	Current Year	Weighted Average Exercise price
Options Outstanding at beginning of the year	-	-
Granted during the year	500,000	Rs 617/- per share
Exercised during the year	-	-
Lapsed during the year	-	-
Options Outstanding at the end of the year	500,000	-
Options unvested at the end of year	-	-
Options unvested at the end of year	500,000	-

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs. 14,286,874 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 31st March 2014 is 3.76 years (Previous Year: Nil year)

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2014

(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:

Particulars	Year ended 31st March ,2014
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

32 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

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Gautam V Shah

Partner (F-117348)

Anil Kumar Bansal

Chairman

D R Dogra

Managing Director & CEO

Mumbai

Date : May 20, 2014

Rajesh Mokashi

Dy Managing Director

Chandresh M Shah

Chief Financial Officer

Navin K Jain

Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Credit Analysis and Research Limited

1. We have audited the accompanying consolidated financial statements of Credit Analysis and Research Limited ('the Company') and its subsidiary (collectively referred to as, 'the Group'), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended collectively referred to as ('Consolidated Financial Statements'), and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statement

2. Management is responsible for the preparation of these Consolidated Financial Statements 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 applicable Accounting Standards notified under the Companies Act, 1956 ('the Act'), read with the General Circular 08/2014 dated April 04, 2014 of the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated 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 Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Khimji Kunverji & Co

Chartered Accountants
ICAI FRN-105146W

Gautam V Shah

Partner (F-117348)12.

Place: Mumbai.

Date: May 20, 2014

Credit Analysis & Research Ltd.

Consolidated Balance Sheet as at March 31, 2014

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	289,991,220	285,528,120
Reserves and Surplus	3	4,563,688,261	3,956,630,659
Minority Interest		9,156,786	6,725,265
Non Current Liabilities			
Deferred Tax Liability (Net)	4	39,294,813	39,049,750
Long Term Provisions	5	40,793,337	43,896,082
Current Liabilities			
Short Term Provisions	6	438,201,372	340,342,719
Other Current Liabilities	7	429,906,657	410,341,383
Total		5,811,032,446	5,082,513,979
ASSETS			
Non Current Assets			
a. Fixed Assets			
(i) Tangible Assets	8	516,281,844	512,606,858
(ii) Capital Work in Progress		-	365,190
Goodwill on consolidation		72,274,963	72,274,963
b. Non Current Investments	9	1,911,407,520	1,432,895,417
c. Long Term Loans and Advances	10	123,151,718	112,247,454
Current Assets			
Current Investments	11	2,676,160,437	2,378,300,436
Trade Receivables	12	147,952,633	222,485,298
Cash and Bank Balances	13	286,725,758	294,680,833
Short Term Loans and Advances	14	24,588,536	20,456,504
Other Current Assets	15	52,489,037	36,201,026
Total		5,811,032,446	5,082,513,979
Significant Accounting Policies	1		
Other Notes to Accounts	20 to 29		

The notes referred above form an integral part of the financial statements.

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants
FRN : 105146 W

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

Anil Kumar Bansal
Chairman

D R Dogra
Managing Director & CEO

Mumbai
Date : May 20, 2014

Rajesh Mokashi
Dy Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K Jain
Company Secretary

Credit Analysis & Research Ltd.

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue From Operations	16	2,355,887,161	2,030,324,405
Other Income	17	357,855,824	288,592,608
Total Income		2,713,742,985	2,318,917,013
EXPENDITURE			
Employee Benefits Expense	18	632,441,971	523,452,433
Depreciation	8	29,213,845	32,474,355
Other expenses	19	246,373,364	160,818,892
Total Expenses		908,029,180	716,745,680
Profit before Tax		1,805,713,805	1,602,171,333
Current Tax		508,725,500	454,000,000
Deferred Tax Expense		245,062	6,335,709
MAT Credit Utilised		240,764	-
Add : Income tax adjustment for earlier years		-	5,185,439
Total Tax Expense		509,211,326	465,521,148
Profit after Tax		1,296,502,479	1,136,650,185
Less Minority Interest in CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd		2,431,521	833,575
Profit after Tax		1,294,070,958	1,135,816,610
Earning Per Share (Face Value Rs.10/-)	21		
- Basic		44.96	39.78
- Diluted		44.94	39.78
Significant Accounting Policies	1		
Other Notes to Accounts	20 to 29		

The notes are an integral part of these financial statements

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants
FRN : I05146 W

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

Anil Kumar Bansal
Chairman

D R Dogra
Managing Director & CEO

Mumbai
Date : May 20, 2014

Rajesh Mokashi
Dy Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K Jain
Company Secretary

Credit Analysis & Research Ltd.

Consolidated Cash Flow Statement for the year ended March 31, 2014

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flows from Operating Activities		
Profit before tax (after adjusting minority Interest)	1,803,282,284	1,601,337,758
Adjustments for		
Income on investments	(356,959,718)	(286,494,878)
Deferred Employee Stock Option	14,286,874	-
Unrealised Foreign Exchange (Gain) / Loss	251,668	(230,155)
Provision for Compensated Absence	4,689,801	10,307,875
Provision for Gratuity	(1,782,982)	3,565,501
Provision for Bad Debts	13,490,447	5,658,433
Loss on Sale of Fixed Assets	476,585	1,226,254
Depreciation	29,213,845	32,474,355
Operating Profit before working capital changes	1,506,948,804	1,367,845,143
Movements in working capital		
Decrease/(Increase) in Trade Receivables	61,042,218	(142,564,866)
Decrease/(Increase) in Deposits	(7,416,314)	(13,379,063)
Decrease/(Increase) in Advances and Other Current Assets	(12,894,474)	(51,846,510)
Increase/(Decrease) in Other Current Liabilities	19,565,274	91,176,353
Increase/(Decrease) in Provisions and Other Liabilities	19,816,760	9,176,895
Cash generated from Operations	80,113,464	(107,437,191)
Taxes paid	(518,038,336)	(432,108,890)
Net cash from Operating Activities	1,069,023,932	828,299,062
Cash flows from Investing Activities		
Income from investments	361,607,359	300,627,371
Investment in a company	(56,797,432)	-
Sale of fixed assets	766,642	601,600
Purchase of fixed assets	(33,766,868)	(56,647,894)
Purchase of investments	(4,907,615,886)	(4,990,094,568)
Sale of investments	4,176,488,699	3,878,482,513
Net cash from Investing Activities	(459,317,486)	(867,030,978)
Cash flows from Financing Activities		
Proceeds from issue of equity shares	250,000,547	-
Change in Minority Interest	2,431,521	833,575
Dividend and Dividend Tax paid	(874,805,348)	(398,217,504)
Net cash from financing Activities	(622,373,280)	(397,383,929)

Credit Analysis & Research Ltd.

Consolidated Cash Flow Statement for the year ended March 31, 2014 - Contd.

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2014	For the year ended March 31, 2013
Net increase / (decrease) in cash and cash equivalents	(12,666,834)	(436,115,845)
Effects of unrealised exchange gain on cash & cash equivalents	(233,163)	230,155
Cash And Cash Equivalents At The Beginning	266,612,569	702,498,259
Cash And Cash Equivalents At The End	253,712,572	266,612,569
Cash and cash equivalents comprise of:		
Cash on hand	230,218	75,110
On Current Account	76,634,276	65,596,764
Deposit Accounts	176,848,078	200,940,695
Total	253,712,572	266,612,569

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants
FRN : 105146 W

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Gautam V Shah

Partner (F-117348)

Anil Kumar Bansal

Chairman

D R Dogra

Managing Director & CEO

Mumbai

Date : May 20, 2014

Rajesh Mokashi

Dy Managing Director

Chandresh M Shah

Chief Financial Officer

Navin K Jain

Company Secretary

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

1. Summary of Significant Accounting Policies

a. Principles of Consolidation

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

- i) The financial statements of the Company and its subsidiary company 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 details of subsidiary company is as under:
Name of the Company: **Care Kalypto Risk Technologies and Advisory Services Pvt. Ltd.**
Country of Incorporation: **India**
Ownership in % either directly or through Subsidiaries: **75.13%**
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 under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standard notified under Companies (Accounting Standards) Rules 2006 (as amended), and the relevant provisions of the Companies Act, 1956 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 applied by the group and are consistent with those used in the previous year.

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 Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as upto twelve months for the purpose of current/non-current classification of assets and liabilities.

c. Use of Estimates

The financial statements are prepared in accordance with generally accepted 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. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

d. Revenue Recognition Credit Analysis and Research Limited

Income from operations comprises income from initial rating and surveillance services and subscription to information services exclusive of service tax. Initial rating fee is recognized as income on assignment of rating by

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

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 for technical know-how is accounted for on accrual basis. Income on subscription to information services primarily pertains to sale of research reports and the income thereon is recognized on sale of such reports.

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.

CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd

Revenue from fixed-price contracts includes following:

License fees, implementation and customization fees:

License, Implementation and Customization fees are recognized on proportionate work completion basis as per the terms of the contract. Proportion of work completion is determined as a proportion of costs incurred to date to the total estimated cost to complete the contract. Provision for expected loss is recognized immediately when it is probable that the total estimated costs will exceed total contract value.

‘Unbilled revenue’ represents revenues in excess of amounts billed. These amounts are billed after the milestones specified are achieved as per the terms of the contract. ‘Advance billing’ represents billing in excess of revenues recognized. Warranty costs on sale of services are accrued based on management’s estimates and historical data at the time related revenue are recorded.

Income from Consultancy Services is recognised on accrual basis.

Annual maintenance contracts:

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

Other Income

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

e. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment if any.

Intangible Assets: Cost for internally developed software assets are accumulated and capitalized when ready for use in case of our subsidiary company.

Tangible fixed assets are recorded at the cost including expenses up to commissioning / putting the asset into use.

f. Depreciation

Credit Analysis and Research Limited

Depreciation is provided on straight-line method in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on assets added, sold or discarded during the year has been provided on a pro-rata basis.

Computer software is written off in the year of purchase.

CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd

Depreciation is provided on written down value method in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956 except for leasehold improvements which are written off over the lease period.

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Software development expenses are written off over a period of five years.

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 same is not material.

g. Operating Leases

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

h. Investments

Investments are classified into current and long-term investments. Long-term investments are carried at cost. Provision for diminution, if any, is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value. Any reduction in fair value and reversals of such reduction are included in Statement of Profit & Loss.

i. Foreign Currency Translation

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

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

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

j. 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 except for Short term compensated absences which 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.

k) Accounting for taxes

- i) Current Tax : Current tax is provided on the taxable income in accordance with the provisions of the Income Tax Act, 1961.

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

- 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 Group re-assesses unrecognized deferred tax assets.

l) Impairment of Asset

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.

m) Earnings per share ('EPS')

The basic earning 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.

n) Provisions and Contingent Liabilities

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

o) Employee Stock Options

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

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

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note 2

Share Capital

	As at March 31, 2014		As at March 31, 2013	
	Number	Amount Rs.	Number	Amount Rs.
Authorised				
Equity Shares of Rs.10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, subscribed and fully paid up				
Equity Shares of Rs.10 each	28,999,122	289,991,220	28,552,812	285,528,120
Total issued, subscribed and fully paid up share capital	28,999,122	289,991,220	28,552,812	285,528,120

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

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	28,552,812	285,528,120	28,552,812	285,528,120
Issued during the year - Preferential Allotment	446,310	4,463,100	-	-
Issued during the year - ESOP	-	-	-	-
Outstanding at the end of the year	28,999,122	289,991,220	28,552,812	285,528,120

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, 2014, interim dividend Rs. 18 per share was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs. 10 per share. (March 31, 2013: Rs. 20 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, 2014 Number	As at March 31, 2013 Number
Equity Shares allotted as fully paid up bonus shares	20,485,869	20,485,869
Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash	Nil	Nil
Equity Shares bought back by the company	Nil	Nil
Equity Shares allotted as fully paid up in exercise of options granted under the ESOP	291,943	291,943

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

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

Equity Shares of Rs. 10 each fully paid	As at March 31, 2014		As at March 31, 2013	
	Number	% holding in the class	Number	% holding in the class
IDBI Bank Limited	4,818,292	16.62%	4,908,800	17.19%
Canara Bank	4,342,400	14.97%	4,342,400	15.21%
State Bank of India	1,751,755	6.04%	1,829,000	6.41%
IL&FS Financial Services Limited	996,495	3.44%	1,711,000	5.99%
Bajaj Holdings and Investment Limited	1,707,615	5.89%	1,707,615	5.98%

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: 28

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note 3

Reserves and Surplus

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
a. Capital Redemption Reserve	2,250,000	2,250,000
b. Securities Premium Account		
Opening Balance as per last audited Financial Statement	20,106,747	20,106,747
Addition :		
Premium on preferential allotment of shares	245,537,447	-
Closing Balance	265,644,194	20,106,747
c. Shares Options Outstanding Account		
Gross Employee Stock Compensation for Options granted	114,295,000	-
Less :Deferred Employee Stock Option	(100,008,126)	-
Closing Balance	14,286,874	-
c. General Reserve		
Opening Balance as per last audited Financial Statement	1,204,831,844	1,054,831,844
Addition :		
Transfer from surplus in the statement of profit and loss	150,000,000	150,000,000
Closing Balance	1,354,831,844	1,204,831,844
d. Surplus in the statement of profit and loss		
Opening balance as per last audited Financial Statement	2,729,442,068	2,409,085,861
Addition :		
Net Profit for the current year	1,294,070,958	1,135,816,610
Less :		
Proposed Dividend	289,991,220	228,422,496
Interim Dividend	519,306,336	342,633,744
Tax on Proposed Dividend	49,284,008	38,820,403
Tax on Interim Dividend	88,256,113	55,583,760
Transfer to General Reserve	150,000,000	150,000,000
Closing Balance	2,926,675,349	2,729,442,068
Total Reserves & Surplus	4,563,688,261	3,956,630,659

Note 4

Deferred Tax Liability (Net)

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Deferred Tax Liability		
Depreciation on Fixed Assets	63,896,731	55,754,428
Less : Deferred Tax Assets	24,601,918	16,704,677
Provision for Compensated Absence	17,575,277	15,981,214
Provision for Doubtful Debts	7,026,641	-
Provision for Gratuity	-	723,463
Total Deferred Tax Liability (Net)	39,294,813	39,049,751

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note 5

Long Term Provisions

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Provision for Compensated Absence	39,053,662	42,472,285
Provision for Gratuity	1,739,675	1,423,797
Total	40,793,337	43,896,082

Note 6

Short Term Provisions

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits		
Provision for Salary, Performance Related Pay & Commission	68,159,076	47,577,790
Provision for Compensated Absence	12,653,538	4,545,114
Provision for Gratuity	137,451	2,236,311
Provision for Leave Travel Allowance	17,976,079	18,740,605
Others		
Proposed Dividend	289,991,220	228,422,496
Provision for Dividend Tax	49,284,008	38,820,403
Total	438,201,372	340,342,719

Note 7

Other Current Liabilities

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Sundry Creditors for Expenses	13,771,299	17,589,339
Unearned Revenue	221,699,353	194,080,375
Advance from customers	156,756,069	160,278,350
Other Liabilities	1,110,763	476,468
Statutory Dues	9,872,665	14,468,658
Unclaimed Dividend	2,651,694	1,068,264
Outstanding Incentive Payable	296,843	-
Advance received from selling shareholders (net) #	23,747,971	22,379,929
Total	429,906,657	410,341,383

Refer note 26

Credit Analysis & Research Ltd.
Notes to the consolidated financial statements for the year ended March 31, 2014
Note 8

Amount Rs.

Fixed Assets	Gross Block						Impairment			Depreciation				Net Block
	As at 1-Apr-13	Additions during the year	Deductions during the year	Addition / deletion on account of consolidation	As at 31-Mar-14	As at 1-Apr-13	During the year	As at 31-Mar-14	Upto 1-Apr-13	For the year	On deletions/ disposals during the year	Addition / deletion on account of consolidation	Upto 31-Mar-14	
Tangible Assets														
Furniture & Fixtures	44,547,218	60,850	-	-	44,608,068	-	-	-	16,923,496	2,593,190	-	-	19,516,686	25,091,382
Office Equipments	53,899,442	2,017,785	56,367	-	55,860,860	-	-	-	5,967,956	2,624,304	24,126	-	8,568,134	47,292,726
Computers	55,840,283	12,115,537	1,034,371	-	66,921,449	-	-	-	24,893,547	8,951,708	848,308	-	32,996,947	33,924,502
Vehicles	7,854,856	1,132,921	1,835,212	-	7,152,565	-	-	-	1,715,360	768,587	810,289	-	1,673,658	5,478,907
Electrical Installations	6,825,282	-	-	-	6,825,282	-	-	-	1,945,441	481,521	-	-	2,426,962	4,398,320
Buildings	424,826,827	11,915,870	-	-	436,742,697	2,257,525	-	2,257,525	27,483,725	6,905,440	-	-	34,389,165	400,096,007
Leasehold Improvements	400,137	-	-	-	400,137	-	-	-	400,137	-	-	-	400,137	-
Total Tangible Assets (A)	594,194,045	27,242,963	2,925,950	-	618,511,058	2,257,525	-	2,257,525	79,329,662	22,324,750	1,682,723	-	99,971,689	516,281,844
Intangible Assets														
Computer Software	56,300,314	6,889,095	-	-	63,189,409	-	-	-	56,300,314	6,889,095	-	-	63,189,409	-
Total Intangible Assets (B)	56,300,314	6,889,095	-	-	63,189,409	-	-	-	56,300,314	6,889,095	-	-	63,189,409	-
Total Assets (A+B)	650,494,359	34,132,058	2,925,950	-	681,700,467	2,257,525	-	2,257,525	135,629,976	29,213,845	1,682,723	-	163,161,098	516,281,844

Credit Analysis & Research Ltd.
Notes to the consolidated financial statements for the year ended March 31, 2014

Note 8
Fixed Assets for the year ended March 31, 2013

Amount Rs.

Fixed Assets	Gross Block					Impairment			Depreciation				Net Block	
	As at 1-Apr-12	Additions during the year	Deductions during the year	Addition / deletion on account of consolidation	As at 31-Mar-13	As at 1-Apr-12	During the year	As at 31-Mar-13	Upto 1-Apr-12	For the year	On deletions/ disposals during the year	Addition / deletion on account of consolidation		Upto 31-Mar-13
Tangible Assets														
Furniture & Fixtures	43,540,600	1,230,634	224,016	-	44,547,218	-	-	-	14,258,114	2,766,594	101,212	-	16,923,496	27,623,722
Office Equipments	19,516,884	34,625,358	242,800	-	53,899,442	-	-	-	4,780,227	1,347,669	159,940	-	5,967,956	47,931,486
Computers	44,193,883	12,709,408	1,063,008	-	55,840,283	-	-	-	18,848,519	6,801,486	756,458	-	24,893,547	30,946,736
Vehicles	10,029,790	-	2,174,934	-	7,854,856	-	-	-	1,798,201	776,453	859,294	-	1,715,360	6,139,496
Electrical Installations	6,549,631	275,651	-	-	6,825,282	-	-	-	1,467,123	478,318	-	-	1,945,441	4,879,841
Buildings	424,826,827	-	-	-	424,826,827	2,257,525	-	2,257,525	20,596,073	6,887,652	-	-	27,483,725	395,085,577
Leasehold Improvements	400,137	-	-	-	400,137	-	-	-	400,137	-	-	-	400,137	-
Total Tangible Assets (A)	549,057,752	48,841,051	3,704,758	-	594,194,045	2,257,525	-	2,257,525	62,148,394	19,058,172	1,876,904	-	79,329,662	512,606,858
Intangible Assets														
Computer Software	48,858,661	7,441,653	-	-	56,300,314	-	-	-	42,884,131	13,416,183	-	-	56,300,314	-
Total Intangible Assets (B)	48,858,661	7,441,653	-	-	56,300,314	-	-	-	42,884,131	13,416,183	-	-	56,300,314	-
Total Assets (A+B)	597,916,413	56,282,704	3,704,758	-	650,494,359	2,257,525	-	2,257,525	105,032,525	32,474,355	1,876,904	-	135,629,976	512,606,858

Credit Analysis & Research Ltd.**Notes to the Consolidated financial statements for the year ended March 31, 2014****Note 9****Non Current Investments****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
Trade Investment		
A) UNQUOTED		
1) Investment in Company		
53,000 Ordinary Shares of USD 10 each fully paid up of ARC Ratings Holding Pte Limited	30,680,300	-
400,000 ordinary shares of RM 1 each fully paid up (PY Nil) in Malaysian Rating Corporation Berhard	26,117,132	-
Other Investments (valued at cost, unless stated otherwise)		
A) QUOTED		
1) Investment in Bonds of PSUs		
50,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022)	53,283,100	-
300 Bonds (PY 300 Bonds) 6.32% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on December 20, 2017)	30,000,000	30,000,000
NIL (PY 1,000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 8, 2015)	-	100,000,000
92,718 Bonds (PY 92,718 Bonds) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2022)	94,850,514	94,850,514
1,00,000 Bonds (PY 1,00,000) of 8.1% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 22, 2027)	105,648,400	105,648,400
20,000 Bonds (PY 20,000) of 7.34% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 19, 2028)	20,000,000	20,000,000
50,000 Bonds (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027)	48,600,000	48,600,000
130,000 Bonds (PY 130,000) of 8.10% Tax Free Bonds of Housing & Urban Development Corporation (Maturing on March 05, 2022)	134,134,000	134,134,000
50,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027)	52,975,000	-
20,000 Bonds (PY Nil) of 8.68% Tax Free Bonds of National Housing Bank (Maturing on March 24, 2029)	101,270,400	-
50,000 Bonds (PY Nil) of 8.12% Tax Free Bonds of Rural Electrification Corporation (Maturing on March 24, 2029)	53,659,400	-

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note 9

Non Current Investments - Contd.

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
80,000 Bonds (PY 80,000) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027)	85,816,000	85,816,000
	780,236,814	619,048,914
2) Investment in Gold ETF		
14,807 Units (PY 14,807 Units) UTI MF Gold Traded Mutual Fund	37,538,398	37,538,398
5,247 Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Opend Ended	15,007,017	15,007,017
5279 Units (PY 5,279 Units) Kotak MF- Gold Exchange Traded Fund	15,013,259	15,013,259
1,180,689 Units (PY 1,180,689 Units) SBI Gold Fund	11,999,998	11,999,998
6,881 Units (PY 5,901) Goldman Sachs MF - Gold Benchmarck Exchange Traded Scheme-Units	20,023,229	17,520,486
	99,581,901	97,079,158
3) Investment in G-Sec		
FV -Rs 50,000,000 (PY Rs 50,000,000) G-Sec 8.79% Government of India 2021 (Maturing on November 08, 2021)	50,565,000	50,565,000
4) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
5,841,848 units (PY Nil) of IDFC Fixed Term Plan Series 23 - Growth	58,418,478	-
5,500,000 units (PY Nil) of SBIMF SDFS 16 Months - 1 - Growth	55,000,000	-
3,000,000 units (PY Nil) of Principal PNB FMP Series B-10	30,000,000	-
2,750,000 units (PY Nil) of Birla Sun Life Fixed Term Plan - Series IU - Growth	27,500,000	-
5,000,000 units (PY NIL) of Kotak FMP Series 133 - 524 Day-G	50,000,000	-
2,000,000 units (PY Nil) of IDBI FMP- Series - IV- 542 Day (Feb-14) F (Direct)	20,000,000	-
1,250,000 units (PY Nil) of LIC Nomura MF FMP Series 76 -382 Days - G	12,500,000	-
6,032,567 units (PY Nil) of Baroda Pioneer FMP - Series M - 394 Days	60,325,670	-
Nil units (PY 5,000,000) of Sundaram FMP - Series DC - DP - 15 Months - Growth	-	50,000,000
Nil units (PY 4,520,516) of Baroda Pioneer FMP 378 Days Plan - Series B - Growth	-	45,205,163
Nil units (PY 2,250,000) of Birla Fixed Term Plan Series GB - 541 Days - Growth	-	22,500,000
Nil units (PY 5,000,000) of JP Morgan India FMP - Series 12 523 Days Growth	-	50,000,000

Credit Analysis & Research Ltd.**Notes to the Consolidated financial statements for the year ended March 31, 2014****Note 9****Non Current Investments - Contd.**

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Nil units (PY 3,000,000) of Kotak FMP Series 98 465 Days Growth	-	30,000,000
Nil units (PY 2,500,000) of Reliance Fixed Horizon Fund – XXII – Series 21 739 Days	-	25,000,000
3,500,000 units (PY 3,500,000) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth	35,000,000	35,000,000
Nil units (PY 4,000,000) of DWS - FMP Series 23 - 15 Months Direct Plan - Growth	-	40,000,000
Nil units (PY 2,000,000) of HDFC FMP 462D January 2013 (1) Series 24 Growth	-	20,000,000
Nil units (PY 7,200,667) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth	-	72,006,610
	348,744,148	389,711,773
B) UNQUOTED		
1) Investment in various Equity and Debt Mutual Fund Schemes		
1,977,824 units (PY Nil) IDFC Arbitrage Fund	25,000,000	
2,323,590 units (PY Nil) Kotak Equity Arbitrage Fund	25,000,000	
3,469,187 units (PY Nil) IDFC Dynamic Bond Fund - Growth	50,000,000	-
1,412,756 units (PY Nil) Birla Sun Life G Sec Fund - LT - Growth	50,000,000	-
620,818 units (PY Nil) DSP Blackrock Top 100 Equity Fund - Direct Plan	71,999,998	-
333,710 units (PY 665,582 units) DSP Blackrock Top 100 Equity Fund Regular G	34,156,704	67,500,000
2,858,469 units (PY 1,948,903 units) Franklin India Bluechip Fund Dividend Re-investment	100,280,640	70,280,640
169,322 units (PY 328,642 units) HDFC Top 200	34,837,204	67,500,000
308,299 units (PY Nil) HDFC Top 200 - Direct Plan	74,999,998	
7,800,974 units (PY 4,982,671 units) ICICI Prudential Top 100 Fund Dividend	109,207,681	71,209,932
	575,482,225	276,490,572
Grand Total	1,911,407,520	1,432,895,417
Aggregate amount of quoted investments (Market value: Rs.1,237,570,398 PY Rs. 1,175,080,211)	1,279,127,863	766,693,072
Aggregate amount of unquoted investments	632,279,657	666,202,345
Aggregate provision for diminution in value of investments	-	-

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note 10

Long Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Capital Advances	-	5,275,281
Security Deposits	27,451,094	20,053,285
Loan to Employees	2,427,225	1,095,156
Accrued Interest on Loans to Employees	449,831	258,700
Prepaid Expenses	1,360,300	3,173,836
Advance payment of taxes (Net of Provision for Tax Rs. 2,43,68,85,013 (PY 1,92,95,71,797))	91,463,268	82,391,196
Total	123,151,718	112,247,454

Credit Analysis & Research Ltd.**Notes to the Consolidated financial statements for the year ended March 31, 2014****Note 11****Current Investments**

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
A) QUOTED (valued at cost, unless stated otherwise)		
Current Maturity of Current Investment		
1) Investment in Bonds of PSUs		
1,000 Bonds (PY 1000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 8, 2015)	100,000,000	-
Nil Units (PY 400 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on January 22, 2014)	-	40,000,000
Nil Units (PY 550 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on March 20, 2014)	-	54,877,000
	100,000,000	94,877,000
2) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
Nil units (PY 12,502,620) of ICICI Pru FMP Series 51- 3years Plan F Cumulative	-	125,026,200
Nil units (PY 8,000,000) of Sundaram Fixed Term Plan - CQ - 370 Days - G	-	80,000,000
Nil units (PY 4,500,000) of Tata FMP Series 39 - Scheme H - 367 Days - G	-	45,000,000
Nil units (PY 4,000,000) of HDFC FMP - 36M - Apr 2010 (12) - Growth	-	40,000,000
5,000,000 units (PY Nil) of HDFC FMP 372 D-Jan2014(1) Direct Plan	50,000,000	-
5,000,000 units (PY Nil) of Sundaram FMP - Series DC - DP - 15 Months - Growth	50,000,000	-
4,520,516 units (PY Nil) of Baroda Pioneer FMP 378 Days Plan - Series B - Growth	45,205,163	-
2,250,000 units (PY Nil) of Birla Fixed Term Plan Series GB - 541 Days - Growth	22,500,000	-
5,000,000 units (PY Nil) of JP Morgan India FMP - Series 12 523 Days Growth	50,000,000	-
3,000,000 units (PY Nil) of Kotak FMP Series 98 465 Days Growth	30,000,000	-
2,500,000 units (PY Nil) of Reliance Fixed Horizon Fund – XXII – Series 21 739 Days	25,000,000	-
4,000,000 units (PY Nil) of DWS - FMP Series 23 - 15 Months Direct Plan - Growth	40,000,000	-

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note 11

Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
2,000,000 units (PY Nil) of HDFC FMP 462D January 2013 (1) Series 24 Growth	20,000,000	-
7,200,667 units (PY Nil) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth	72,006,679	-
3,000,000 units (PY Nil units) of BNP MF Fix Term Fund Series 29 -B -Direct - G-368	30,000,000	-
2,000,000 units (PY Nil units) of Tata FMP Series 46 - 368 Day -Direct - Growth	20,000,000	-
1,500,000 units (PY Nil) of Religare Invesco FMP Series 23-Plan B-367 D-Direct	15,000,000	-
3,504,924 units (PY Nil units) of SBIMF SDF Series A - 9 - 366 D (Direct)- Growth	35,049,244	-
2,500,000 units (PY Nil) of Tata FMP Series 46 - Scheme-P-366 Days-Direct-G	25,000,000	-
2,500,000 units (PY Nil) of Religare Invesco FMP Series 22 - Plan K (367 Days)	25,000,000	-
1,000,000 units (PY Nil) of IDBI FMP Series IV 368 Days Feb 2014 -C	10,000,000	-
3,250,000 units (PY Nil) of Kotak FMP Series 136 - 376 Days Direct	32,500,000	-
2,250,000 units (PY Nil) of Tata FMP Series 46 Scheme L - 366 Days	22,500,000	-
1,500,000 units (PY Nil) of Sundaram Fixed Term Plan EW 366 Day Direct	15,000,000	-
3,250,000 units (PY Nil) of DSP Blackrock FMP Series 144-12 M (Direct)- Growth	32,500,000	-
2,000,000 units (PY Nil) of IDFC FIXED TERM PLAN - SERIES 40- DP -G	20,000,000	-
5,000,000 units (PY Nil) of BIRLA SUNLIFE FMP Series IL 368 Days DP G	50,000,000	-
5,000,000 units (PY Nil) of BIRLA SUNLIFE FMP Series IO 368 Days DP G	50,000,000	-
10,820,000 units (PY Nil) of SBI SDFS - 366 Days Series 44 DP-Growth	108,293,000	-
7,500,000 units (PY Nil) of L&T FMP Series IX - Plan G - 366 Days	75,000,000	-
7,500,000 units (PY Nil) of Religare Invesco FMP Series XXI - Plan E	75,000,000	-

Credit Analysis & Research Ltd.**Notes to the Consolidated financial statements for the year ended March 31, 2014****Note II****Current Investments - Contd.**

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
5,426,150 units (PY Nil) of SBI MFSDFS - 366 Days - Series 47	54,261,500	-
5,000,000 units (PY Nil) of Birla Sun Life FTP Series JA - 366 Days	50,000,000	-
3,812,795 units (PY Nil) of HDFC FMP 370D October 2013 (5)	38,127,950	-
3,750,000 units (PY Nil) of IDFC Fixed Term Plan Series 59 - Growth	37,500,000	-
3,000,000 units (PY Nil) of Birla Sun Life FTP - Series GT -DP - Growth	30,000,000	-
5,000,000 units (PY Nil) of DSP Blackrock FMP Series 104 - 12 M - Growth	50,000,000	-
5,000,000 units (PY Nil) of HDFC FMP 370D April 2013 (1) (370 Days) DP - Growth	50,000,000	-
3,000,000 units (PY Nil) of HDFC FMP - 370D - May 13(1) - Growth	30,000,000	-
6,000,000 units (PY Nil) of ICICI Prudential Fixed Maturity Plan - Series 68 - 368 Days-Plan G	60,000,000	-
2,000,000 units (PY Nil) of ICICI Prudential Fixed Maturity Plan - Series 69 - 372 Days -Plan K	20,000,000	-
3,000,000 units (PY Nil) of Kotak FMP Series 104	30,000,000	-
5,750,000 units (PY Nil) of Kotak FMP Series 105 - Growth	57,500,000	-
3,500,000 units (PY Nil) of Kotak FMP Series 117 DP Growth	35,000,000	-
6,000,000 units (PY Nil) of L&T FMP Series VIII – Plan J - 368 Days - DP	60,000,000	-
10,312,850 units (PY Nil) of Reliance Interval Fund - Annual Interval Fund - Series 1 (370 days)	125,000,000	-
5,418,163 units (PY Nil) of Reliance Yearly Interval Fund - Series 8 - Growth	54,181,629	-
2,000,000 units (PY Nil) of Religare FMP Series XIX Plan A 367Days - DP -G	20,000,000	-
7,678,529 units (PY Nil) of UTI Fixed Term Income Fund Series XV - V - Growth	76,785,295	-
3,500,000 units (PY Nil) of UTI FTI Fund Series XV . - 368Days - G -DP	35,000,000	-

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note II

Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
6,499,505 units (PY Nil) of UTI FTI FUND SERIES XV - II (367 DAYS) - DP-G	64,995,047	-
4,000,000 units (PY Nil) of HDFC FMP 478 D - Jan 2014 (1) (Direct)- G Option	40,000,000	-
Nil units (PY 2,750,000) of ICICI Prudential FMP Series 64 - 367 Days - Plan L	-	27,500,000
2,500,000 units (PY 2,500,000 units) of Tata FMP Series 42 - Scheme G - 419 days - G	25,000,000	25,000,000
Nil units (PY 3,000,000) of Taurus FMP Series X - 369 Days - Growth	-	30,000,000
Nil units (PY 5,516,700) of Baroda Pioneer Fixed Maturity Series A - Plan B - 366 Days	-	55,167,000
Nil units (PY 10,025,978) of Birla Sun Life - Fixed Term Plan - Series FM	-	100,259,787
Nil units (PY 4,503,459) of Birla Sun Life Fixed Term Plan - Series FP - G - 366D	-	45,034,590
Nil units (PY 5,000,000) of Birla Sun Life Fixed Term Plan - Series FS-368 days	-	50,000,000
Nil units (PY 2,500,423) of DSP - FMP Series 48 - 12M -Growth	-	25,004,232
Nil units (PY 5,000,000) of HDFC FMP - 369D DEC 2012 -(1) - Series 23 - Growth	-	50,000,000
Nil units (PY 4,185,699) of HDFC FMP 371 D Nov 2012 - (1) - Growth	-	41,856,993
Nil units (PY 3,500,000) of HDFC FMP Series 22 373 Days Growth	-	35,000,000
Nil units (PY 5,000,000) of IDFC FMP - 366 Days -Series 74 - G	-	50,000,000
Nil units (PY 5,000,000) of IDFC FMP 366 Days Series 73 - Growth	-	50,000,000
Nil units (PY 1,750,000) of IDFC FMP 366 Days Series 76 - Growth	-	17,500,000
Nil units (PY 3,260,627) of IDFC Yearly Series Interval Fund - DP - Series II - Growth	-	32,606,271
350,000 units (PY 350,000) of JP Morgan India FMP Series 18 Direct Plan - Growth 373 Days	35,000,000	35,000,000

Credit Analysis & Research Ltd.**Notes to the Consolidated financial statements for the year ended March 31, 2014****Note II****Current Investments - Contd.**

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
Nil units (PY 14,776,984) of Reliance Annual Interval - Series I - 370 Days - G	-	162,756,667
Nil units (PY 1,500,000) of Religare FMP-Series XVI - Plan D (370 Days)	-	15,000,000
Nil units (PY 1,000,000) of Religare FMP-Series XV-Plan E (367 Days)	-	10,000,000
Nil units (PY 5,000,000) of SBI MF SDFS 366 Days Series 11 Growth	-	50,000,000
Nil units (PY 5,000,000) of SBI MF SDFS 366 Days Series 18 Growth	-	50,000,000
Nil units (PY 10,000,000) of SBI MF SDFS 366 Days Series 16 Growth	-	100,000,000
Nil units (PY 450,000) of SBI MF SDFS 366 Days Series 17 Growth	-	45,000,000
Nil units (PY 5,923,611) of UTI Fixed Term Plan IF Series XI - IX 368 Days G	-	59,236,112
Nil units (PY 4,716,372) of UTI Fixed Term Plan Income Fund Series XII - I Growth 368 Days	-	47,163,722
Nil units (PY 20,00,000) of DSP Blackrock FMP - Series 68 - 12 M - Growth	-	20,000,000
Nil units (PY 15,00,000) of DSP Blackrock FMP - Series 81 - 12M -Growth	-	15,000,000
	2,123,905,507	1,534,111,574
B) UNQUOTED		
1) Investment in various open-ended Debt Mutual Funds		
Nil units (PY 25,270 units) of Axis Treasury Advantage Fund DDR	-	25,305,844
Nil Units (PY 3,138,588 units) of JM High Liquidity Fund -Direct Plan -DDR	-	32,736,097
Nil Units (PY 2,046,120 units) of Sundaram Money Fund - Direct Plan - DDR	-	20,670,932
15,002 Units (PY Nil Units) of IDBI Liquid Fund - DDR - DP	15,010,466	-
43,636 Units (PY Nil units) of IDFC Cash Fund-Direct Plan -DDR	43,651,068	-
	58,661,534	78,712,873

Credit Analysis & Research Ltd.

Notes to the Consolidated financial statements for the year ended March 31, 2014

Note II

Current Investments - Contd.

Amount Rs.

	As at March 31, 2014	As at March 31, 2013
2) Investment in Commercial Paper		
Nil Units (PY 200 Units) Commercial Paper - Trapti Trading & Investment 19-07-2012 (Maturing on 19 July, 2013) 364 Days	-	97,272,155
Nil Units (PY 200 Units) Commercial Paper - Turquoise Investment & Finance Pvt Ltd. 29-06-2012 (Maturing on 28 July, 2013) 364 Days	-	97,748,022
Nil Units (PY 200 Units) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 17-05-2012 (Maturing on 15 May, 2013) 363 Days	-	98,785,928
Nil Units (PY 200 Units) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 07-06-2012 (Maturing on 31 May, 2013) 360 Days	-	98,413,490
Nil Units (PY 190 Units) Commercial Paper - TGS Investments & Trade Pvt. Ltd. 09-10-2012 (Maturing on October 08, 2013) 364 Days	-	90,605,717
Nil Units (PY 400 Units) Commercial Paper - S. D. Corporation 27-11-2012 (Maturing on November 27, 2013) 365 Days	-	187,773,677
200 Units (PY Nil Units) Commercial Paper - Fullerton India Credit Company Limited 31-05-2013 (Maturing on May 30, 2014) 365 Days	98,632,329	-
200 Units (PY Nil Units) Commercial Paper - Reliance Capital Ltd. 31-05-2013 (Maturing on May 30, 2014) 366 Days	98,653,311	-
400 Units (PY Nil Units) Commercial Paper - Simplex Infrastructure Ltd. 12-06-2013 (Maturing on June 12, 2014) 366 Days	196,307,756	-
	393,593,396	670,598,989
Total	2,676,160,437	2,378,300,436
Aggregate amount of quoted investments (Market value: Rs. 2,346,423,488, PY Rs.1,746,763,654)	2,223,905,507	1,628,988,574
Aggregate amount of unquoted investments	452,254,930	749,311,862
Aggregate provision for diminution in value of investments	-	-

Credit Analysis & Research Ltd.**Notes to the Consolidated financial statements for the year ended March 31, 2014****Note 12****Trade Receivables (Unsecured)****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
Considered Good		
- Debts outstanding for a period exceeding six months	51,862,216	72,559,230
- Other Debts	96,090,417	149,926,068
Total (Considered Good)	147,952,633	222,485,298
Considered Doubtful		
- Debts o/s for a period exceeding six months	17,432,913	9,323,224
- Other Debts	5,380,758	-
Total Debtors (Considered Doubtful)	22,813,671	9,323,224
Total Debtors	170,766,304	231,808,522
Less: Provision for doubtful debts	22,813,671	9,323,224
Total	147,952,633	222,485,298

Note 13**Cash and Bank Balances****Amount Rs.**

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Cash on hand	230,218	75,110
Balances with Banks		
- On Current Account	76,634,276	65,596,764
Other Bank balances		
- Deposit Accounts	176,848,078	200,940,695
- Unclaimed Dividend Account	2,651,694	1,068,264
- Lienmarked Deposit	30,361,492	27,000,000
Total	286,725,758	294,680,833
<i>Deposit accounts with more than 12 months maturity</i>	-	-

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2014

Note 14

Short Term Loans and Advances

(Unsecured, considered good)

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Considered Good		
Loans to Employees.	1,032,011	1,517,759
Security Deposit	1,187,805	151,998
Prepaid Expense	10,419,110	8,687,730
<i>Advances recoverable in cash or in kind or for value to be received</i>		
Service Tax, VAT, Other taxes and Statutory Deposits	10,625,948	1,007,893
Advance to Suppliers	901,428	6,831,178
Other Advances	422,234	2,259,946
Total	24,588,536	20,456,504

Note 15

Other Current Assets

(Unsecured, considered good)

	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Interest Accrued on Investments	30,703,437	23,761,392
Interest Accrued on Loans to Employees	95,587	132,758
Other Receivables	3,010,581	-
Unbilled revenue	18,679,432	12,306,876
Total	52,489,037	36,201,026

Note 16

Revenue from Operations

	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rating Income (including Surveillance)	2,269,098,113	1,972,744,011
Sale of Publications / Information Services	25,547,454	14,914,115
Licence and implementation fees	60,014,274	42,666,279
Advisory services	1,227,320	-
Total	2,355,887,161	2,030,324,405

Credit Analysis & Research Ltd.**Notes to the consolidated financial statements for the year ended March 31, 2014****Note 17****Other Income****Amount Rs.**

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest on Investments		
On long term investment	68,259,027	53,504,313
On short term investment	70,212,017	79,245,235
Dividend on Investments		
On long term investments	23,800,811	8,535,788
On short term investments	10,382,533	15,501,332
Profit / (Loss) on Redemption / Sale of investments (Net)	184,305,330	129,708,210
Interest on Staff Loans	322,473	136,638
Exchange Gain / (Loss) (Net)	-	1,335,312
Miscellaneous Income	573,633	625,780
Total	357,855,824	288,592,608

Note 18**Employee Benefits Expense****Amount Rs.**

	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and Other Allowances	564,258,857	470,200,511
Contribution to Provident, Gratuity & Other Funds	30,332,817	30,866,436
Expense on Employee Stock Option Scheme(Refer Note 28)	14,286,874	-
Staff Welfare Expenses	23,563,423	22,385,486
Total	632,441,971	523,452,433

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2014

Note 19

Other Expense

Amount Rs.

	For the year ended March 31, 2014	For the year ended March 31, 2013
Electricity Charges	13,539,456	11,150,799
Postage & Telephone Charges	14,178,869	10,455,287
Rent	37,884,224	14,597,493
Travelling & Conveyance Expenses	34,210,865	28,208,781
Directors' Sitting Fees	1,250,000	640,000
Sitting Fees to Rating Committee	4,018,000	3,697,000
Insurance Premium	543,346	508,013
Legal/Professional Fee	23,798,554	25,857,758
Rates & Taxes	1,475,442	1,656,871
Repairs & Maintenance		
- Buildings	7,175,337	8,005,390
- Others	15,444,086	10,033,341
Exchange Gain / Loss (Net)	251,668	-
Loss on Sale of Fixed Assets	476,585	1,226,254
Advertisement and Sponsorship Expenses	5,614,288	2,923,945
Office Supplies	11,145,191	9,930,796
Bad Debts Written off	23,753,969	5,127,459
Provision for Bad and Doubtful Debts	15,259,867	5,412,804
Auditors Remuneration	2,079,055	1,509,525
Miscellaneous Expenses	34,274,562	19,877,376
Total	246,373,364	160,818,892

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2014

20 Contingent Liability & Capital Commitment

Particulars	Amount Rs.	
	As at March 31, 2014	As at March 31, 2013
Contingent Liability on account of Income Tax	10,489,592	22,986,719
For Claims against the company not acknowledged as Debt	8,358,107	657,939
Bank Guarantees issued	910,000	-

21 Earnings Per Share

Particulars	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit After Tax (A)	1,294,070,958	1,135,816,610
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (B)	28,780,247	28,552,812
Basic / Diluted Earnings Per Share (A/B)	44.96	39.78
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (C)	28,795,937	28,552,812
Diluted Earnings Per Share (A/C)	44.94	39.78

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

Parties	Relationship	For the year ended March 31, 2014	For the year ended March 31, 2013
Related party where control exists			
Key Management Personnel			
Shri D R Dogra	MD & CEO, CARE	16,697,359	14,779,297
Shri Rajesh Mokashi	DMD, CARE	13,631,484	12,000,077
Shri P D Baburaj	Whole time Director and CEO in Kalypto	1,617,300	1,504,928
Shirish Atre	Whole time Director in Kalypto	2,310,034	2,263,859

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

The Group 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.

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.

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2014

The lease payment are recognized in the statement of profit and loss under rent in Note 19 - other Expenses.

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

Particulars	Amount Rs.	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent recognized in statement of Profit & Loss	36,345,895	13,079,095
Not later than one year	37,052,392	110,425,280
Later than one year and not later than five years	114,906,999	1,872,000

- 25** The Company has opted for general exemption granted by the Ministry of Corporate Affairs (MCA), vide General Circular No: 2/2011 dated February 8, 2011, regarding direction under Section 212(8) of the Companies Act, 1956 (the Act). The information required to be disclosed in aggregate for each subsidiary (including subsidiaries of subsidiaries) under Section 212(8) of the Act is as follow:

Name of the Subsidiary Company :

**CARE Kalypto Risk Technologies and
Advisory Services Private Ltd.**

% of Shareholding

75.13

Sr. No.	Particulars	Amount Rs.	
		2013-14	2012-13
1	Equity Share Capital	80,135,000	80,135,000
2	Reserves and Surplus	(43,316,333)	(53,093,260)
3	Total Assets (Non-Current Assets + Current Assets)	52,056,025	45,653,963
4	Total Liabilities (Non-Current Liabilities + Current Liabilities)	15,237,358	8,612,223
5	Details of Investments (excluding investments in subsidiary company)	-	-
6	Revenue from Operations	61,241,595	42,735,279
7	Profit/(Loss) before Tax	11,666,927	3,351,729
8	Tax Expenses	1,890,000	-
9	Profit/(Loss) for the Year	9,776,927	3,351,729
10	Proposed / Interim Dividend (including Dividend Tax)	-	-

- 26** The The Company has completed its Initial Public Offer (IPO) through an Offer for Sale of 7,199,700 equity shares at a price of Rs. 750 per share (including a share premium of Rs. 740 per equity share) on December 26, 2012. Since this was an offer for sale, all the share issue expenses relating to IPO are recovered / recoverable from selling shareholders.

- 27** During the year the company, allotted 446,310 equity shares of Rs. 10 each to Ascent India Fund III at a price of Rs. 560.15 per share (including Rs. 550.15 towards share premium) aggregating to Rs. 25,00,00,547/-, to comply with Reserve Bank of India's norms on minimum capitalization applicable to non-fund based non-banking finance companies in connection with the IPO of the Company undertaken in December 2012. These funds have been utilised for business operations.

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2014

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:

Particulars	Year ended
Nos. of Options	500,000
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	Current Year	Exercise price
Options Outstanding at beginning of the year	-	-
Granted during the year	500,000	Rs 617/- per share
Exercised during the year	-	-
Lapsed during the year	-	-
Options Outstanding at the end of the year	500,000	-
Options unvested at the end of year	-	-
Options exercisable at the end of the year	500,000	-

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs. 14,286,874 has been charged to the current year Statement of Profit and Loss.

For the option exercised during the period, the weighted average share price at the exercise date was 3.76 years per share (Previous year: Nil year).

The weighted average remaining contractual life for the stock options outstanding as at 31st March 2014 is 3.76 years (Previous Year: Nil year).

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2014

(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

29 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

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Gautam V Shah

Partner (F-117348)

Anil Kumar Bansal

Chairman

D R Dogra

Managing Director & CEO

Mumbai

Date : May 20, 2014

Rajesh Mokashi

Dy Managing Director

Chandresh M Shah

Chief Financial Officer

Navin K Jain

Company Secretary



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 First Annual General Meeting of Credit Analysis and Research Limited (the "Company") will be held on Monday, September 29, 2014 at 3.00 p.m. at Rangaswar, Chavan Centre, General Jagannathrao Bhosle Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021 to transact the following business:

Ordinary Business

- 1) To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended March 31, 2014 and the Reports of the Directors and the Auditors thereon.
- 2) To confirm the declaration and payment of three interim dividends aggregating to Rs. 18/- per equity share and to declare final dividend on Equity Shares.
- 3) To appoint M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (FRN 105146W) the retiring Auditors as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the AGM of the Company to be held for the financial year 2015-16 (subject to ratification of their appointment at every AGM) and to authorise the Board of Directors to fix their remuneration as may be mutually agreed with the auditors, in addition to reimbursement of Service Tax and all out of pocket expenses incurred in connection with the audit of accounts of the Company.
- 4) To appoint a director in place of Shri D. R. Dogra, who retires by rotation and being eligible offers himself for reappointment.

Special Business

- 5) To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT the vacancy caused by retirement of Shri S. Venkatraman (DIN No. 00246012), Director who does not offer himself for re-appointment, be not filled up."

- 6) **Appointment of Shri Anil Kumar Bansal who was appointed as an Additional Director as an Independent Director**
To consider and if thought fit, to pass, with or without modification(s), 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, read with Schedule IV to the Act, as amended from time to time, Shri Anil Kumar Bansal (DIN No. 06752578), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and who has been appointed as an Additional Director in terms of the provisions of

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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 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from September 29, 2014 to September 28, 2016”

7) **Appointment of Dr. Ashima Goyal who was appointed as an Additional Director as an Independent Director**

To consider and if thought fit, to pass, with or without modification(s), 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, read with Schedule IV to the Act, as amended from time to time, Dr. Ashima Goyal (DIN No. 00233635), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and 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 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from September 29, 2014 to September 28, 2016.

8) **Appointment of Shri D. R. Dogra as Managing Director & Chief Executive Officer liable to retire by rotation.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, SEBI regulations for Credit Rating Agencies, 1999 and subject to the requisite approval of the Central Government, if necessary the consent of the Company be and is hereby accorded to the appointment of Shri D. R. Dogra (holding DIN 00226775) who is liable to retire by rotation, as the “Managing Director & Chief Executive Officer” of the Company for a period of one year effective from August 22, 2014 to August 21, 2015 on the following terms and conditions.

Terms of appointment

I. Period

The appointment of Shri D.R. Dogra as Managing Director & Chief Executive Officer (MD) will be for a period of one year with effect from August 22, 2014.

II. The MD will be entitled to CTC of Rs. 1,57,27,096/- p.a. inclusive of perquisites such as LTA, accommodation, interest subsidy on housing loan etc. and Performance Linked Variable pay of Rs. 18,00,000/-.

III MD will be entitled for annual increment of 10% effective from 1st April every year.

IV. The MD, shall be eligible to a commission not exceeding 1% of the net profits of the Company as calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 as may be decided by the Nomination and Remuneration Committee and approved by the Board.

V. Other benefits

1. Superannuation Fund (Contribution to the Superannuation Fund will be borne by the Company and shall not to be counted for the purpose of perquisite).

2. Gratuity as per rules of the Company and shall not to be counted for the purpose of perquisite.
3. Cost of Car and Telephone for personal use (Cost of car and mobile phone for office work will be covered by the Company and not to be counted for the purpose of perquisite).
4. MD shall be entitled for reimbursement of medical expenses on actual basis. This will not be counted as perquisite for the purpose of calculating CTC.
5. Leave
Ordinary Leave with full pay and allowances as per the Rules of the Company but not exceeding one month's leave for every eleven months of service. Such leave will be permitted to be accumulated in accordance with the Company's rules and procedures in force from time to time. Casual and sick leave will be admissible as per rules of the Company. MD will also be entitled to encashment of leave as per rules of the Company.
6. Entertainment expenses
The Company will reimburse entertainment expenses on actual basis if properly incurred by MD for the purpose of the Company's business.
7. General
Such other benefits as are made available by the Company to other members of the staff from time to time.

VI. Minimum remuneration

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, wherein in any financial year during the currency of the tenure of the Managing Director & Chief Executive Officer, the Company has no profits or its profits are inadequate, MD shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013.

VII. The appointment will be subject to all the rules and regulations of CARE including but not limited to compliance with Code of Conduct, Staff Rules, etc.

VIII. The appointment can be terminable by three months' notice or payment of three months' salary in lieu of notice by either party."

"RESOLVED FUTHER THAT Shri D.R. Dogra, Managing Director & Chief Executive Officer being hereby reappointed as a director liable to retirement by rotation, shall continue to hold his office of Managing Director & Chief Executive Officer, and the reappointment as such director shall not be deemed to constitute a break in his office of Managing Director & Chief Executive Officer."

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

9) Appointment of Shri Rajesh Mokashi as Whole Time Director liable to retire by rotation.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, SEBI regulations for Credit

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Rating Agencies, 1999 and subject to the requisite approval of the Central Government, if necessary the consent of the Company be and is hereby accorded to the appointment of Shri Rajesh Mokashi (holding DIN 02781355), who is liable to retire by rotation, as the "Whole Time Director" of the Company for a period of five years effective from August 22, 2014 to August 21, 2019, on the following terms and conditions.

Terms of appointment

- I. **Period**

The appointment of Shri Rajesh Mokashi as Whole Time Director (WTD) will be for a period of five years with effect from August 22, 2014.
- II. The WTD will be entitled to CTC of Rs. 1,32,06,182/- p.a. inclusive of perquisites such as LTA, accommodation, interest subsidy on housing loan etc. and Performance Linked Variable pay of Rs. 16,00,000/.
- III. WTD will be entitled for annual increment of 10% effective from 1st April every year.
- IV. The WTD, shall be eligible, in each year to a commission not exceeding 1% of the net profits of the Company as calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 as may be decided by the Nomination and Remuneration Committee and approved by the Board.
- V. **Other benefits**
 1. Superannuation Fund (Contribution to the superannuation Fund will be borne by the Company and shall not to be counted for the purpose of perquisite).
 2. Gratuity as per rules of the Company and shall not to be counted for the purpose of perquisite.
 3. Cost of Car and Telephone for personal use (Cost of car and mobile phone for office work will be covered by the Company and not to be counted for the purpose of perquisite).
 4. WTD shall be entitled for reimbursement of medical expenses on actual basis. This will not be counted as perquisite for the purpose of calculating CTC.
 5. **Leave**

Ordinary Leave with full pay and allowances as per the Rules of the Company but not exceeding one month's leave for every eleven months of service. Such leave will be permitted to be accumulated in accordance with the Company's rules and procedures in force from time to time. Casual and sick leave will be admissible as per rules of the Company. WTD will also be entitled to encashment of leave as per rules of the Company.
 6. **Entertainment expenses**

The Company will reimburse entertainment expenses on actual basis if properly incurred by WTD for the purpose of the Company's business.
 7. **General**

Such other benefits as are made available by the Company to other members of the staff from time to time.
- VI. **Minimum remuneration**

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, wherein in any financial year during the currency of the tenure of the Whole Time Director, the Company has no profits or its profit are

inadequate, WTD shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013.

VII. The appointment will be subject to all the rules and regulations of CARE including but not limited to compliance with Code of Conduct, Staff Rules, etc.

VIII. The appointment can be terminable by three months' notice or payment of three months' salary in lieu of notice by either party."

"RESOLVED FURTHER THAT Shri Rajesh Mokashi, Whole Time Director on reappointment as a director liable to retirement by rotation, shall continue to hold his office of Whole Time Director, and the reappointment as such director shall not be deemed to constitute a break in his office of Whole Time Director."

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

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 26, 2014

Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable. 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 rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 2) The register of members and the share transfer books of the Company will remain closed from Friday, September 26, 2014 to Monday, September 29, 2014 (both days inclusive). The register of members and share transfer books of the Company will remain open for inspection during the business hours upto September 25, 2014.
- 3) Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company, at the close of business hours on September 25, 2014, after giving effect to all valid transfers with the Company and its Registrar and Transfer Agents on or before September 25, 2014.
- 4) Members are requested to intimate to Karvy Computershare Pvt. Ltd., 'Karvy House', 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500038 for changes, if any, in their registered address.
- 5) Members/Proxies should bring the Attendance Slip duly filled for attending the meeting.

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- 6) Members desiring any information regarding the accounts are requested to write to the Company Secretary at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400 022 at least 3 days before the date of the Meeting to enable the Company to keep the information ready.
- 7) The Company has admitted its Equity Shares in the Depository Systems of National Securities Depository Limited / Central Depository Services Limited (NSDL/CDSL) and has offered investors the facility to hold shares in electronic form and to carry out scripless trading of these shares.
- 8) The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business is annexed herewith.
- 9) All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

10) Process and manner for members opting for e-voting are as under:

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the Company is pleased to provide to the Members the facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Ltd. (NSDL).

The instructions for e-voting are as under:-

- A. In case a member receives an email from NSDL (for Members whose email IDs are registered with the Company / Depository Participants):
 - i) Open the email and open PDF file “CARE Ratings e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for e-voting. Please note that this password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - iii) Click on Shareholder – Login
 - iv) Put User ID and password as initial password / PIN noted in step (i) above. Click Login.
 - v) You will now reach Password Change Menu, wherein you are required to mandatorily change your password/ PIN with new password of your choice. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). On first login, the system will prompt you to change your password and update your contact details like mobile number, email ID, etc. in the user profile details of the folio, which may be used for sending future communications. You will also need to enter a secret question and answer of your choice to retrieve your password in case you forget it. Note your new password. 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. Home page of e-voting will open. Click on e-voting > Active Voting Cycles.
 - vii) Select the “EVEN” i.e .Credit Analysis and Research Limited. Now you are ready for e-voting as Cast Vote page will open.
 - viii) The voting rights of the shareholders shall be in proportion to their share of the paid-up equity share capital of the Company as on August 15, 2014 (“Cut-Off Date”).

- ix) On the voting page, you may cast your vote by selecting an appropriate option **“For” or “Against”** and click **“SUBMIT”**. A confirmation box will be displayed. Click **“OK”** to confirm or **“CANCEL”** to modify. Once you confirm, you will not be allowed to modify your vote. Upon confirmation, the message **“Vote Cast Successfully”** will be displayed.
- x) You can similarly vote in respect of all other resolutions forming part of the Notice of the Annual General Meeting. During the voting period, members can login any number of times till they have voted on all the Resolutions.
- xi) If you wish to log out after voting on a few resolutions and continue voting for the balance resolutions later, you may click on **“RESET”** for those resolutions for which you have not yet cast the vote.
- xii) Corporate/Institutional Members (i.e., other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer through email to akjaincs@gmail.com, with a copy marked to evoting@nsdl.co.in. The scanned image of the above mentioned documents should be in the naming format: Corporate Name_EVEN NO.

B. In case of Members receiving physical copy of the Notice of AGM :

- i) Launch internet browser by typing the URL : <https://www.evoting.nsdl.com>.
- ii) Enter the login credentials (i.e. User ID and password mentioned in the e-voting form)

Please follow all steps from Sr. No. (ii) to (xii) as mentioned in (A) above, to cast your vote.

C. Members who are already registered with NSDL for e-voting can use their existing User ID and password/PIN for casting their votes.

D. The e-voting period commences on September 22, 2014 (9.00 a.m IST) and ends on September 24, 2014 (6.00 p.m IST). During this period, Members holding shares in either physical or dematerialized form as on the Cut-Off Date of August 15, 2014, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

E. In case of any query pertaining to e-voting, members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the Downloads section of www.evoting.nsdl.com.

F. Mr. Ashish Kumar Jain, Proprietor of M/s A. K. Jain & Company, Practicing Company Secretary (Membership No. 6058) has been appointed as Scrutinizer for scrutinizing the e-voting process in a fair and transparent manner.

G. The Scrutinizer shall, within a period not exceeding three (3) working 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 make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

H. The Results shall be declared on or after the AGM of the Company. The Results declared, along with the Scrutinizer’s Report, shall be placed on the Company’s website www.careratings.com and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed, viz. BSE Ltd. and National Stock Exchange of India Ltd.

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- I. In case of Members who are entitled to vote but have not exercised their right to vote by electronic means, the Chairman may offer an opportunity to such members to vote at the Meeting for all business specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercised their right to vote by electronic means shall not vote at the Meeting. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company. If a member casts votes by both the modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- J. The Results of e-voting and poll voting at the meeting, if any on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the Resolutions.

11) Appointment of Directors:

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

At the ensuing Annual General Meeting, Shri D. R. Dogra, Managing Director & Chief Executive Officer retires by rotation and being eligible offers himself for reappointment.

Shri D. R. Dogra shall continue to hold his office of Managing Director & Chief Executive Officer, and the reappointment as such director shall not be deemed to constitute a break in his office of Managing Director & Chief Executive Officer.

The information or details pertaining to Shri D. R. Dogra, provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange(s) is furnished in the Corporate Governance Report published in the Annual Report.

- 12) The brief profile of Dr. Ashima Goyal seeking appointment as Non-Executive Independent Director as per clause 49, post Directors Report is as follows:

Dr. Ashima Goyal

Dr. Ashima Goyal was appointed as an additional director of the Company on August 26, 2014 as per the provisions of section 161 of the Companies Act, 2013. She is a B.A. (Honours) Economics from Delhi University and M.A. and M. Phil. from Delhi School of Economics, Delhi University, and Ph.D. from Bombay University. She has rich experience in the field of open economy macroeconomics, international finance, institutional and development economics, in which she is widely published. Her research has received national and international awards. She is editor of an OUP handbook on the Indian economy and a Routledge journal on Macroeconomics and Finance. She is a Professor at Indira Gandhi Institute of Development Research, member of the Monetary Policy Technical Advisory Committee of the RBI, Vice-Chairperson and a Public Interest Director at MCX-SX, has been a member of various committees of Reserve Bank, Government of India, Governing Council of the Exchange Traded Currency Derivatives Segment (ETCD) of the Bombay Stock Exchange Ltd., and Indian Merchants Chamber, and has served on the Boards of MCX, MCX-SX Clearing Corporation, and National Institute of Bank Management.

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

Navin K. Jain
Company Secretary

Place: Mumbai

Date: August 27, 2014

EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

AGENDA ITEM NO. 5

Shri S. Venkatraman has been serving on the Board since May 12, 2006. During his tenure of office, he has made distinct and immense contribution to the deliberations of the meetings of the Board in general and for the growth of the Company in particular.

He is liable to retire by rotation and due for re-appointment in the AGM, in terms of the erstwhile applicable provisions of the Companies Act, 1956.

He has expressed his desire not to offer himself for re-appointment in the AGM, owing to his pre-occupation. The Directors place on record the valuable guidance, support and advice extended by him during his tenure. The Board does not propose to fill the vacancy arising from the retirement of Shri. S. Venkatraman.

Accordingly, the Board recommends the ordinary resolution as set out in item no.5 for approval of the members.

None of the other Directors of the Company and key managerial persons of the Company and their relatives may be deemed to be interested or concerned in the proposal contained in the resolutions.

AGENDA ITEM NO. 6

Shri Anil Kumar Bansal was appointed as an additional director of the Company on December 03, 2013 as per the provisions of section 161 of the Companies Act, 2013. He has been a Non-Executive Independent Director of the Company since December 03, 2013.

He worked as Executive Director of Indian Overseas Bank between 2010-13. He is a Post Graduate in Agriculture from the G B Pant Agriculture University, Pant Nagar, Nainital and recipient of ICAR Junior Research Scholarship. He joined Union Bank of India as Agricultural Field Officer at the age of 23 in the year 1976.

He has had a highly successful and rewarding career path at Union Bank during which he was awarded Super Achiever and Star Performer status, conferred with the Chairman Club Membership and was entrusted with some of the most challenging and coveted assignments of the Bank. He was also the driving force for setting up the Bank's Capital Market Cell at Mumbai and establishing the Bank's first museum at M S M branch in Mumbai.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from 1st April, 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. Shri Anil Kumar Bansal has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. A notice has been received from a member proposing Shri Anil Kumar Bansal as a candidate for the office of Director of the Company along with a deposit of Rs. 1,00,000/-.

In the opinion of the Board, Shri Anil Kumar Bansal fulfils 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 September 28, 2016. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Shri Anil Kumar Bansal as an Independent Director is now being placed before the Members in General Meeting for their approval. Shri Anil Kumar Bansal is interested and concerned in the Resolution mentioned at Item No. 6 of the Notice. Other than Shri Anil Kumar Bansal, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

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Your Directors recommend this resolution at agenda no. 6 of the Notice for the approval of the members.

Shri Anil Kumar Bansal, Director of the Company is concerned or interested in the Resolutions to the extent of the remuneration that may be received by him. None of the other Directors of the Company and key managerial persons of the Company and their relatives may be deemed to be interested or concerned in the proposal contained in the resolutions.

AGENDA ITEM NO. 7

Dr. Ashima Goyal was appointed as an additional director of the Company on August 26, 2014 as per the provisions of section 161 of the Companies Act, 2013.

She is a B.A. (Honours) Economics from Delhi University and M.A. and M. Phil. from Delhi School of Economics, Delhi University, and Ph.D. from Bombay University. She has rich experience in the field of open economy macroeconomics, international finance, institutional and development economics, in which she is widely published. Her research has received national and international awards. She is editor of an OUP handbook on the Indian economy and a Routledge journal on Macroeconomics and Finance.

She is a Professor at Indira Gandhi Institute of Development Research, member of the Monetary Policy Technical Advisory Committee of the RBI, Vice-Chairperson and a Public Interest Director at MCX-SX, has been a member of various committees of Reserve Bank, Government of India, Governing Council of the Exchange Traded Currency Derivatives Segment (ETCD) of the Bombay Stock Exchange Ltd., and Indian Merchants Chamber, and has served on the Boards of MCX, MCX-SX Clearing Corporation, and National Institute of Bank Management.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from 1st April, 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. Dr. Ashima Goyal has given a declaration to the Board that she meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. A notice has been received from a member proposing Dr. Ashima Goyal as a candidate for the office of Director of the Company along with a deposit of Rs. 1,00,000/-.

In the opinion of the Board, Dr. Ashima Goyal fulfils the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and she is independent of the management. The Board recommends her appointment as Independent Director upto September 28, 2016 In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Dr. Ashima Goyal as an Independent Director is now being placed before the Members in General Meeting for their approval. Dr. Ashima Goyal is interested and concerned in the Resolution mentioned at Item No. 7 of the Notice. Other than Dr. Ashima Goyal, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

Your Directors recommend this resolution at agenda no. 7 of the Notice for the approval of the members.

Dr. Ashima Goyal, Director of the Company is concerned or interested in the Resolutions to the extent of the remuneration that may be received by her. None of the other Directors of the Company and key managerial persons of the Company and their relatives may be deemed to be interested or concerned in the proposal contained in the resolutions.

AGENDA ITEM NO. 8

Shri D.R. Dogra has been associated with the Company since 1993 and was appointed on the Board as Whole time Director, designated as Dy. Managing Director of the Company w.e.f. June 30, 2008. Further at the 16th Annual General Meeting of the Company held on September 29, 2009, Shri D. R. Dogra was appointed as the Managing Director & Chief

Executive Officer of the Company for a period of 5 years w.e.f. August 22, 2009. The Company under the leadership of Shri Dogra has achieved good performance and emerged as a strong enterprise. Prior to becoming DMD, he was the Executive Director of the Company.

Shri D.R. Dogra holds a Bachelor's and a Master's degree in agriculture from Himachal Pradesh University and a Master's degree in business administration (FMS), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 35 years of experience in the financial sector and in credit administration. Prior to joining our Company, he was associated with Dena Bank.

He is a member of Western Region Economic Affairs, Sub-Committee of Confederation of Indian Industry, Federation of Indian Chamber of Commerce and Industry, executive body of Swayam Siddhi College of Management & Research and board of governance of Universal Business School, Mumbai. He is an expert member of Academic Advisory Committee in Finance at Birla Institute of Technology. He is on Board of Directors with Association of Credit Ratings Agencies in Asia, Manila, Philippines, ARC Ratings Holdings Pvt Ltd, Singapore, ARC Ratings, SA, Portugal. CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd. and Public interest Director at MCX Stock Exchange Ltd.

The tenure of Shri D. R. Dogra as Managing Director & Chief Executive Officer will come to an end on August 21, 2014. The Nomination and Remuneration Committee recommended to the Board the re-appointment of Shri D. R. Dogra as Managing Director & Chief Executive Officer of the Company. The Board accepted the recommendation of the Nomination and Remuneration Committee and at its meeting held on July 31, 2014 decided to extend his tenure by one year upto August 21, 2015.

Shri D. R. Dogra, Managing Director & Chief Executive Officer will be appointed as a director liable to retire by rotation. At the ensuing Annual General Meeting, Shri D. R. Dogra, Managing Director & Chief Executive Officer retires by rotation and being eligible offers himself for reappointment. Shri D. R. Dogra shall continue to hold his office of Managing Director & Chief Executive Officer, and the reappointment as such director shall not be deemed to constitute a break in his office of Managing Director & Chief Executive Officer.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 8 of the accompanying Notice for the approval of the Members.

Your Directors recommend this resolution at agenda no. 8 of the Notice for the approval of the members.

Shri D. R. Dogra is interested and concerned in the Resolution mentioned at Item No. 8 of the Notice. Other than Shri D. R. Dogra, no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 8 of the Notice.

AGENDA ITEM NO. 9

Shri Rajesh Mokashi has been associated with the Company since 1993. At the 16th Annual General Meeting of the Company held on September 29, 2009, Shri Rajesh Mokashi was appointed as the Whole Time Director for a period of 5 years w.e.f. August 22, 2009.

He holds a Bachelor's degree in Mechanical Engineering from VJTI, Mumbai and a Master of Management Studies degree from University of Bombay. He is a qualified Chartered Financial Analyst and has also cleared Level III of the CFA Program conducted by the CFA Institute, USA.

He has obtained a Diploma in Import and Export Management from Indian Institute of Materials Management. He has more than 27 years of experience in finance, commerce and credit risk sectors. He has been associated

Notice of 21st AGM

with OTIS Elevators Company (India) Limited, DSP Financial Consultants Limited and Kotak Mahindra Finance Limited in the past. He is on Board of Directors with CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. He is also Member-Empanellment Committee of NISM.

The tenure of Shri Rajesh Mokashi as a Whole Time Director will come to an end on August 21, 2014. The Nomination and Remuneration Committee recommended to the Board the re-appointment of Shri Rajesh Mokashi as Whole Time Director of the Company. The Board accepted the recommendation of the Nomination and Remuneration Committee and at its meeting held on July 31, 2014 decided to extend his tenure by 5 years upto August 21, 2019.

Shri Rajesh Mokashi, Whole Time Director will be appointed as a director liable to retire by rotation and shall continue to hold his office of Whole Time Director, and the reappointment as such director shall not be deemed to constitute a break in his office of Whole Time Director.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 9 of the accompanying Notice for the approval of the Members.

Your Directors recommend this resolution at agenda no. 9 of the Notice for the approval of the members.

Shri Rajesh Mokashi is interested and concerned in the Resolution mentioned at Item No. 9 of the Notice. Other than Shri Rajesh Mokashi, no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.9 of the Notice.

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 27, 2014

Credit Analysis and Research Limited

CIN: L67190MH1993PLC071691

Registered Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai 400 022.

ATTENDANCE SLIP

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the **21st ANNUAL GENERAL MEETING** of the company, Credit Analysis and Research Limited at Rangaswar, Chavan Centre, General Jagannathrao Bhosle Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai - 400 021 at 3.00 p.m. on Monday, September 29, 2014. (Contact: Mr. Vijay Desai - 022-22047252)

Folio No.....DP. ID No.* Client ID No.*

Name of the Member.....Signature.....

Name of the Proxy holder.....Signature.....

- 1.Only Member/Proxyholder can attend the Meeting.
 - 2.Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.
 - 3.Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip.
- *Applicable for investors holding shares in electronic form.*

Tear Here

Credit Analysis and Research Limited

CIN: L67190MH1993PLC071691

Registered Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai 400 022.

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..... Ordinary Shares 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.....

..... or failing him

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 **21st ANNUAL GENERAL MEETING** of the company, Credit Analysis and Research Limited at Rangaswar, Chavan Centre, General Jagannathrao Bhosle Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai - 400 021 at 3.00 p.m. on Monday, September 29, 2014 and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

No	Description of Resolution	Type of Resolution	For	Against
1	To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended March 31, 2014 and the Reports of the Directors and the Auditors thereon.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
2	To confirm the declaration and payment of three interim dividends aggregating to Rs. 18/- per equity share and to declare final dividend on Equity Shares.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
3	To appoint M/s. Khimji Kunverji & Co., Chartered Accountant as Auditors of the Company and fix their remuneration.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
4	To appoint a director in place of Shri D. R. Dogra, who retires by rotation and being eligible offers himself for reappointment.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
5	To consider the retirement of Shri S. Venkatraman who retires by rotation and does not offer himself for re-appointment.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
6	Appointment of Shri Anil Kumar Bansal who was appointed as an Additional Director as an Independent Director of the Company.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
7	Appointment of Dr. Ashima Goyal who was appointed as an Additional Director as an Independent Director of the Company.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
8	Appointment of Shri D. R. Dogra as Managing Director & Chief Executive Officer for a further period of one year.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
9	Appointment of Shri Rajesh Mokashi as Whole Time Director for a further period of five years.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of..... 2014

Signature of Member.....

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

3) Signature of Proxy holder.....

Affix
Revenue
Stamp

NOTES:

- Please put a in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- This Form in order to be effective should be duly 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 - 400022, not less than 48 hours before the commencement of the Meeting.
- Those Members who have multiple folios with different joint holders may use copies of this Proxy.
- 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.



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

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069.
Tel.: +91-22-6144 3456; Fax: +91-22-6144 3556

Regional Offices

AHMEDABAD

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015.
Tel: +91-79-4026 5656, Fax: +91-79-4026 5657

BENGALURU

Unit No.1101-1102, 11th Floor, Prestige Meridian 2,
No. 30, M .G. Road, Bangalore - 560 001.
Tel: +91-80-4115 0455 / 4165 4529
Telefax: +91-80-4151 4599

CHANDIGARH

2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Tel: +91-172-5171 100 / 09

CHENNAI

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Tel : +91-44-2849 7812 / 2849 0811
Fax: +91-44-2849 0876

COIMBATORE

Office Unit T-3, 3rd Floor, Manchester Square,
Puliakulam Road, Pappanaickenpalayam,
Coimbatore – 641037.

HYDERABAD

401, Ashoka Scintilla, 3-6-520,
Himayat Nagar, Hyderabad - 500 029.
Tel: +91-40-4010 2030, Fax: +91-40-4002 0131

JAIPUR

304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Tel: +91-141-4020 213 / 14

KOLKATA

3rd Floor, Prasad Chambers, (Shagun Mall Building),
10A, Shakespeare Sarani, Kolkata - 700 071.
Tel: +91-33- 4018 1600 / 02, Fax: +91-33-4018 1603

NEW DELHI

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200, Fax: +91-11-4533 3238

PUNE

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Tel:+91-20-4000 9000

REPUBLIC OF MALDIVES

4th Floor, CHAMPA Center Point,
Chandhanee Magu, Male' Republic of Maldives.

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