

The background of the cover features large, overlapping, curved shapes in shades of blue and grey, creating a sense of movement and depth.

Annual Report

2013



Celebrating Two Decades of Analytical Excellence

Registered & Head Office

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai 400022.
Tel: +91-22-6754 3456, Fax: +91-22- 6754 3457, E-mail: care@careratings.com

Other Office

503, Kaledonia, Sahar Road, Off Western Express Highway, Andheri (E), Mumbai - 400069.
Tel.: +91-22-6144 3456

Regional Offices

AHMEDABAD

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Opp. Auda Garden,
Ahmedabad - 380015.
Tel: +91-79-40265656 Fax: +91-79-40265657

BENGALURU

Unit No. 1101-1102, 11th Floor,
Prestige Meridian 2, No. 30, M .G. Road,
Bangalore -560001
Tel: +91-80-22117140 / 41, Fax: +91-80-22117120

CHANDIGARH

2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160022

CHENNAI

Unit No. O-509/C, Spencer Plaza,
5th Floor, No. 769, Anna Salai,
Chennai - 600002.
Tel: +91-44-28497812/28490811
Fax: +91-44-28490876

HYDERABAD

401, Ashoka Scintilla, 3-6-520,
Himayat Nagar,
Hyderabad - 500029.
Tel: +91-40 40102030 Fax: +91-40-40020131

JAIPUR

304, Pashupati Akshat Heights,
Plot No. D-91, Madho Singh Road,
Near Collectorate Circle, Bani Park,
Jaipur - 302016.
Tel: +91-141-4020213/14

KOLKATA

3rd Floor, Prasad Chambers,
(Shagun Mall Building),
10A, Shakespeare Sarani,
Kolkata - 700071.
Tel: +91-33- 40181600 / 02 Fax: +91-33-40181603

NEW DELHI

3rd Floor, B-47, Inner Circle,
Near Plaza Cinema, Connaught Place,
New Delhi - 110001.
Tel: +91-11-45333200 / 23318701 Fax: +91-11-45333238

PUNE

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda,
Senapati Bapat Road, Shivaji Nagar,
Pune - 411016.
Tel: +91-20-40009000

MALDIVES

4th Floor, CHAMPA Center Point,
Chandhanee Magu,
Male' Republic of Maldives.
Tel: +960-3330560 / 61, Fax: +960-3330562
Mobile: +960-990 9981 / +960 7958107

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Directors & Committee Members

Directors

Shri O.V. Bundellu	<i>Chairman</i>
Dr. N. K. Sengupta	
Shri Venkatraman Srinivasan	
Ms. Bharti Prasad	
Shri D. R. Dogra	<i>Managing Director & CEO</i>
Shri Rajesh Mokashi	<i>Dy. Managing Director</i>

Rating Committee

Shri Y. H. Malegam	<i>Chairman</i>
Shri V. Leeladhar	
Shri V. K. Chopra	
Shri P. P. Pattanayak	
Shri D. R. Dogra	

Bankers

HDFC Bank Ltd.
IDBI Bank Ltd.
State Bank of India

Statutory Auditors

M/s. Khimji Kunverji & Co. *Chartered Accountants*

Internal Auditors

M/s. Pravin Chandak & Associates *Chartered Accountants*

Audit Committee

Shri Venkatraman Srinivasan	<i>Chairman</i>
Dr. N. K. Sengupta	
Ms. Bharti Prasad	
Shri Rajesh Mokashi	

Investment Committee

Shri O.V. Bundellu	<i>Chairman</i>
Shri Venkatraman Srinivasan	
Shri D. R. Dogra	
Shri Rajesh Mokashi	

Remuneration Committee

Dr. N. K. Sengupta	<i>Chairman</i>
Shri Venkatraman Srinivasan	
Ms Bharti Prasad	
Shri D. R. Dogra	

IPO Committee

Shri O.V. Bundellu	<i>Chairman</i>
Shri Venkatraman Srinivasan	
Shri D. R. Dogra	
Shri Rajesh Mokashi	
Shri Navin K. Jain	<i>(Member Secretary)</i>

Shareholders / Investor Grievance Committee

Shri Venkatraman Srinivasan	<i>Chairman</i>
Ms. Bharti Prasad	
Shri Desh Raj Dogra	

Corporate Governance and Nomination Committee

Shri O.V. Bundellu	<i>Chairman</i>
Dr. N. K. Sengupta	
Shri Venkatraman Srinivasan	

Board of Directors



Shri O.V. Bundellu

O.V. Bundellu is the Chairman and an independent Director of our Company. He holds a Master's degree in Science from University of Mumbai and Master's degree in Financial Management from University of Mumbai. He has more than 37 years of experience in commercial banking and development banking. Prior to joining our Company, he was associated with IDBI Bank as Deputy Managing Director and has served as a director on board of several companies. Presently, he is an independent director on board of MITCON Consultancy and Engineering Services Limited, Principal Trustee Company Private Limited, Laxmi Organic Industries Limited & CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. He has been associated with our Company as an independent Director since February 9, 2010.



Dr. Nitish Kumar Sengupta

Dr. Nitish Kumar Sengupta is an independent and non-executive Director of our Company. He holds a Master's degree in arts from University of Calcutta, and doctorate and PhD degree in Management from University of Delhi. He has also obtained a PhD degree from University of Andhra Pradesh. He has over 50 years of experience in the field of planning, administration and management. He is a retired I.A.S officer and prior to joining our Company, he has held various positions including revenue secretary and member secretary of the Planning Commission, Controller of Capital Issues. He was also associated with International Management Institute as its director general. He serves as a director on board of Nagarjuna Agrichemicals Ltd., BNK Capital Markets Ltd., Inova Hotels & Resorts Ltd. & Hindustan Gum & Chemicals Ltd. He has been associated with our Company as an independent Director since May 12, 1993



Shri Venkatraman Srinivasan

Venkatraman Srinivasan is an independent and non-executive Director of our 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.



Ms. Bharti Prasad

Bharti Prasad is an independent and non-executive Director of our 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.



Shri D. R. Dogra

D.R. Dogra is the Managing Director and Chief Executive Officer of our 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 (finance), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 33 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 on Board of Directors with Association of Credit Ratings Agencies in Asia, Manila, Philippines, ARC Ratings Holdings Pvt Ltd, Singapore, CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd. and Public interest Director at MCX Stock Exchange Ltd., He has been associated with our Company since 1993 and was appointed on the Board on June 30, 2008.



Shri Rajesh Mokashi

Rajesh Mokashi is the Deputy Managing Director of our Company. 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 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 also Member-Empanellment Committee of NISM. He has been associated with our Company since 1993 and was appointed on the Board on August 22, 2009.

Ratings Committee Members



Shri 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.

Shri P.P. Pattanayak

P.P. Pattanayak, 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 & Shriram City Union Finance.



Shri V. Leeladhar

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

Shri V.K. Chopra

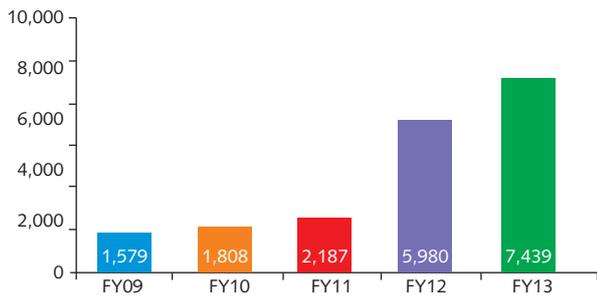
V.K. Chopra, former whole time member of SEBI and chairman and managing director of Corporation Bank and Small Industries Development Bank of India. He was also the Executive Director of Oriental Bank of Commerce. He is a member of the board of directors of Jaiprakash Associates Ltd., Havells India Ltd., 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.



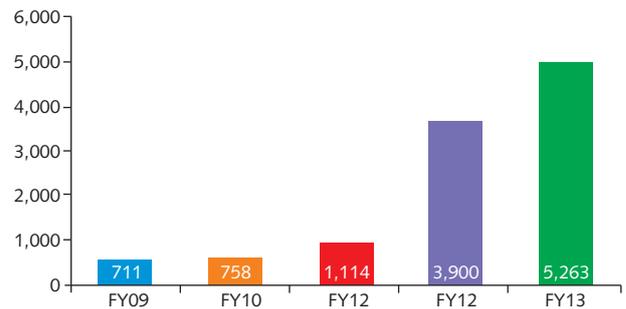
Shri D. R. Dogra

D.R. Dogra is the Managing Director and Chief Executive Officer of our 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 (finance), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 33 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 on Board of Directors with Association of Credit Ratings Agencies in Asia, Manila, Philippines, ARC Ratings Holdings Pvt Ltd, Singapore, CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd. and Public interest Director at MCX Stock Exchange Ltd., He has been associated with our Company since 1993 and was appointed on the Board on June 30, 2008.

Numbers of assignments

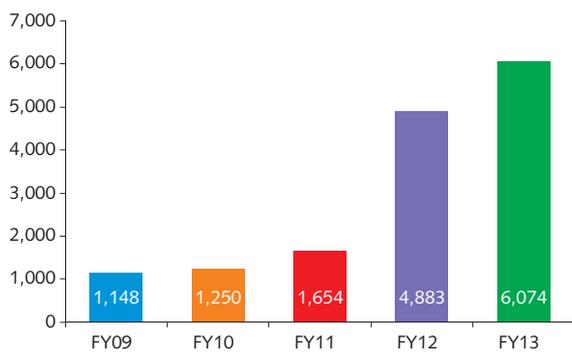


Number of clients

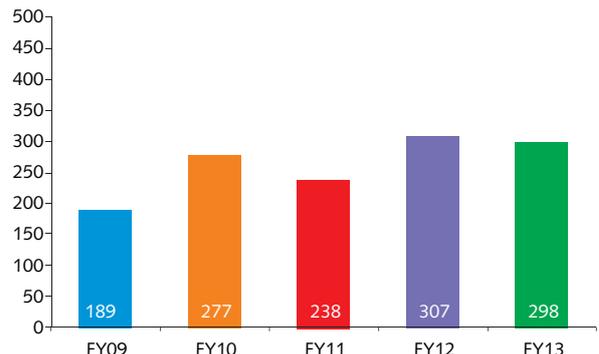


Robust growth in Operations despite constrained macroeconomic environment & subdued business sentiment

Bank Facility-Number of instruments rated

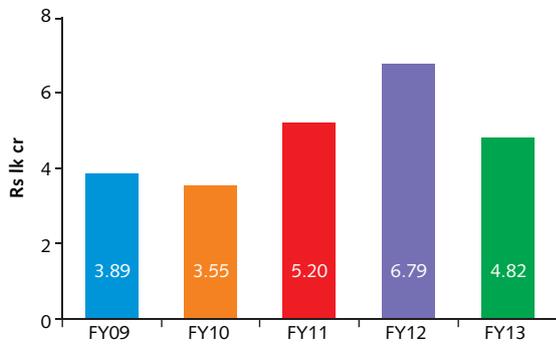


Debentures/Bonds-Number of instruments rated

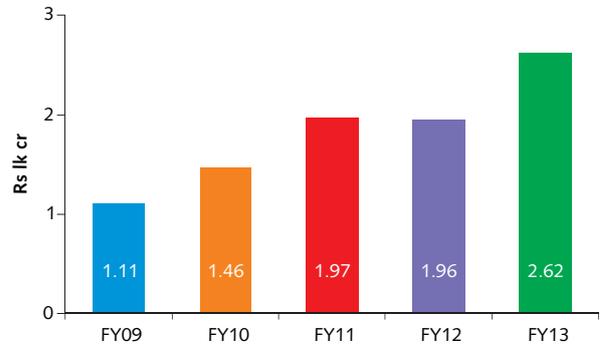


Volume of New Debt rated

Bank Facility Ratings

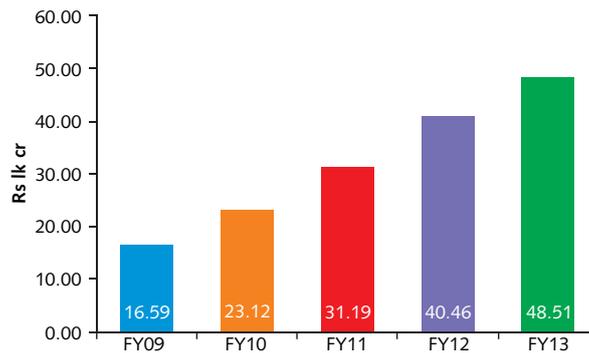


Debentures/Bonds



Cumulative Debt rated crosses 50% of India's GDP *

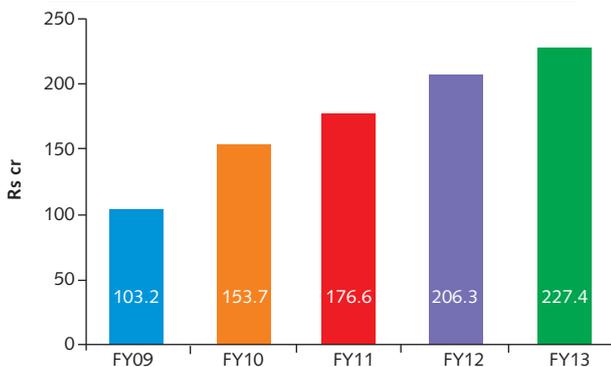
Cumulative Debt Rated



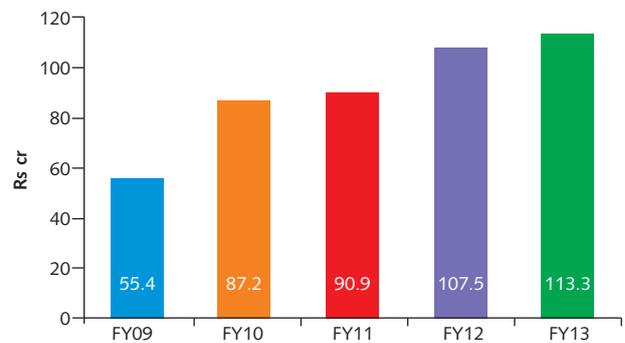
*GDP at factor cost at current prices in FY13 expected to be Rs 94.6 lkr crore

Strong Value Creation for Company and Shareholders

Revenue

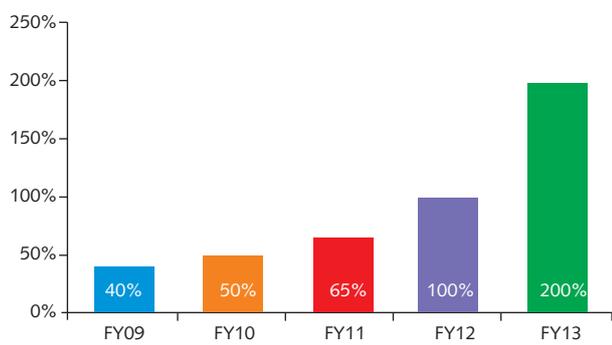


Profit after Tax

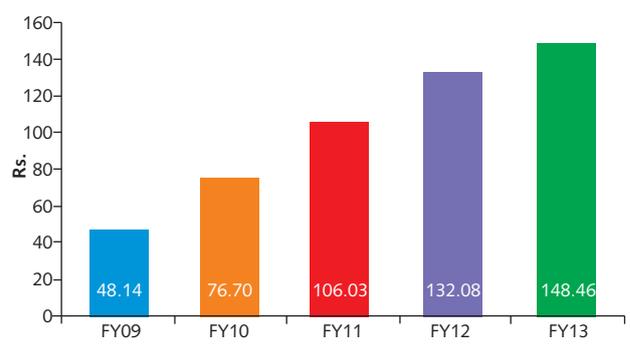


Delivering in the Capital Markets

Rate of Dividend

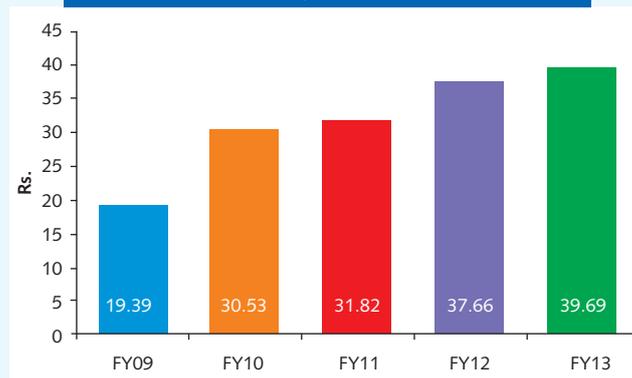


Book Value Per Share



Share Value

Earning Per Share



Thought Leadership Conferences

CARE Ratings' Bank Summit (October 22, 2012)



(From left) Mr. D. R. Dogra, MD & CEO, CARE Ratings, Mr. R. M. Malla, then CMD, IDBI Bank, Mr. Anand Sinha, Deputy Governor, RBI, Mr. O.V. Bundellu, Chairman, CARE Ratings, Mr. Rajesh Mokashi, DMD, CARE Ratings.

CARE Ratings' Debt Market Summit (CDMS 2013) (March 11, 2013)



(From left) Mr. Atul Kumar Rai, then MD & CEO, IFCI Limited, Mr. D. R. Dogra, MD and CEO, CARE Ratings, Mr. R. M. Malla, then CMD, IDBI Bank, Mr. Rajesh Mokashi, DMD, CARE Ratings.



(From left) Mr. Rajesh Mokashi, DMD, CARE Ratings, Mr. Jamal Mecklai, CEO, Mecklai Financial Services Ltd, Mr. P. H. Ravikumar, then MD, INVENT Assets Securitisation & Reconstruction P Ltd, Mr. R K Bansal, ED, IDBI and Mr. Ashvin Parekh, Partner & National Industry Leader for Global Financial Services, Ernst & Young.



(From left) Mr. S. K. Goel, CMD, (IIFCL), Dr. Surjit Bhalla, Chairman, Oxus Investments, Mr. D. R. Dogra, MD and CEO, CARE Ratings, Mr Pawan Singh, Director Finance, PTC Indian Financial Services Ltd, Mr. T. K. Arun, Editor, Economic Times, Mr. Hemant Kumar, Head Group Corporate Finance, Jindal Steel and Power Ltd.



(From left) Mr. D. R. Dogra, MD & CEO, CARE Ratings, Ms. Meera Sanyal, Country Executive, Royal Bank of Scotland, Mr. S Ananthakrishnan, ED, IDBI, Ms. Kaku Nakhate, President & Country Head, Bank of America and Mr. Shrikant Rege, Senior Advisor, Deloitte.



(From Left) Ms. Sujata Guhathakurta, EVP, Kotak Mahindra Bank, Ms. Mamta Rohit, CGM, PFRDA, Mr. Rajesh Mokashi, DMD, CARE Ratings, Ms. Shobhana Subramanian, Resident Editor, The Financial Express, Mr. Shashikant Rathi, Head Debt Capital Market, Axis Bank.

CARE Ratings' IPO Listing Ceremony (December 26, 2012)



(from left) Mr. R.K. Bansal, ED, IDBI Bank, Mr. D. R. Dogra, MD & CEO, CARE Ratings, Mr. Ashish Chauhan, MD & CEO, Bombay Stock Exchange, Mr. Y. H. Malegam, Chairman, Rating Committee, CARE Ratings, Mr. O.V. Bundellu, Chairman, CARE Ratings, Mr. B. K. Batra, DMD, IDBI Bank, Mr. Rajesh Mokashi, DMD, CARE Ratings, Ms. Shanti Ekambaram, President, Corporate & Investment Banking, Kotak Mahindra Bank.



To begin the ceremony on an auspicious note, the Chief Guest, Mr. Y. H. Malegam, Chairman, Rating Committee, CARE Ratings is seen lighting the lamp.



(From left) Mr. D. R. Dogra, Mr. Y. H. Malegam, Mr. O.V. Bundellu and Mr. B. K. Batra ringing the gong to make official CARE Ratings' listing on the Stock Exchanges.



Mr. D. R. Dogra presenting a memento to Mr. Anup Bagchi, MD & CEO, ICICI Securities Limited.



Mr. Rajesh Mokashi presenting a memento to Mr. Manoj Bhargava, Partner, Jones Day.

20 Years' Celebrations

April 29, 2013

Presentation made by Mr. Pradip Shah, Chairman IndAsia Fund Advisors Private Limited, on Development Paths of India and China



(From left) Ratings Committee Members Mr. P.P. Pattanayak, Mr.V. K. Chopra, Mr.Y. H. Malegam; Dr. N. K. Sengupta, Board Member, Mr. Pradip Shah, Chairman IndAsia Fund Advisors Private Limited, Mr. D. R. Dogra, MD & CEO CARE Ratings, Mr. S. H. Khan, Ex-Chairman Care Ratings, Mr. O.V. Bundellu, Chairman CARE Ratings, Mr. A. Lahiri, Ex-Managing Director CARE Ratings, Mr. K. Sivaprakasam, Ex-Managing Director CARE Ratings and Mr. Rajesh Mokashi, DMD CARE Ratings.



(From left) Mr. D. R. Dogra, Mr.Y. H. Malegam, Mr. Pradip Shah, Mr. O.V. Bundellu and Mr. Rajesh Mokashi.



(From left) Mr. D. R. Dogra, Dr. N. K. Sengupta, Mr. O.V. Bundellu, Mr. Venkatraman Srinivasan, and Mr. Rajesh Mokashi.



Mr. D. R. Dogra (left) presenting a bouquet to Mr.Y. H. Malegam.



Mr. O.V. Bundellu (right) presenting a bouquet to Mr. Pradip Shah.

Knowledge Partnerships

CII's Financial Markets Conclave 2013
Kolkata, March 13, 2013

Global Steel Conference
New Delhi, February 4-5, 2013

FADA-Automonitor ADEA Awards
Mumbai, March 9, 2013

FICCI's Progressive Maharashtra – 2013
Mumbai, February 18, 2013

Sponsorships

The Ninth India CFO Awards
Mumbai, March 22, 2013



Publications



CARE RATINGS

CARE Ratings has established itself as the second largest rating agency in India. General Manager of CARE Ratings, Mr. Milind Gadgarkar, was kind enough to give TVC an exclusive interview to his experiences.



Mr. Milind Gadgarkar
General Manager of CARE Ratings

TVC: What is the role of your agency and who are the stakeholders involved?

M.G.: Credit Analysis & Research Ltd (CARE) is a private Indian Rating Agency providing a range of ratings as well as grading services. It includes debt ratings, equity ratings, structured debt ratings, IPO/RSE rating, SRI ratings, Sustainable ratings, etc. It also provides grading services like IPO grading, etc. CARE has a 900+ middle large corporate entities like Reliance Industries, Tata, ITC, etc. It also provides industry research, financial research, etc.

TVC: What are the challenges you face as a rating agency?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's competitors?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's strengths?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's future plans?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's achievements?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's challenges?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's strengths?

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TVC: What are CARE's future plans?

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TVC: What are CARE's challenges?

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TVC: What are CARE's strengths?

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TVC: What are CARE's future plans?

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TVC: What are CARE's challenges?

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TVC: What are CARE's strengths?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's future plans?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's achievements?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's challenges?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

TVC: What are CARE's strengths?

M.G.: CARE works in a whole range of areas which includes financial, corporate, bank, non-banking financial institutions, NBFCs, infrastructure, services, manufacturing, education, insurance companies, Mutual funds, State Govt. entities, urban infrastructure, etc.

INTERVIEW

With credit of a covered cover and fall cost, will power strategies in the market.

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Towards Consolidation

Trends in the telecom infrastructure segment

In recent years, issues such as high energy costs, the declining tenancy ratio and policy changes in telecom infrastructure providers. Going forward, efficient network equipment and other solutions are expected to help them optimise costs. Also, the grant of infrastructure facilities to source funds on better terms. Experts comment on recent trends and developments in the telecom infrastructure

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Swati Agrawal
Deputy Manager and Regional Head, North, CARE Ratings

Swati Agrawal

Rating agency Care to expand overseas ops through JV

By REPORTER
Kolkata 4 December

Credit rating agency, CARE Ratings, is looking to expand its international operations through joint ventures (JVs) with rating agencies outside India.

Recently, CARE entered into non-binding agreements with four companies in Malaysia, Kuala Lumpur and Bangkok, for promoting an international rating agency, said Sanjay Kumar Agrawal, general manager, CARE Ratings, at a press conference held to announce the initial public offering (IPO) of the company here today.

The company will provide international scale ratings to assist local issuers in mobilising resources from international financial markets, according to the red herring prospectus of CARE. The company has received a no-objection letter from the Securities and Exchange Board of India (SEBI) to credit

the IPO. CARE is looking to expand its international operations through joint ventures (JVs) with rating agencies outside India.

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>> TN Arun Kumar

Chief General Manager, Credit Analysis & Research Ltd (CARE Ratings)

With the help of government schemes, there is a perceptible improvement in student enrolment in elementary and secondary education in the country. However,



with a significant increase in the number of colleges offering higher education (a majority of which are owned by the private sector), the quality of education and infrastructure has become a major area of concern. The government needs to bring in mechanisms to assess quality of higher education provided by these institutions and offer incentives to those entities which support good quality higher education. Institutions like IIMs/ITs are self-sufficient in terms of funding; government can introduce a PPP model to promote more such institutions. The cost of education is becoming a burden on the common man and tax breaks are needed to reduce the burden.

Restructuring & Provisioning Requirements

Draft guidelines to raise provisioning: despite up-gradation PSU banks remain stressed

The recent draft guidelines on restructuring and up-gradation of PSU banks have raised concerns among investors and analysts. The guidelines are expected to be implemented by the end of the year. The guidelines are expected to be implemented by the end of the year.

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RATING WORKS AS A FEEDBACK MECHANISM FOR THE MANAGEMENT

Credit rating not only meets the regulatory requirement for finance from banks but also helps in enhancing an entity's standing with its existing and prospective customers and suppliers, says Anand Khasoria, General Manager and Rating Head, CARE Ratings in an interview with Rishi Kamal.



Anand Khasoria
General Manager and Rating Head, CARE Ratings

Anand Khasoria

Directors' Report for FY13

Your directors have pleasure in presenting the Twentieth Annual Report of your company along with the audited accounts for the year ending March 2013.

Economic Backdrop

Following the financial crisis in FY08, the Indian economy had recovered to grow by 8.4% in FY10 and FY11. However, the conditions turned adverse in FY12 with GDP growth slowing down to 6.2% which further declined to 5.0% in FY13. Production was affected by a slowdown in investment, and the gross fixed capital formation rate declined from 32.5% of GDP in FY11 to 29.6% in FY13. While overall demand remained subdued with the government trying to get its reins on the deficit, persistent inflation has led RBI maintain key interest rate at status quo for most of the year. The RBI has been following an anti - inflationary policy stance since early 2010. However in FY13, RBI reduced key interest rates gradually by 100 bps from 8.5% to 7.5% on growth concerns and a decline in inflation.

Global economic conditions too were challenging with growth slipping to 3.2% in 2012 (4.0%) with USA growing by 2.2% (1.8%) and Euro region growth slipped into negative territory growing by -0.6% (1.4%). Among the emerging markets, China registered growth of 7.8% (9.3%) which is the lowest since 2005. The Euro crisis response has been volatile with Greece, Ireland, Portugal, Spain, Italy and most recently Cyprus raising indebtedness issues. The ECB and IMF have been working hard towards resolving of the default crisis. Alongside, monetary policy has been liberal with the Fed and Bank of England maintaining its rate at 0.25% and 0.50% respectively, while the ECB has lowered rates more recently to 0.50%.

The Indian economy was affected by the global crisis in various ways. Firstly, trade flows were impacted. While growth in both imports and exports has moderated, the fall in exports has been far more pronounced (negative growth) when compared with imports (near-zero growth), resulting in a wider CAD (current account deficit). Secondly, the rupee became vulnerable to the dollar – euro relationship and remains so, also the continued problems in the Euro Zone would continue to make rupee volatile. Thirdly, FII inflows have been volatile, easy monetary policy pursued by advanced countries has impacted capital investment flows (QE in USA and Japan and ECB bond buying programme).

Corporate Performance has also been subdued. A study of 1,297 non - financial companies showed that net sales increased by 12.6% in FY13 as against 21.1% in FY12 while net profit increased by 11.7% in FY13 compared with a negative growth of 5.7% in FY12. Growth has hence been held up this year on both the supply and demand fronts which has impeded any pick-up in activity. It may be recollected that we started the year with an assumption of upwards of 7.5% GDP growth for the year and the path followed has been quite different from what was expected.

The government's budget was affected by lower than expected growth in GDP which impacted the revenue collections; however the government managed to control the expenditure resulting in the fiscal deficit of 5.2% in FY13 (RE) (revised subsequently to 4.9%). For FY14, it has been budgeted at 4.8%. Performance on the disinvestment front stands nearer to budgeted estimate amount of Rs.30,000 crore in FY13, where the government is expected to mobilize Rs.24,000 crore of funds.

Low economic growth and high inflation contradicted monetary activity during FY13. Bank deposits grew by 14.3% in FY13 as against 13.5% in FY12. Elevated borrowing costs against the backdrop of high interest rates

coupled with low demand conditions pressurized growth in credit offtake in FY13 to 14.1% (17%). The shortage in liquidity was evident with the monthly average repo borrowing in FY13 from the RBI amounted to Rs 17,19,329 crore. At the same time, government maintained its borrowing programme at Rs 5.57 lakh crore as budgeted at the start of the year.

The performance of your company in FY13 should be viewed against this background.

Financial Performance

The financial results for the year ended March 31, 2013 are presented below: **(Rs. lakh)**

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Income from Operations	198,77	178,08
Other Income	28,63	28,21
Total Income	227,39	206,29
Total expenditure	67,51	56,78
Profit Before tax (PBT)	159,88	149,51
Provision for Tax	46,55	41,97
Profit After Tax (PAT)	113,33	107,54
Appropriations		
Interim Dividend	34,26	28,55
Tax on Interim Dividend	5,56	4,63
Final Dividend	22,84	-
Tax on final dividend	3,88	-
Transferred to General Reserve	15,00	12,00
Balance carried forward	31,78	62,36

Total income increased by 10.23% with income from operations increasing by 11.62%. This may be attributed to an increase in both rating assignments from new companies as well as from existing clients. Total expenditure increased by 18.90%, with an increase in wage bill as also on account of an increase in staff count from 500 on March 31, 2012 to 565 on March 31, 2013. Profit before tax increased by 6.94% in FY13, and with provision for tax rising by 10.92%, profit after tax increased by 5.38%.

Dividend

An interim dividend @Rs.12 per share was declared and paid in March 2013. Special dividend for celebrating 20 years @ Rs.8 per share is recommended for FY13.

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 23,000 rating assignments since inception to reach 23,516 as of March 2013. The cumulative amount of debt rated has increased to Rs 48.51 lakh crore as of March 2013 from Rs 40.46 lakh crore as of March 2012. As of March 2013, we had business relationships with 5,263 clients (3,900 in March 2012). The relentless thrust on expanding the client base will set the foundations for further leveraging in future.

Instruments	Number of assignments completed		Volume of debt rated (Rs crore)	
	FY13	FY12	FY13	FY12
Short term	61	109	32,906	52,522
Medium term	-	-	2,002	-
Long term	298	307	262,434	195,518
Bank facility rating	6,074	4,883	481,798	678,820
Others (Gradings etc.)	1,006	681	-	-
Total	7,439	5,980	779,140	926,860

Two facts stand out in the above table. The first is that the total number of rating assignments completed grew by about 24% in FY13 aggregating 7,439. However, the volume of debt rated has witnessed a decline on account of low ticket size of issues as we focused on the SME segment where the average size of debt/loan rated is significantly lower than for a LME case. This is particularly observed in the bank facility ratings segment where the volume of debt rated declined by about 29% in FY13.

In terms of rating assignments completed, there was a decline in the number of long term ratings by around 3% while bank facility ratings increased by nearly 24%. However, there was a decline in short-term rating assignments by 44%. The miscellaneous category (including gradings) witnessed robust increase of more than 48%, which was mainly due to an increase in NSIC-MSME ratings.

Total volume of debt rated increased for long term debt by nearly 34%, but declined for bank facilities (by 29%) and short term ratings (by 37%). The low growth conditions as well as slowdown in growth in bank credit did impact the growth in debt rated under bank loan facilities.

CARE's business during the year

Your company continued to focus on extending the client base across both the large and SME segments to provide services for borrowers pan-India. Further, the existing relations with clients have been strengthened with our business teams working on cross selling products. Our grading products, Equi-grade and Real-estate Star grading have received notable response. 23 companies are now covered under Equi-grade, while 12 projects have been assigned real-estate star gradings.

In a bid to expand our reach to the SME segment, the company has also introduced SME Fundamental Grading this year. This product, it is believed, will contribute progressively more to the revenue base of the company in the years to come.

Knowledge Strength – CARE Research Division

Our business derives strength from leveraging our research capabilities. The independent CARE Research Division continues to widen its canvas, today covering 46 industries under its Research services offerings (up from 39 in FY12). Also, 116 sectors are covered under the CARE Industry Risk Metrics (CIRM). These cutting edge research reports across the spectrum of sectors that are available on a subscription basis have found progressively more acceptance in the market.

Apart from off the shelf reports, CARE Research also undertakes customized research in areas such as demand analysis, cost analysis, customer satisfaction, niche industry studies, industry write ups for IPO DRHP documents etc.

In order to build the brand of CARE as knowledge based company CARE Research contributes by:

- Publishing thematic articles on various sectors, some of which are printed and sent to banks, companies and policy makers. The articles are widely quoted in media and appreciated as being thorough and insightful. These reports are also circulated to clients, media, bankers, brokers, mutual funds, investors, government officials, etc.
- Associating as a knowledge partner and preparing background papers for events such as ADEA-FADA awards, AIBI Summit, Global Steel Conference etc

In expanding the scope of research services, the CARE Research Division, this year launched MLD (market linked debentures) valuation and has brought out a thematic monthly report on PPMLD (Principal protected market linked debentures), a first of its kind in the market.

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 published.

Economics

The Economics Division continues to provide near real time economic analysis through reports that are released almost immediately after economic announcements are made. The coverage of economic reports encompasses regular updates on global and domestic economic indicators and/or events, topical notes on new interesting economic developments, debt market related updates, 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, we continue to print and circulate major reports to several opinion makers which have been appreciated. This is over and above the wide circulation through e-mails to clients, banks, mutual funds, investors, media, government officials, etc.

In addition, the Economics Division has also brought out a number of whitepapers relating to Indian capital markets (both debt markets and equity markets) and background studies on financial reforms in the country.

CARE IPO

With the aim of unlocking value for the shareholders of the company and improving visibility of the brand – CARE Ratings, your company made an IPO through an offer for sale, with disinvestment by existing shareholders. The offer for sale was for 7,199,700 equity shares which was a dilution of 25.22% of post offer paid up capital. The issue which got listed on December 26, 2012 received an overwhelming response and was subscribed 34.05 times. CARE is part of S&P BSE 500 index and S&P BSE Mid Cap index.

In the context of our IPO through an offer for sale, as per the RBI directive, the company is in the process of meeting the minimum capitalization norm of USD 0.50 mn which is applicable to CRAs.

Brand CARE Ratings

We have been continuously focusing on deepening our brand by holding and sponsoring various conferences and events as well as continuous engagement with the media. There were essentially five major heads under which we have built the CARE brand. First, we have organized events such as CARE Ratings' Banking Summit, Mumbai and

CARE Ratings' Debt Market Summit (CDMS 2013), New Delhi. Second, we have been knowledge partner for various events held by associations such as CII, AADA, FICCI, SME Chamber of India, Global Steel Conference etc. Third, we have sponsored events such as CFO Awards. Fourth, the company's top management has participated actively in global events such as BRICS Business Forum, International Rating Roundtable Conference, and ACCRA CEOs Roundtable Discussion etc. Fifth, CARE has ventured to launch webinars on various issues and topics as part of its knowledge sharing endeavours.

CARE also completed 20 years in April 2013 and has held a special event for its clients in Mumbai.

Human Resources

Human resources are the most critical asset for a company as plans can be executed successfully only in case we have the right people. Your organization realises the importance of developing and maintaining a highly skilled and motivated staff. The focus has been on recruiting the best talent from top management institutes. However, for specialized functions at higher levels lateral recruitment has been done from some of the best companies so as to match experience and superior skills with different roles.

As of March 31, 2013, we had 565 employees spread across the country which marks an increase over the 500 staff strength as on March 31, 2012. This has been necessitated from the demands of business development and ratings which has widened, as we have been reaching out to potential customers across the country with special focus on the MSME segment. Out of these, there are 432 professionally qualified personnel with MBA/PGDM/CFA etc, 49 CAs, 21 Post graduates (including Economists) and 63 graduates.

We do recognise the importance of training our staff so that they are equipped with better skill sets for both professional and personal development. We do have in place a rigorous induction programme for all new joiners where experts in various domains from within the organization impart training. We also send our staff for specialised training programmes on a regular basis.

IT initiatives

Recognizing the importance of information technology, your company took several initiatives in this domain. The Ci3 core application has from time to time been improvised in order to facilitate better and efficient processing, MIS reporting and control. It is an end-to-end solution for all information relating to rating activity which enables ease in generating reports, monitoring and planning. Ci3 is now upgraded to latest technology platform with seamless workflow for business.

This year your company transitioned from its existing accounting software system to the Oracle enterprise application (ERP) for accounting and human resources management systems. The Oracle application has now been successfully implemented and integrated in all operations of the company.

A major milestone attained is the creation of our Disaster Recovery (DR) site at Pune. DR site is built to support entire operation of the company.

Global Forays

Your company has reached an advanced stage in the formation of a proposed global rating agency – ARC Ratings SA (with participation of rating agencies from Portugal, Brazil, Malaysia and South Africa). 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.

Rating Committee

Your company is committed to maintaining high standards of professional quality and integrity. In line with this, we have an internal rating committee comprising senior executives of our Company and an external rating committee, comprising a majority of independent members. Each 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. The external rating members are Shri Y.H.Malegam (Chairman), Shri P.P. Pattanayak, Shri V. Leeladhar, Shri V.K. Chopra and Shri D.R.Dogra.

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.

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

Audit Committee

The Committee met 4 times in FY13. The Committee comprises Shri S. Venkatraman, Dr N.K. Sengupta, Ms Bharti Prasad and Shri Rajesh Mokashi.

Investment Committee

The Investment Committee comprises the following Directors, namely: Shri O.V.Bundellu, Shri S. Venkatraman, Shri D.R. Dogra and Shri Rajesh Mokashi. The Committee met 3 times during the year 2012-2013 and decided on various investment options for the company's funds to derive the maximum return while optimizing risk levels.

Remuneration Committee

The Remuneration Committee comprises the following Directors, Shri S. Venkatraman, Dr N.K. Sengupta, Ms Bharti Prasad and Shri D.R.Dogra. The Committee met once during the year.

IPO Committee

The IPO Committee comprises of the following Directors, Shri O.V.Bundellu, Shri S.Venkatraman, Shri D.R. Dogra and Shri Rajesh Mokashi. It met 5 times during the year. This Committee has been dissolved since the completion of the IPO through offer for sale.

Shareholders / investor grievance committee

The Shareholders / Investor Grievance Committee was constituted during the year. The 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. The Committee comprises the following Directors Shri S. Venkatraman, Ms Bharti Prasad and Shri D.R.Dogra.

Corporate Governance and Nomination Committee

We have 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. The Committee will meet at least twice annually. The Committee comprise of Shri O.V.Bundellu, Dr N.K.Sengupta and Shri S. Venkataraman.

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 2013, 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 judgements 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, 2013 on a 'going concern' basis.

Auditors

Prior to the IPO through an offer for sale, as the shareholding of Corporations owned or controlled by the Central Government in CARE exceeded 51%, the company was covered under provisions of section 619B of the Companies Act, 1956. The statutory Auditors for FY13 were appointed by the Comptroller and Auditor General of India (CAG). Post IPO, as less than 51% of shareholding is owned or controlled by the Central Government, the statutory auditors will be appointed by the shareholders.

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.

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

O.V. Bundellu
Chairman

Place: Mumbai

Date: 10th August 2013

CEO and 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, Mr. Rajesh Mokashi, Deputy Managing Director, Mr. Navin Jain, Company Secretary 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, 2013 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 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

Navin Kumar Jain
Company Secretary

Rajesh Mokashi
Deputy Managing Director

D. R. Dogra
Managing Director & CEO

Place: Mumbai
Date: 15.05.2013

Management Discussion and Analysis

Economic environment

While the year FY13 began with hopes laced with optimism, (the Government of India and RBI projecting a high growth rate of above 7%), things did not quite work out that way. Growth finally came at 5% in GDP with industrial production slowing down to a low of 2%. The major issue confronting the system was inflation which had a bearing on the course of monetary policy. Also the Government had a challenge in managing the fiscal deficit and while ultimately it has been controlled to a lower level than what was budgeted, it came at the cost of a slowdown in growth of capital expenditure. High interest rates and lower government expenditure combined with other administrative issues did have a bearing on the overall investment climate which remained muted. This in turn got reflected in the state of the credit and debt markets. While the RBI did lower interest rates by 100 bps during the year, the transmission mechanism was weak and investors were uncertain of the future course of interest rates and held back investment. Growth in credit remained subdued.

Macro-rating environment

The credit rating business is dependent mainly on the state of the credit and debt markets. Lower growth in these segments also gets reflected in a commensurately smaller canvas of rateable instruments. Therefore, the major challenge for your company was maintaining the business levels at a time when the overall size of the cake was not expanding at the normal rate. Both the segments of the capital market - equity and debt were subdued which meant that the growth of fresh business which need a rating had grown at a lower rate in FY13.

Business expansion

We did have a broad based strategy to also penetrate the market deeper while aggressively looking out for fresh business in the debt market. The focus hence was on the SME segment, which typically has a lower individual ticket size, but did help to increase our client base as well as our assignments. We witnessed 35% increase in the number of clients from 3,900 in FY12 to 5,263 in FY13. The number of assignments also increased from 5,980 to 7,439 during this period. The number of bank loan cases, increased from 4,883 to 6,074 while the number of debt instruments rated declined from 307 in FY12 to 298 in FY13.

However, given that these clients were of a smaller size, the overall quantity of bank loans rated was lower at Rs 4.81 lakh crore (Rs 6.79 lakh crore). In case of volume of debt rated, it had increased from Rs 1.96 lakh crore in FY12 to Rs 2.62 lakh crore in FY13.

Large and Medium Enterprises (LME) approach

Given the economic conditions and our own objectives, we restructured the LME team to provide better focus on efficiency and coordination. As part of the strategy, the smaller regional offices were brought under the direct supervision of senior executives. New systems were introduced to lower the turnaround time for completing assignments. This helped to keep pace with growth in number of assignments. Our Knowledge centre based in Ahmedabad helped in reducing the time taken by analysts to complete the assignments by providing support for data processing. Also there was continued focus on sector specialization to improve analytical rigor.

SME approach

With the focus being on SMEs during the year, several initiatives were taken to streamline processes. The CARE Knowledge Centre, based in Ahmedabad, provided support for processing larger volumes of data to cut down the analyst's time for completing the assignment.

We launched a new product called, 'SME Fundamental Grading' in February, 2013. The product aids the investors in taking an informed investment decision based on the fundamentals of Small and Medium Enterprises (SMEs) and will also assist the SMEs to differentiate from others, thereby facilitating raising of funds. To spread awareness, the CARE SME Digest was launched while a customer satisfaction survey was carried out for MSEs to get feedback on their interactions with CARE as well as the usefulness of the ratings. SME Digest provides information on the new developments in the SME segment, research articles on the development of various SMEs and rating guidance. The digest also provides with learning by engaging in case studies and providing synopsis of the events and seminars held by CARE.

Other products

While the core of our business activity is ratings, the company made headway in other areas too such as grading products. With the IPO market being dormant, the company focused on equi grade product where a few more companies were added in FY 13. Real estate star grading was another product where we do see potential and despite the state of the market.

Media and Branding

Your company continues to be in the forefront of being well known and established brand, having completed 20 wonderful years of analytical excellence, contributing significantly to the industry. We continued to sponsor and organize prestigious events and top management participated in several events as speakers. The widespread distribution of our economic updates, research reports and sectoral reports has proliferated recognition.

As part of our endeavour to spread awareness of the brand, we have started printing selected research reports – economic and industry and circulating them to senior officials as well as opinion makers in both public and private sectors, besides e-mailing them to a set of over 4000 clients, researchers, media, bankers etc. The feedback received has been positive.

Awareness Programmes

The company pursues spreading awareness about the concept of rating and how CARE Ratings fits in with the requirement of industry. These programmes have been held jointly with various organizations. We have done knowledge sharing programmes with Bank of Baroda, State Bank of Hyderabad, Canara Bank, State Bank of India, Bank of India, Oriental Bank of Commerce, Union Bank, Corporation Bank, Yes Bank, Punjab National Bank among others.

CARE successfully conducted a Certificate Programme on Credit Risk Management in January 2013 in Pune at the prestigious National Institute of Banking Management (NIBM), which is one of the most prestigious institutes in India. The certificate course was taken by 35 students of NIBM in Pune.

Knowledge based company

The company is known for being a knowledge based company and has continued to work towards deepening the base. Research in the company has been divided into industry research and economic research. The ratings division is benefited by strong footing in economic and industry research which help CARE Ratings in its quest to be a strong analytical organization. Industry or sector research has been provided an additional dimension with the Sector

Specialists in the Ratings teams also bringing out reports on their perspectives on various industries which have been well received.

The industry research team provided support to the ratings team in the form of in-depth industry knowledge over a range of sectors. The team has varied experiences across sectors. The product menu has been enhanced from coverage in 28 sectors in March 2011 to 46 in March 2013. Further, the independent research team also provides risk evaluation reports covering 116 sectors, which is made available on subscription basis. Given the credibility of research emanating from this division, the team also provides customized research covering key areas such as market sizing, demand estimates, demand – supply gap analysis, product segmentation, business analysis etc. CARE Research has launched "MLD Valuation" in FY13 and initiated the business in October, 2012. CARE Research also launched a thematic monthly report on PPMLD- first of its kind in the market.

Economic research has provided strong macro foundations to the thought process in the company and the near real – time analysis of global and domestic economic development through reports has also helped in establishing the brand of the company in the market. These reports are circulated widely to clients, government and media.

CARE Kalypto Risk Technologies and Advisory Services Private Limited

In FY12 we had acquired a majority stake in a Risk Management software solutions company, Kalypto Risk Technologies, which has been renamed as CARE Kalypto Risk Technologies and Advisory Services Private Limited. During the year, we have been working towards strengthening the same. Besides working in the existing space of risk management solutions, we would be expanding the area of activity into advisory services; and there has been some progress in this direction. The challenge going ahead would be to make this enterprise self-sustaining in both the areas so as to add value to the company.

ISO certification

We have received ISO 9001:2008 quality management certifications for our head office in Mumbai and six branch offices 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.

International Foot Prints

CARE has an office in Male, Republic of Maldives. On account of uncertain political conditions, there has been limited progress in terms of rating business. However, our team located there is in touch with the authorities as well as business community to grow the ratings market.

The company has also been making its presence felt globally. We have entered into a Joint Venture with 4 other foreign companies - S. R. Ratings Brazil, CPR Ratings Portugal, MARC Malaysia and GCR South Africa, for formation of a new credit rating agency called ARC Ratings SA which has been incorporated in Singapore. CARE has also signed MoU with GCR, South Africa & Cim Group for starting operations in Mauritius

We would be working on all these ventures in FY14 and some of these plans would fructify during the course of the year.

Prospects for FY14

While fiscal FY14 began with a lot of hope with the Government looking at a growth rate of between 6.5-7% and the RBI at 5.7%, there has been limited progress during the first quarter of the year. The RBI has already scaled down growth to 5.5% which will be just about higher than that achieved in FY13. One of the surprise elements this year in the economic space has been the sudden depreciation of the rupee since May 2013, which has been caused by weak fundamentals (widening current account deficit), adverse sentiment (premature withdrawal of the stimulus programme of the Federal Reserve) and semblances of liquidity diversion into the forex market (which has caused the RBI to tighten short term liquidity). Therefore, monetary policy action has tuned its attention for the time being more to the rupee and less to inflation and growth. It is expected that this could be the priority for the RBI for the rest of the year.

The company expects growth to be under pressure this year too and the RBI's revised estimate of 5.5% would carry a high downside risk given that a lot of economic announcements in the direction of policy and implementation have yet to be put into action. While monsoons have been normal and there could be a recovery in demand during the festival cum harvest season from September onwards, there would be gestation lags before it translates to higher output. The government would have to necessarily remove the structural bottlenecks that are in the way of investment and will have to focus more on policies that do not require legislative approval in order to revive the growth process.

Foreign investment, which has provided a lot of support to the balance of payments in the past, would continue to be under pressure until there is more clarity on the Federal Reserve's stance on stimulus. FIIs in particular have been in a withdrawal mode from the debt and equity segments of the capital market which could make the RBI take its time to lower rates, lest the Indian debt market becomes less attractive for potential investors. The Government has announced measures to liberalize FDI in certain sectors that do not require Parliamentary approval, but the impact would be felt only in the medium to long term and would not be significant.

While the stock market has been relatively more positive with the Sensex being range-bound so far during the first quarter of the year, companies may not be in a position to raise fresh capital under such subdued economic conditions. The Union Budget for FY14 expects Rs 55,000 crore of revenue inflows through the disinvestment route which would be contingent on the state of the stock market. Given the higher expected participation limits for FIIs in both corporate and infrastructure debt, as well as the operating of IDFs, the debt market could witness some activity in the current fiscal only in case the investment environment improves. Reforms such as new banking licenses and the recently introduced inflation index bonds by RBI, would provide positive sentiments in the market.

On the whole the mood for FY14, based on the developments during the first four months, would continue to remain subdued and could improve, albeit marginally, provided a lot of support comes from the government through reforms, policy action, clearances and interest rate relief from RBI.

Prospects of business for the company

The prospects for the rating business will be largely driven by the developments in the economy including the progress made in the credit and debt markets. While the attempt will be to widen our client base with specific emphasis on the SME sector, efforts will be on to make deeper inroads into the bank loan rating and debt market segments supported by a strong business development team. It is hoped that investment will pick up in the coming months which will provide a boost to the debt market which will support the rating business.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that, sound corporate practices based on fairness, transparency and accountability are essential for its sustained long-term growth with due regard to the interest of various stakeholders, exercising proper control over the Company's assets and transactions.

It is in recognition of such requirements that the Company has adopted good governance principles and practices, in order to achieve its objectives and also help to build confidence of the shareholders in the Management of the Company.

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. It also covers the Right to Information of the members as also code of conduct.

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 six (6) Directors as on March 31, 2013.

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				
Shri Omprakash Venkatswamy Bundellu – <i>Chairman</i>	2	2	3	--
Dr. Nitish Kumar Sengupta – <i>Director</i>	4	--	--	
Ms. Bharti Prasad - <i>Director</i>	1	--	--	
Shri Venkatraman Srinivasan - <i>Director</i>	2	1	1	--
Executive Directors				
Shri Desh Raj Dogra – <i>Managing Director & Chief Executive Officer</i>	--	2	--	--
Shri Rajesh Mokashi – <i>Deputy Managing Director</i>	--	1	--	--

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 six Directors, two of whom are Executive Directors and four 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. All the Directors except the Managing Director and the Deputy Managing Director are liable to retire by rotation.

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
Shri Omprakash Venkatswamy Bundellu - <i>Chairman</i>	<ul style="list-style-type: none"> • MITCON Consultancy & Engineering Services Ltd. • Principal Trustee Company Pvt. Ltd. • Laxmi Organic Industries Ltd. • CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.
Dr. Nitish Kumar Sengupta – <i>Director</i>	<ul style="list-style-type: none"> • Nagarjuna Agrichemicals Ltd. • BNK Capital Markets Ltd. • Inova Hotels & Resorts Ltd. • Hindustan Gum & Chemicals Ltd.
Ms. Bharti Prasad - <i>Director</i>	<ul style="list-style-type: none"> • Satluj Jal Vidyut Nigam Ltd.
Shri Venkatraman Srinivasan - <i>Director</i>	<ul style="list-style-type: none"> • Chennai Petroleum Corporation Ltd. • UTI Retirement Solutions Ltd. • Shriram Properties Pvt. Ltd. • V. Sankar Aiyar & Co. (Firm)
Shri Desh Raj Dogra – <i>Managing Director & Chief Executive Officer</i>	<ul style="list-style-type: none"> • ARC Ratings Holdings Pte. Ltd., Singapore • CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. • Association of Credit Rating Agencies in Asia, Manila, Philippines • Confederation of Indian Industry • Federation of Indian Chamber of Commerce and Industry • Swayam Siddhi College of Management & Research • Universal Business School, Mumbai • MCX Stock Exchange Ltd*
Shri Rajesh Mokashi – <i>Deputy Managing Director</i>	<ul style="list-style-type: none"> • CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. • National Institute of Securities Markets (NISM)

*Appointed as a Public Interest Director (approved by SEBI) on 8th July, 2013

DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

According to the Articles of Association of your Company, at every Annual General Meeting of the Company one-third of the directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three, the number nearest to one-third shall retire from office.

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 (unless they otherwise agree among themselves) be determined by lots. The retiring Director shall be eligible for re-election.

Ms. Bharti Prasad, Director retires by rotation and being eligible, offers herself for re-appointment. The brief resume of Ms. Bharti Prasad is as follows:

RESUME OF MS. BHARTI PRASAD

Bharti Prasad is an independent and non-executive Director of our 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.

1.2 MEETINGS OF THE BOARD

The Board of Directors met 9 times during the year 2012-2013 on the following dates:- April 28, 2012, June 16, 2012, August 14, 2012, October 21, 2012, November 18, 2012, December 13, 2012, December 21, 2012, January 28, 2013 and February 22, 2013.

DETAILS OF ATTENDANCE			
Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held On September 27, 2012
Shri Omprakash Venkatswamy Bundellu	09	09	Yes
Dr. Nitish Kumar Sengupta	09	08	No
Ms. Bharti Prasad	09	09	No
Shri Venkatraman Srinivasan	09	09	Yes
Shri Desh Raj Dogra	09	09	Yes
Shri Rajesh Mokashi	09	09	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, 2013.

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
- IPO Committee (Dissolved by Board of Directors at its 100th Board Meeting held on January 28, 2013)
- Remuneration Committee
- Shareholders / Investor Grievance Committee

The Chairman of the Board, in consultation with the Company Secretary and the respective chairman of these committees, determines the frequency of the meeting of these committees. The recommendations / decisions of the committee are submitted to the Board for noting / approval.

2.1 AUDIT COMMITTEE

[A] Terms of Reference

1. Overseeing the Company's financial reporting process and disclosure of its financial information;
2. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;
3. Approval of payments to the statutory auditors for any other services rendered by them;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
7. 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;
8. Discussion with internal auditors any significant findings and follow up there on;
9. 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;

- I0. 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;
- I1. 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;
- I2. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- I3. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and
- I4. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

[B] Composition of Audit Committee

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

The composition of the Audit Committee is as under:-

Non-Executive – Independent

- | | | | |
|-----|-----------------------------|---|----------|
| (1) | Shri Venkatraman Srinivasan | - | Chairman |
| (2) | Dr. Nitish Kumar Sengupta | - | Member |
| (3) | Ms. Bharti Prasad | - | Member |

Executive

- | | | | |
|-----|---------------------|---|--------|
| (1) | Shri Rajesh Mokashi | - | Member |
|-----|---------------------|---|--------|

The previous Annual General Meeting of the Company was held on September 27, 2012 and it was attended by Shri S. Venkatraman, Chairman of the Audit Committee.

[C] Meetings of the Audit Committee

The Audit Committee met 4 times during the year 2012-2013 on the following dates:- June 16, 2012, October 21, 2012, December 28, 2012 and January 28, 2013.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of Audit Committee Meetings held	No. of meetings attended
Shri Venkatraman Srinivasan	4	4
Dr. Nitish Kumar Sengupta	4	4
Ms. Bharti Prasad	4	4
Shri Rajesh Mokashi	4	4

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) Shri Omprakash Venkatswamy Bundellu - Chairman
- (2) Shri Venkatraman Srinivasan - Member

Executive

- (1) Shri Desh Raj Dogra - Member
- (1) Shri Rajesh Mokashi - Member

Meetings of the Investment Committee

The Committee met 3 times during the year 2012-2013 on the following dates:- June 25, 2012, September 21, 2012 and March 07, 2013.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of Investment Committee Meetings held	No. of meetings attended
Shri Omprakash Venkatswamy Bundellu	03	03
Shri Venkatraman Srinivasan	03	03
Shri Desh Raj Dogra	03	03
Shri Rajesh Mokashi	03	03

2.3 IPO COMMITTEE

The IPO Committee was constituted for considering and approving various matters related to listing of CARE's shares by way of Offer For Sale (OFS). CARE's shares were listed on BSE and NSE on December 26, 2012. After listing of CARE's shares on BSE and NSE, the Board of Directors at its 100th Board Meeting held on January 28, 2013 dissolved the IPO Committee.

The IPO Committee comprised of the following Directors, namely:-

Non-Executive – Independent

- (1) Shri Omprakash Venkatswamy Bundellu - Chairman
- (2) Shri Venkatraman Srinivasan - Member

Executive

- (1) Shri Desh Raj Dogra - Member
- (2) Shri Rajesh Mokashi - Member

Shri Navin Kumar Jain was the Member Secretary of the Committee.

Meetings of the IPO Committee

The Committee met 5 times during the year 2012-2013 on the following dates:- September 27, 2012, November 07,2012, November 24,2012, November 29,2012 and December 06,2012.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of IPO Committee Meetings held	No. of meetings attended
Shri Omprakash Venkatswamy Bundellu	05	05
Shri Venkatraman Srinivasan	05	04
Shri Desh Raj Dogra	05	04
Shri Rajesh Mokashi	05	05

2.4 REMUNERATION COMMITTEE

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

Non-Executive – Independent

- (1) Shri Nitish Kumar Sengupta - Chairman
- (2) Shri Venkatraman Srinivasan - Member
- (3) Ms. Bharti Prasad - Member

Executive

- (1) Shri Desh Raj Dogra - Member

Meetings of the Remuneration Committee

The Committee met 1 time during the year 2012-2013 on June 16, 2012.

DETAILS OF ATTENDANCE		
Name of the Directors	No. of IPO Committee Meetings held	No. of meetings attended
Shri N. K. Sengupta	01	01
Shri Venkatraman Srinivasan	01	01
Ms. Bharti Prasad	01	01
Shri D. R. Dogra	01	01

Remuneration Policy

During the year 2012-13, 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 Remuneration Committee and the Board 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)

DETAILS OF ATTENDANCE			
	Name of Director	Salary, benefits	Sitting fees
1	Shri Omprakash Venkatswamy Bundellu	-----	3,40,000
2	Dr. Nitish Kumar Sengupta	-----	2,60,000
3	Ms. Bharti Prasad	-----	2,80,000
4	Shri Venkatraman Srinivasan	-----	4,40,000
5	Shri Desh Raj Dogra	14,779,297 *	-----
6	Shri Rajesh Mokashi	12,000,077 *	-----

(*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

Details of the shareholding of non-executive directors:

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

2.5.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) Shri Venkatraman Srinivasan - Chairman
- (2) Ms. Bharti Prasad - Member

Executive

- (1) Shri Desh Raj Dogra - Member

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

The details of shareholders complaints for FY ended 31.03.2013 are as follows:

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	293	233	60
2.	Non-receipt of electronic credits	31	31	Nil
3.	Non-receipt of dividend	5	5	Nil
	TOTAL	329	269	60

The pending complaints as on 30-06-2013 is Nil

3.0 GENERAL MEETINGS

Details of last three Annual General Meetings (AGM)

	Venue	Date	Time	No of special resolutions passed
a)	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai 400 022.	September 27, 2012 (AGM)	4.00 p.m.	0
b)	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai 400 022.	September 13, 2011 (AGM)	3.30 p.m.	4
c)	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai 400 022.	September 29, 2010 (AGM)	4.00 p.m.	0

4.0 POSTAL BALLOT

During FY 2012-2013, 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, 2013

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 viz Financial Express and Business Standard in English and Loksatta and Sakal in Marathi,

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 27, 2013
	Time	2.30 p.m.
	Venue	Rang Sharda Natya Mandir, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050
b)	Financial Year	2013 - 2014
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2013	On or before August 13, 2013
	Financial reporting for the quarter ending Sept 30, 2013	On or before November 15, 2013
	Financial reporting for the quarter ending Dec 31, 2013	On or before February 14, 2014
	Financial reporting for the quarter and year ending March 31, 2013	On or before May 30, 2014
c)	Dates of Book Closure	September 26, 2013 to September 27, 2013 (both days inclusive)
d)	Dividend Payment Date	On or before October 26, 2013 (If declared)
e)	Listing on Stock Exchange	The Company got listed on December 26, 2013. 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 December 2012 to March 2013 (BSE).

PERIOD – 2012-13	HIGH	LOW
December 2012 *	986.20	896.20
January 2013	957.20	836.00
February 2013	871.80	763.00
March 2013	831.00	758.00

Price Data HIGH/LOW during each month from December 2012 to March 2013 (NSE).

PERIOD – 2012-13	HIGH	LOW
December 2012 *	985.00	895.00
January 2013	957.10	836.55
February 2013	872.00	763.00
March 2013	833.70	765.00

* For the month of December, 2012 the price data has been taken from December 26, 2012 to December 31, 2012

- j) **Distribution of Shareholding as on March 31, 2013**

Sr.No	Category	No. of Shares Held	Percentage (%)
I	PROMOTERS	-----	-----
II	NON-PROMOTERS		
a)	Mutual Funds / UTI	12,78,037	4.48
b)	Financial Institutions / Banks	1,29,99,487	45.53
c)	Foreign Institutional Investors	34,21,390	11.98
d)	Qualified Foreign Investors	650	0.00
e)	Bodies Corporate	88,45,544	30.98
f)	Individuals	17,66,956	6.19
g)	Directors	93,636	0.33
h)	Non-Resident Indians	98,979	0.34
i)	Clearing Members	45,821	0.16
j)	Trusts	2,312	0.01
	TOTAL	2,85,52,812	100

- k) Dematerialisation of Shares and Liquidity 2,83,54,502 equity shares which constitutes 99.31% of the paid up capital as on March 31, 2013 of your Company are held in electronic mode.

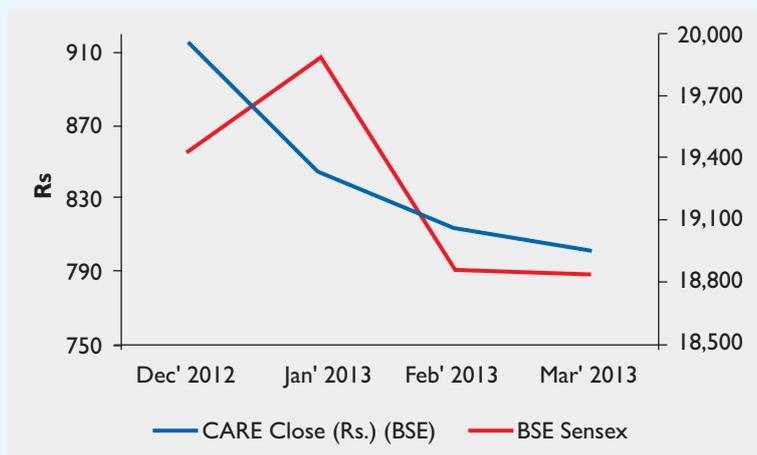
- l) Registered Office & Address for Correspondence
Credit Analysis and Research Ltd.
4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off. Eastern Express Highway, Sion (East), Mumbai – 400 022
Tel No: 022 - 67543456
Fax No: 022 - 67543457

m)	Branches Locations	The Company has 10 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: +91-80-22117140
		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: 044-28497812
		New Delhi 3rd Floor, B-47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi – 110001 Tel: 011-23318701
		Hyderabad 401, Ashoka Scintilla 3-6-520, Himayat Nagar, Hyderabad - 500029 Tel: 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: 033-22831800 / 1803
		Pune 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda Senapati Bapat Marg, Shivaji Nagar, Pune – 411 016 Tel: 020-41201362
		Maldives 4th Floor, Champa Centre Point, Chaandhane 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	<p>The Ministry of Corporate Affairs (MCA), Government of India, through its Circulars dated April 21, 2011 and April 29, 2011, has allowed companies to send to their Members notices/documents in the electronic form while complying with Section 53 of the Companies Act, 1956.</p> <p>CARE Ratings, being keen to participate in the “Green Initiative” of the MCA, proposes to email, this year onwards, its Annual Reports, Notice of AGMs, and other documents to all Members who have registered/register their email Ids with their Depository Participants/ the Registrar and Share Transfer Agent. In this connection, the Company has already sent email’s to those shareholders whose email id was available with the Company and has already sent intimation letters along with self addressed Business Reply Envelope to other shareholders whose email id was not available, to register their email id.</p> <p>Accordingly, Members are requested to update/register their email ids with their Depository Participants/the Registrar and Share Transfer Agent at the earliest. This will enable the Company to send its Annual Report, Notice of AGM, and other documents to its Members in the electronic form in future. The Company will continue to send the said documents in the physical form to such Members whose email ids it does not have and to those who request delivery of the said documents in the physical form.</p>
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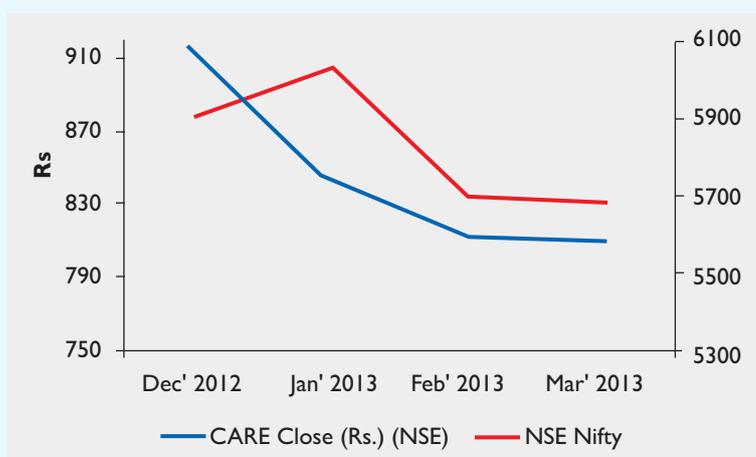
s) **CARE Share Price vs. BSE Sensex**

Month	CARE Close Price (Rs.) (BSE)	BSE Sensex
Dec'2012	914.55	19,426.71
Jan'2013	843.75	19,894.98
Feb'2013	812.10	18,861.54
Mar'2013	800.90	18,835.77



CARE Share Price vs. NSE Nifty

Month	CARE Close Price (Rs.) (NSE)	NSE Nifty
Dec'2012	914.80	5905.10
Jan'2013	842.25	6034.75
Feb'2013	813.45	5693.05
Mar'2013	810.50	5682.55



The Company has 1 subsidiary as on March 31, 2013. As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and its subsidiary is attached. The consolidated financial statement has been prepared in accordance with the relevant accounting standards as prescribed under Section 211 (3C) of the Act. The consolidated financial statement discloses the assets, liabilities, income, expenses and other details of the Company and its subsidiary.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 08, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Company's subsidiary for the financial year ended March 31, 2013 is included in the 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.

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

To,
The Members of CreditAnalysis and 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, 2013.

For CreditAnalysis and Research Ltd.

D.R. Dogra
Managing Director & Chief Executive Officer

Place: Mumbai
Date: August 10, 2013

Auditor's Certificate on Corporate Governance

The Members of
Credit Analysis and Research Limited,

1. We have examined the compliance of conditions of Corporate Governance by Credit Analysis and Research Limited ('the Company'), for the year ended March 31, 2013, 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 knowledge 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 Agreements.
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 Khimji Kunverji & Co
Chartered Accountants
FRN-105146W

Gautam V Shah
Partner
(F-117348)

Place: Mumbai
Date: August 10, 2013

Auditors' Report

The Members of Credit Analysis and Research Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Credit Analysis and Research Limited ('the Company') which comprise the Balance sheet as at March 31, 2013, 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

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 the Accounting Standards referred to in sub-section (3C) of section 211 of the companies Act, 1956 ('the Act'). 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

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 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.

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. 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.

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

Opinion

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, 2013;
- 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 Requirement

1. 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.
2. 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, Statement of Profit and Loss, and Cash Flow Statement comply with the applicable Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

For **Khimji Kunverji & Co**

Chartered Accountants

FRN-105146W

Gautam V Shah

Partner (F-117348)

Place: Mumbai

Date: May 15, 2013

Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date.

- i) a) The company has maintained records showing 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) During the year, the Company has not disposed off substantial part of its fixed assets.
- ii) The company does not have inventory, hence clause 4(ii) of the order is not applicable.
- iii) As informed, the company has neither granted nor taken any loans, secured or unsecured to/ from companies, firm or other parties covered in the register maintained under Section 301 of the Act and hence clause 4(iii) of the order is not applicable.
- iv) In our opinion and according to the information and explanations given, there exists an adequate internal control system commensurate with 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.
- 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) In our opinion and according to the information and explanations given, the Company has not accepted deposits from the public in terms of the provisions of Section 58A and 58AA of the Act. We are informed that the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal has passed no order.
- vii) The internal audit system is commensurate with the size and nature of Company's business.
- viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the company.
- 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	3,018,490	AY 2006-07	Commissioner of Income-Tax (Appeals)-XIV Mumbai
The Income Tax Act, 1961	TDS	6,134,040	AY 2007-08	-do-
The Income Tax Act, 1961	TDS	3,425,850	AY 2009-10	-do-
The Income Tax Act, 1961	TDS	9,155,474	AY 2011-12	-do-

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

- x) The Company does not have any accumulated losses as at March 31, 2013 and has not incurred any cash losses during the financial year and during the 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, the Company has not granted any 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, hence clause 4(xiii) of the Order is not applicable.
- xiv) According to the information and explanations given, the Company is not dealing or trading in shares, securities, debentures and other investments, hence clause 4(xiv) of the Order is not applicable.
- 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, hence clause 4(xvi) of the Order is not applicable.
- 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) According to the information and explanations given, the Company has not issued any debentures, hence clause 4(xix) of the Order is not applicable.
- 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
FRN-105146W

Gautam V Shah
Partner (F-117348)

Place: Mumbai
Date: May 15, 2013

Comments of the Comptroller And Auditor General Of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Credit Analysis & Research Limited. for the year ended March 31, 2013

The preparation of financial statements of Credit Analysis and Research Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Credit Analysis and Research Limited for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to the inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the Comptroller and Auditor General of India

(Parama Sen)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : July 18, 2013

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Credit Analysis & Research Ltd.
Balance Sheet as at March 31, 2013

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	285,528,120	285,528,120
Reserves and Surplus	3	3,953,437,872	3,485,599,819
Non Current Liabilities			
Deferred Tax Liability (Net)	4	39,049,751	32,714,042
Long Term Provisions	5	42,472,284	22,750,481
Current Liabilities			
Other Current Liabilities	6	510,132,418	384,045,373
Short Term Provisions	7	340,234,866	70,985,149
Total		5,170,855,311	4,281,622,984
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	8	511,554,761	483,408,759
Intangible Assets	8	-	-
Capital Work in Progress	8	365,190	-
Non Current Investments	9	1,522,294,069	1,044,327,183
Long Term Loans and Advances	10	108,423,241	115,894,895
Other Non Current Assets	11	-	1,339,609
Current Assets			
Current Investments	12	2,378,300,436	1,746,943,557
Trade Receivables	13	293,009,594	156,260,289
Cash and Bank Balances	14	314,410,702	685,992,923
Short Term Loans and Advances	15	18,603,169	11,971,654
Other Current Assets	16	23,894,149	35,484,115
Total		5,170,855,311	4,281,622,984
Significant Accounting Policies	1		
Other Notes to Accounts	21 to 31		

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
Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

O.V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

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, 2013

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Revenue From Operations	17	1,987,658,126	1,780,750,403
Other Income	18	286,255,278	282,112,038
Total Income		2,273,913,404	2,062,862,441
EXPENDITURE			
Employee Benefits Expense	19	506,539,628	422,408,759
Other Expenses	20	142,281,321	126,523,155
Depreciation	8	26,272,851	18,813,632
Total Expenses		675,093,800	567,745,546
Profit before Tax		1,598,819,604	1,495,116,895
Current Tax		454,000,000	412,995,045
Deferred Tax Expense		6,335,709	6,691,271
Add : Income tax adjustment for earlier years		5,185,439	-
Total Tax Expense		465,521,148	419,686,316
Profit after Tax		1,133,298,456	1,075,430,579
Earning Per Share (Face Value Rs.10/-)	22		
- Basic		39.69	37.66
- Diluted		39.69	37.66
Significant Accounting Policies	1		
Other Notes to Accounts	21 to 31		

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
Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

O. V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

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, 2013

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash Flows from Operating Activities		
Profit before tax	1,598,819,604	1,495,116,895
Adjustments for		
Interest on investments	(132,338,998)	(101,648,764)
Interest on other Investment - Deposits	(136,638)	(1,714,720)
Dividend Income	(24,037,120)	(33,143,367)
Profit on sale / redemption of investments	(129,708,210)	(145,412,928)
Unrealised Foreign Exchange (Gain) / Loss	49,795	11,210
Provision for Compensated Absence	10,307,927	9,336,289
Provision for Gratuity	2,128,458	-
Provision for Bad Debts	5,412,804	-
Loss on Sale of Fixed Assets	1,193,839	-
Depreciation	2,62,72,851	18,813,632
Operating Profit before working capital changes	1,357,964,312	1,241,358,247
Movements in working capital		
Decrease/(Increase) in Trade Receivables	(142,162,109)	(32,995,128)
Decrease/(Increase) in Deposits	(13,425,858)	(422,031)
Decrease/(Increase) in Advances and other Assets	(14,125,600)	(7,044,999)
Decrease/(Increase) in Gratuity	1,339,609	(1,339,609)
Increase/(Decrease) in Unearned Revenue	54,155,326	220,524,676
Increase/(Decrease) in Sundry Creditors for Expenses	8,826,842	-
Increase/(Decrease) in Advances from customer	22,379,744	-
Increase/(Decrease) in Other Liabilities	50,017,369	54,176,847
Cash generated from Operations	(32,994,677)	232,899,756
Taxes paid	(430,962,253)	(494,791,105)
Net Cash from Operations	894,007,382	979,466,898
Cash Flows from Financing Activities		
Dividend and Dividend Tax paid	-	(71,901,935)
Interim Dividend and Dividend Tax paid	(398,217,504)	(331,847,920)
Net Cash from Financing Activities	(398,217,504)	(403,749,855)
Cash Flows from Investing Activities		
Income from investments	300,217,838	219,111,944
Investment in subsidiary company	-	(89,398,652)
Sale of fixed assets	601,600	-
Purchase of fixed assets	(56,579,482)	(81,700,715)
Purchase of investments	(4,990,094,568)	(4,629,077,087)
Sale of investments	3,878,482,513	4,510,601,636
Net Cash from Investing Activities	(867,372,099)	(70,462,874)

Credit Analysis & Research Ltd.

Cash Flow Statement for the year ended March 31, 2013 - Contd.

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2013	For the year ended March 31, 2012
Net increase / (decrease) in cash and cash equivalents	(371,582,221)	505,254,169
Cash And Cash Equivalents At The Beginning	685,992,923	180,738,754
Cash And Cash Equivalents At The End	314,410,702	685,992,923
Cash and cash equivalents comprise of:		
Cash on hand	23,903	47,567
Cheques in hand	54,599,659	34,297,073
Other Bank balances		
On Current Account	132,787,140	121,648,283
Deposit Accounts	127,000,000	530,000,000
Total	314,410,702	685,992,923

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
Credit Analysis & Research Limited

Gautam V Shah

Partner (F-117348)

O.V. Bundellu

Chairman

D. R. Dogra

Managing Director & CEO

Mumbai

Date : May 15, 2013

Rajesh Mokashi

Dy. Managing Director

Chandresh M Shah

Chief Financial Officer

Navin K. Jain

Company Secretary

I. 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 issued by the Central Government and relevant provisions of the Companies Act, 1956 to the extent applicable. The accounting policies have been consistently followed by the Company.

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.

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, 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 recognized as income or as expense in the year in which they arise.

i. Retirement Benefits

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

j. Accounting for taxes

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

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

k. Impairment of Asset

As asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged in the Statement of Profit & Loss to the extent carrying amount of asset exceeds their recoverable amount in the year in which an asset is identified as impaired.

l. Provisions and Contingent Liabilities

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

Note 2

Share Capital

	As at March 31, 2013		As at March 31, 2012	
	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	28,552,812	285,528,120	28,552,812	285,528,120
Total issued, subscribed and fully paid up share capital	28,552,812	285,528,120	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, 2013		As at March 31, 2012	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the year	28,552,812	285,528,120	9,517,604	95,176,040
Issued during the year - Bonus issue	-	-	19,035,208	190,352,080
Outstanding at the end of the year	28,552,812	285,528,120	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, 2013, an amount of Rs.12 per share interim dividend was distributed to equity shareholders (Rs.10 per share). The Board of Directors has recommended a one time special dividend of Rs.8 per share on completion of 20 years of operations (March 31, 2012).

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, 2013	As at March 31, 2012
	Number	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

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

Equity Shares of Rs. 10 each fully paid	As at March 31, 2013		As at March 31, 2012	
	Number	% holding in the class	Number	% holding in the class
IDBI Bank Limited	4,908,800	17.19%	7,363,200	25.79%
Canara Bank	4,342,400	15.21%	6,513,600	22.81%
State Bank of India	1,829,000	6.41%	2,743,500	9.61%
IL&FS Financial Services Limited	1,711,000	5.99%	2,566,500	8.99%
Bajaj Holdings and Investment Limited	1,707,615	5.98%	1,707,615	5.98%
The Federal Bank Limited	1,185,900	4.15%	1,770,000	6.20%

e Shares reserved for issue under options / commitments

The Company received a letter from the RBI on December 6, 2012, stating inter alia that the FII's and QFIs can participate in the Offer subject to adherence with the Minimum Capitalization Norms (i.e. an investment of USD 0.5 million by foreign investors for companies engaged in non fund based activities). The Company filed a letter dated December 10, 2012 with the RBI and the RBI has on December 10, 2012 permitted the company to comply with the Minimum Capitalization Norms within six months from the date of their letter. Subsequently, the Company filed a letter dated February 14, 2013 for extension of time period with the RBI and the RBI has on March 21, 2013 permitted the Company to comply with the Minimum Capitalization Norms by September 30, 2013. Accordingly, the Company will require allotting the requisite number of Equity Shares in accordance with applicable law and approvals, within this period, to meet the Minimum Capitalization Norms.

Note 3

Reserves and Surplus

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
a. Capital Redemption Reserve	2,250,000	2,250,000
b. Securities Premium Account		
Opening Balance	20,106,747	20,106,747
Addition / Deduction during the year	-	-
Closing Balance	20,106,747	20,106,747
c. General Reserve		
Opening Balance	1,054,831,844	1,125,183,924
(+) Current Year Transfer	150,000,000	120,000,000
(-) Utilized for issuing fully paid up bonus shares	-	190,352,080
Closing Balance	1,204,831,844	1,054,831,844
d. Surplus/(deficit) in the statement of profit and loss		
Opening balance	2,408,411,228	1,784,828,569
(+) Net Profit for the current year	1,133,298,456	1,075,430,579
(-) Proposed Dividends	228,422,496	-
(-) Interim Dividends	342,633,744	285,528,120
(-) Tax on Proposed Dividends	38,820,403	-
(-) Tax on Interim Dividends	55,583,760	46,319,800
(-) Transfer to Reserves	150,000,000	120,000,000
Closing Balance	2,726,249,281	2,408,411,228
Total Reserves & Surplus	3,953,437,872	3,485,599,819

Note 4

Deferred Tax Liability (Net)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability		
Depreciation on Fixed Assets	55,754,428	44,624,430
Less : Deferred Tax Assets		
Provision for Compensated Absence	15,981,214	11,910,388
Provision for Gratuity	723,463	-
Total Deferred Tax Assets	16,704,677	11,910,388
Total Deferred Tax Liability (Net)	39,049,751	32,714,042

Note 5

Long Term Provisions

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
Provision for Compensated Absence	42,472,284	22,750,481
Total	42,472,284	22,750,481

Note 6

Other Current Liabilities

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Sundry Creditors for Expenses*	17,115,126	8,288,284
Unearned Revenue	252,048,250	197,892,924
Advance from Customers	160,278,350	137,898,606
Statutory Dues	14,489,915	1,968,095
Advance received from selling shareholders	66,200,778	37,997,464
Total	510,132,418	384,045,373

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

Note 7

Short Term Provisions

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
Provision for Performance Related Pay & Commission	47,577,790	41,000,000
Provision for Compensated Absence	4,545,114	13,958,990
Provision for Gratuity	2,128,458	-
Provision for Leave Travel Allowance	18,740,605	16,026,159
Others		
Proposed Dividend	228,422,496	-
Provision for Dividend Tax	38,820,403	-
Total	340,234,866	70,985,149

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 8

Fixed Assets for the year ended March 31, 2013

Description of Assets	Gross Block					Depreciation				Net Block			
	As at 1-Apr-12	Additions during the year	Deductions during the year	As at 31-Mar-13	As at 1-Apr-12	During the year	As at 31-Mar-13	Up to 1-Apr-12	For the Year	On deletions/disposals during the year	Up to 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
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	28,680,671
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	14,196,357
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	25,244,405
Vehicles	10,029,790	-	2,174,934	7,854,856	-	-	-	1,798,201	776,453	859,294	1,715,360	6,139,496	8,231,589
Electrical Installations	6,549,631	275,651	-	6,825,282	-	-	-	1,467,123	478,318	-	1,945,441	4,879,841	5,082,508
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	4,834,087
Total Tangible Assets	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	483,408,759
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	-	-
Capital Work in Progress													
WIP	-	365,190	-	365,190	-	-	-	-	-	-	-	365,190	-
Total Capital Work in Progress	-	365,190	-	365,190	-	-	-	-	-	-	-	365,190	-
Total	562,283,682	56,579,482	3,623,374	615,239,790	2,257,525	-	2,257,525	76,617,398	26,272,851	1,827,935	101,062,314	511,919,951	483,408,759

Note 8 For the year ended March 31, 2012

Amount Rs.

Description of Assets	Gross Block			Impairment			Depreciation			Net Block		
	As at 1-Apr-11	Additions during the year	Deductions during the year	As at 31-Mar-12	As at 1-Apr-11	During the year	As at 31-Mar-12	For the Year	On deletions/disposals during the year	Up to 31-Mar-12	As at 31-Mar-11	As at 31-Mar-12
Tangible Assets												
Furniture & Fixtures	38,016,420	3,300,866	-	41,317,286	-	-	-	2,490,030	-	12,636,615	27,869,835	28,680,671
Office Equipments	16,120,049	2,048,873	-	18,168,922	-	-	-	820,822	-	3,972,565	12,968,306	14,196,357
Computers	32,342,156	10,395,704	-	42,737,860	-	-	-	5,323,111	-	17,493,455	20,171,812	25,244,405
Vehicles	6,029,790	4,000,000	-	10,029,790	-	-	-	575,929	-	1,798,201	4,807,518	8,231,589
Electrical Installations	5,874,948	674,683	-	6,549,631	-	-	-	449,171	-	1,467,123	4,857,002	5,082,508
Buildings	366,570,907	58,255,920	-	424,826,827	2,257,525	-	2,257,525	6,129,894	-	20,596,073	349,847,203	401,973,229
Total Tangible Assets	464,954,270	78,676,046	-	543,630,316	2,257,525	-	2,257,525	15,788,963	-	57,964,032	420,521,676	483,408,759
Intangible Assets												
Computer Software	15,628,697	3,024,669	-	18,653,366	-	-	-	3,024,669	-	18,653,366	-	-
Total Intangible	15,628,697	3,024,669	-	18,653,366	-	-	-	3,024,669	-	18,653,366	-	-
Total	480,582,967	81,700,715	-	5,62,283,682	2,257,525	-	2,257,525	18,813,632	-	76,617,398	420,521,676	483,408,759

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 9

Non Current Investments

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Trade Investment		
A) UNQUOTED		
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
Other Investments (valued at cost, unless stated otherwise)		
A) QUOTED		
1) Investment in Bonds of PSUs		
Nil (PY 400 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on January 22, 2014)	-	40,000,000
Nil (PY 400 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on March 20, 2014)	-	40,000,000
Nil (PY 43,502 Bonds) of 8.24% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on February 24, 2022)	-	43,502,000
Nil (PY 49,448 Bonds) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022)	-	49,448,000
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
1,000 Bonds (PY 1,000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 08, 2015)	100,000,000	100,000,000
92,718 Bonds (PY 142,718 Bonds) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2022)	94,850,514	145,018,000
1,00,000 Bonds (PY Nil) of 8.1% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 22, 2027)	105,648,400	-
20,000 Bonds (PY Nil) of 7.34% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 19, 2028)	20,000,000	-
50,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027)	48,600,000	-

Note 9
Non Current Investments - Contd.
Amount Rs.

	As at March 31, 2013	As at March 31, 2012
130,000 Bonds (PY Nil) of 8.10% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2022)	134,134,000	-
80,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027)	85,816,000	-
	619,048,914	447,968,000
2) Investment in Gold ETF		
14,807 Units (PY 9,563 Units) UTI MF Gold Traded Mutual Fund	37,538,398	22,524,472
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 8,417 Units) Kotak MF-Gold Exchange Traded Fund	15,013,259	20,022,056
1,180,689 Units (PY 1,423,648 Units) SBI Gold Fund	11,999,998	14,000,000
5,901 Units (PY Nil) Goldman Sachs MF-Gold Benchmark Exchange Traded Scheme - Units	17,520,486	-
	97,079,158	71,553,545
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	50,782,050
4) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
Nil (PY 4,000,000 units) of HDFC FMP - 36M - Apr 2010 (12) - Growth	-	40,000,000
Nil (PY 8,000,000 units) of Sundaram Fixed Term Plan - CQ - 370 Days - G	-	80,000,000
12,502,620 units (PY Nil) of ICICI Pru FMP Series 51- 3years Plan F Cumulative	-	125,026,200
Nil (PY 4,500,000 units) of Tata FMP Series 39 - Scheme H - 367 Days - G	-	45,000,000
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	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 9

Non Current Investments - Contd.

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
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	-
3,500,000 units (PY Nil) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth	35,000,000	-
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 (I) Series 24 Growth	20,000,000	-
7,200,667 units (PY Nil) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth	72,006,610	-
	389,711,773	290,026,200
B) UNQUOTED		
I) Investment in various Equity Mutual Fund Schemes		
665,582 units (PY 234,366 units) DSP Blackrock Top 100 Equity Fund Regular G	67,500,000	22,500,000
1,948,903 units (PY 698,855 units) Franklin India Bluechip Fund Dividend Re-investment	70,280,640	25,280,640
328,642 units (PY 114,947 units) HDFC Top 200	67,500,000	22,500,000
4,982,671 units (PY 1,716,520 units) ICICI Prudential Top 100 Fund Dividend	71,209,932	24,318,096
	276,490,572	94,598,736
Grand Total	1,522,294,069	1,044,327,183
Aggregate amount of quoted investments (Market value: Rs.1,175,080,211/- PY Rs. 872,340,701/-)	1,156,404,845	860,329,795
Aggregate amount of unquoted investments	365,889,224	183,997,388
Aggregate provision for diminution in value of investments	-	-

Note 10

Long Term Loans and Advances

(Unsecured, considered good)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Deposits	18,995,785	5,619,722
Loan to Employees	1,095,156	1,233,869
Accrued Interest on Loans to Employees	258,700	289,848
Capital Advances	5,275,281	-
Other Loans and Advances		
Prepaid Expenses	3,173,836	903,787
Advance payment of taxes (Net of Provision for Tax Rs. 1,928,360,469/- (PY 1,186,367,725/-))	79,624,483	107,847,669
Total	108,423,241	115,894,895

Note 11

Other Non Current Assets

(Unsecured, considered good)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Gratuity	-	1,339,609
Total	-	1,339,609

Note 12

Current Investments

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
A) QUOTED		
Current Maturity of Current Investment		
1) Investment in Bonds of PSUs		
400 Bonds (PY Nil) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on January 22, 2014)	40,000,000	-
550 Bonds (PY Nil) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on March 20, 2014)	54,877,000	-
	94,877,000	-
2) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
12,502,620 units (PY Nil) of ICICI Pru FMP Series 51- 3years Plan F Cumulative	125,026,200	-
8,000,000 units (PY Nil) of Sundaram Fixed Term Plan - CQ - 370 Days - G	80,000,000	-
4,500,000 units (PY Nil) of Tata FMP Series 39 - Scheme H - 367 Days - G	45,000,000	-
4,000,000 units (PY Nil) of HDFC FMP - 36M - Apr 2010 (12) - Growth	40,000,000	-
Nil (PY 5,000,000 units) of Baroda Pioneer FMP 367 Days Plan - Series 3	-	50,000,000
Nil (PY 2,000,000 units) of Birla Sun Life FixedTerm Plan - Series DT G Plan	-	20,000,000
Nil (PY 4,000,000 units) of DWFS Fixed Term Fund Series 92- G Plan	-	40,000,000
Nil (PY 6,002,197 units) of IDFC FMP Yearly Series 52- G	-	60,021,965
Nil (PY 5,000,000 units) of Kotak FMP Series 60 G	-	50,000,000
Nil (PY 9,331,838 units) of Kotak FMP Series 74 G	-	93,318,380
Nil (PY 5,418,150 units) of SBI Debt Fund Series 367 Days- I I- G	-	54,181,500
Nil (PY 7,500,000 units) of Tata FMP Series 37 - Scheme C	-	75,000,000

Note 12

Current Investments - Contd.

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Nil (PY 8,002,950 units) of HDFC FMP 370 Days December 2011 (2) G	-	80,029,509
Nil (PY 10,021,068 units) of Reliance Fixed Horizon Fund XIV Series 7	-	100,210,680
Nil (PY 3,870,000 units) of Reliance Fixed Horizon Fund XIV - Series 9 - G	-	38,700,000
Nil (PY 10,000,000 units) of DWS Fixed Term Fund Series 80- G Plan	-	100,000,000
Nil (PY 8,414,339 units) of Tata FMP Series 36 - Scheme C	-	84,143,382
Nil (PY 5,395,942 units) of UTI - Fixed Term Income Fund - Series IX - III- G	-	53,959,366
Nil (PY 4,288,960 units) of UTI - Fixed Term Income Fund Series IX-V -367 Days- G	-	42,889,600
Nil (PY 5,000,000 units) of IDFC Fixed Maturity Plan - Yearly Series 54 G	-	50,000,000
Nil (PY 6,516,264 units) of UTI - Fixed Term Income Fund - X - X -367 Days - G	-	65,162,701
Nil (PY 2,250,000 units) of UTI - Fixed Term Income Fund -X - VII - 368 Days - G	-	22,500,000
2,750,000 units (PY Nil) of ICICI Prudential FMP Series 64 - 367 Days - Plan L	27,500,000	-
2,500,000 units (PY Nil) of Tata FMP Series 42 - Scheme G - 368 Days - Growth	25,000,000	-
3,000,000 units (PY Nil) of Taurus FMP Series X - 369 Days - Growth	30,000,000	-
5,516,700 units (PY Nil) of Baroda Pioneer Fixed Maturity Series A - Plan B - 366 Days	55,167,000	-
10,025,978 units (PY Nil) of Birla Sun Life - Fixed Term Plan - Sereis FM	100,259,787	-
4,503,459 units (PY Nil) of Birla Sun Life Fixed Term Plan - Series FP - G 366D	45,034,590	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 12

Current Investments - Contd.

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
5,000,000 units (PY Nil) of Birla Sun Life Fixed Term Plan – Series FS-368 days	50,000,000	-
2,500,423 units (PY Nil) of DSP - FMP Series 48 - 12M -Growth	25,004,232	-
5,000,000 units (PY Nil) of HDFC FMP 369D DEC 2012 (I) Series23 Growth	50,000,000	-
4,185,699 units (PY Nil) of HDFC FMP 371 D Nov 2012 (I) - Growth	41,856,993	-
3,500,000 units (PY Nil) of HDFC FMP Series 22 373 Days Growth	35,000,000	-
5,000,000 units (PY Nil) of IDFC FMP - 366 Days -Series 74 - G	50,000,000	-
5,000,000 units (PY Nil) of IDFC FMP 366 Days Series 73 - Growth	50,000,000	-
1,750,000 units (PY Nil) of IDFC FMP 366 Days Series 76 - Growth	17,500,000	-
3,260,627 units (PY Nil) of IDFC Yearly Series Interval Fund - DP - Series II - Growth	32,606,271	-
350,000 units (PY Nil) of JP Morgan India FMP Series 18 Direct Plan - Growth	35,000,000	-
14,776,984 units (PY Nil) of Reliance Annual Interval - Series I - 370 Days - G	162,756,667	-
1,500,000 units (PY Nil) of Religare FMP- Series XVI - Plan D (370 Days)	15,000,000	-
1,000,000 units (PY Nil) of Religare FMP- Series XV-Plan E (367 Days)	10,000,000	-
5,000,000 units (PY Nil) of SBI MF SDFS 366 Days Series 11 Growth	50,000,000	-
5,000,000 units (PY Nil) of SBI MF SDFS 366 Days Series 18 Growth	50,000,000	-
10,000,000 units (PY Nil) of SBI MF SDFS 366 Days Series 16 Growth	100,000,000	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 12

Current Investments - Contd.

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
450,000 units (PY Nil) of SBI MF S DFS 366 Days Series 17 Growth	45,000,000	-
5,923,611 units (PY Nil) of UTI Fixed Term Plan IF Series XI - IX 368 Days G	59,236,112	-
4,716,372 units (PY Nil) of UTI Fixed Term Plan Income Fund Series XII - I Growth 368 Days	47,163,722	-
20,00,000 units (PY Nil) of DSP Blackrock FMP - Series 68 - 12 M - Growth	20,000,000	-
15,00,000 units (PY Nil) of DSP Blackrock FMP - Series 81 - 12M -Growth	15,000,000	-
	1,534,111,574	1,080,117,083
B) UNQUOTED		
1) Investment in various open-ended Debt Mutual Funds		
Nil (PY 61,439 units) of Canara Robeco TAF Super IP DDR	-	76,227,578
Nil (PY 51,561 units) of IDBI Ultra Short Term Fund DDR	-	51,560,916
25,270 units (PY Nil) of Axis Treasury Advantage Fund DDR	25,305,844	-
3,138,588 Units (PY Nil) of JM High Liquidity Fund -Direct Plan -DDR	32,736,097	-
2,046,120 Units (PY Nil) of Sundaram Money Fund - Direct Plan - DDR	20,670,932	-
	78,712,873	127,788,494
2) Investment in Commercial Paper		
200 Units (PY Nil) Commercial Paper - Trapti Trading & Investment 19-07-2012 (Maturing on July19, 2013) 364 Days	97,272,155	-
200 Units (PY Nil) Commercial Paper - Turquoise Investment & Finance Pvt Ltd. 29-06-2012 (Maturing on July 28, 2013) 364 Days	97,748,022	-
200 Units (PY Nil) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 17-05-2012 (Maturing on May 15, 2013) 363 Days	98,785,928	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 12

Current Investments - Contd.

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
200 Units (PY Nil) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 07-06-2012 (Maturing on May 31, 2013) 360 Days	98,413,490	-
190 Units (PY Nil) Commercial Paper - TGS Invesements & Trade Pvt. Ltd. 09-10-2012 (Maturing on October 08, 2013) 364 Days	90,605,717	-
400 (PY Nil) Commercial Paper - S. D. Corporation 27-11-2012 (Maturing on November 27, 2013) 365 Days	187,773,677	-
Nil (PY 100 Units) Commercial Paper - Tata Capital Ltd. 30-09-2012 (Maturing on September 30, 2012) 364 Days	-	47,746,863
Nil (PY 200 Units) Commercial Paper - TGS Investments & Trade Pvt. Ltd. 30-06-2012 (Maturing on June 30, 2012) 398 Days	-	97,773,152
Nil (PY 200 Units) Commercial Paper - First Blue Home Finance Ltd 15-05-2012 (Maturing on May 15, 2012) 364 Days	-	98,777,904
Nil (PY 200 Units) Commercial Paper - J. M Financial Ltd.12-06-2012 (Maturing on June 08, 2012) 365 Days	-	98,100,685
Nil (PY 200 Units) Commercial Paper - Tata Capital Ltd. 30-05-2012 (Maturing on May 30, 2012) 365 Days	-	98,453,956
Nil (PY 200 Units) Commercial Paper - Trapti Trading & Investment 06-06-2012 (Maturing on June 06, 2012) 365 Days	-	98,185,420
	670,598,989	539,037,980
Total	2,378,300,436	1,746,943,557
Aggregate amount of quoted investments (Market value: Rs. 1,746,763,654/- ,PY Rs.1,676,102,655/-)	1,628,988,574	1,080,117,083
Aggregate amount of unquoted investments	749,311,862	666,826,474
Aggregate provision for diminution in value of investments	-	-

Credit Analysis & Research Ltd.

Notes to the financial statements for the year ended March 31, 2013

Note 13

Trade Receivables (Unsecured)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Considered Good		
- Debts outstanding for a period exceeding six months	112,010,248	40,461,590
- Other Debts	180,999,346	115,798,699
Total	293,009,594	156,260,289
Considered Doubtful		
- Debts outstanding for a period exceeding six months	5,412,804	-
Total	298,422,398	156,260,289
Less: Provision for doubtful debts	5,412,804	-
Total	293,009,594	156,260,289

Note 14

Cash and Bank Balances

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Cash and Cash Equivalents		
Cash on hand	23,903	47,567
Cheques in hand	54,599,659	34,297,073
Other Bank Balances		
- On Current Account	132,787,140	121,648,283
- Deposit Accounts	127,000,000	530,000,000
Total	314,410,702	685,992,923
<i>Deposit accounts with more than 12 months maturity</i>	-	475,000,000

Note 15

Short Term Loans and Advances (Unsecured, considered good)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Loans to Employees	1,517,759	1,125,498
Prepaid Expense	8,200,087	7,462,268
<i>Advances recoverable in cash or in kind or for value to be received</i>		
Advance to Suppliers	6,831,178	1,556,282
Other Advances	2,054,145	1,827,606
Total	18,603,169	11,971,654

Note 16

Other Current Assets

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Interest Accrued on Investments	23,761,392	35,469,974
Interest Accrued on Loans to Employees	132,757	14,141
Total	23,894,149	35,484,115

Note 17

Revenue From Operations

Amount Rs.

	For the year ended March 31, 2013	For the year ended March 31, 2012
Rating Income (including Surveillance)	1,972,744,011	1,768,493,399
Fee for Technical Know-how Services	-	1,740,535
Sale of Publications / Information Services	14,914,115	10,516,469
Total	1,987,658,126	1,780,750,403

Note 18

Other Income

Amount Rs.

	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest on Investments		
On long term investment	47,672,429	84,742,488
On short term investment	84,666,569	16,906,276
Others	-	1,540,360
Dividend on Investments		
On long term investments	8,535,788	31,612,727
On short term investment	15,501,332	1,530,640
Profit/(Loss) on Redemption/Sale of investments (Net)	129,708,210	145,412,928
Interest on Staff Loans	136,638	174,360
Exchange Gain / (Loss) (Net)	(49,795)	134,641
Miscellaneous Income	84,107	57,618
Total	286,255,278	282,112,038

Note 19

Employee Benefits Expense

	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and Other Allowances*	465,206,402	389,008,126
Contribution to Provident, Gratuity & Other Funds	20,413,363	18,922,661
Staff Welfare Expenses	20,919,863	14,477,972
Total	506,539,628	422,408,759

* 2012 figures includes Rs 1,17,32,664 being Leave Travel Allowance provided for earlier years.

Note 20

Other Expenses

	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Electricity Charges	10,487,569	8,070,583
Postage & Telephone Charges	10,032,193	7,010,975
Rent	9,477,058	9,995,358
Travelling & Conveyance Expenses	23,905,342	23,576,205
Directors' Sitting Fees	560,000	1,260,000
Sitting Fees to Rating Committee	3697,000	3,233,513
Insurance Premium	1,849,013	1,571,092
Legal/Professional Fee	23,131,065	27,909,427
Rates & Taxes	1,656,871	1,950,557
Repairs & Maintenance		
- Buildings	8,005,390	5,471,440
- Others	7,829,538	6,915,387
Loss on Sale of Fixed Assets	1,193,839	-
Advertisement and Sponsorship Expenses	2,923,945	5,259,811
Office Supplies	9,527,749	6,634,929
Bad Debts Written off	5,127,459	3,983,047
Provision for Bad and Doubtful Debts	5,412,804	-
Auditors Remuneration:		
- Audit Fees	750,000	650,000
- Tax Audit Fees	75,000	50,000
- Other Services	280,000	-
- Reimbursement to Auditors	28,275	- 700,000
Miscellaneous Expenses	16,331,211	12,980,831
Total	142,281,321	126,523,155

21 Contingent Liability & Capital Commitment

Amount Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
Capital commitments not provided	Nil	Nil
Contingent Liability on account of Income Tax	22,942,149	26,579,038

22 Earnings Per Share

Amount Rs.

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit After Tax (A)	1133,298,456	1075,430,579
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (B)	28,552,812	28,552,812
Basic / Diluted Earnings Per Share (A/B)	39.69	37.66

23 List of Related Parties

Parties	Relationship
Related party where control exists CARE Kalypto Risk Technologies and Advisory Services Private Limited (Formerly known as Kalypto Risk Technologies Pvt. Ltd.) (75.13% equity stake acquired in November 2011)	Subsidiary
Key Management Personnel Shri D.R. Dogra Shri Rajesh Mokashi	MD & CEO Deputy Managing Director

Transaction with Key Management Personnel

Amount Rs.

Key Management Personnel	Designation	Nature of Transaction	For the year ended March 31, 2013	For the year ended March 31, 2012
Shri D.R. Dogra	MD & CEO	Remuneration paid	14,779,297	13,188,847
Shri Rajesh Mokashi	DMD	Remuneration paid	12,000,077	10,599,049

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.

24 Expenditure in Foreign Currency

Amount Rs.

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Foreign Travel	4,889,048	3,507,287
Training	135,830	181,837
Administrative Expenses	3,789,096	4,069,192
Subscription	1,116,519	-
Membership Fees	137,257	49,590
Capital Expenditure	-	80,988
Total	10,067,750	7,888,894

25 Income in Foreign Currency

Particulars	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Technical Know how Information Services	-	1,740,535
Rating	1,468,964	372,987
Total	3,405,334	772,770
	4,874,298	2,886,292

26 Segment Reporting

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

27 Disclosure as per Accounting Standard 15 (revised 2005)

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

a Assumptions	Amount Rs.			
	Gratuity (Funded)		Compensated Leave absence (unfunded)	
	Apr 2012 to Mar 2013	Apr 2011 to Mar 2012	Apr 2012 to Mar 2013	Apr 2011 to Mar 2012
Discount Rate Previous	8.50%	8.25%	8.50%	8.25%
Rate of Return on Plan Assets Previous	8.60%	8.00%		
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	8.00%	8.50%	8.00%	8.50%
Rate of Return on Plan Assets Current	8.70%	8.00%	-	-
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

	Gratuity (Funded)		Compensated Leave absence (unfunded)	
b Table showing Changes in Benefit Obligation	Apr 2012 to Mar 2013	Apr 2011 to Mar 2012	Apr 2012 to Mar 2013	Apr 2011 to Mar 2012
Liability at the beginning of the year	12,747,012	15,553,495	36,709,471	27,373,182
Interest Cost	1,083,496	1,283,163	3,120,305	2,258,288
Current Service Cost	3,184,198	2,787,980	4,346,148	3,572,259
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	(331,341)	(1,497,371)	(14,942,337)	(13,030,181)
Actuarial (gain)/loss on obligations	2,694,394	(5,380,255)	17,783,811	16,535,923
Liability at the end of the year	25,749,315	12,747,012	47,017,398	36,709,471
c Table showing Fair Value of Plan Assets				
Fair value of plan assets at beginning of year	16,876,936	9,556,856	-	-
Expected Return on Plan Assets	1,451,416	764,548	-	-
Contributions	5,089,771	7,333,248	-	-
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Benefit paid in the normal course	(3,331,341)	(1,497,371)	-	-
Actuarial (gain)/loss on obligations	534,075	719,655	-	-
Fair value of Plan Assets at the end of year	23,620,857	16,876,936	-	-
d Recognition of Actuarial Gains / Losses				
Actuarial (gain)/loss on obligations for the period	2,694,394	(5,380,255)	17,783,811	16,535,923
Actuarial (gain)/loss on asset for the period	(534,075)	(719,655)	-	-
Actuarial (gain)/loss recognized in statement of Profit & Loss	2,160,319	(6,099,910)	17,783,811	16,535,923
e Actual Return on Plan Assets				
Expected Return on Plan Assets	1,451,416	764,548	-	-
Actuarial gain / (loss) on Plan Assets	534,075	719,655	-	-
Actual Return on Plan Assets	1,985,491	1,484,203	-	-
f Amount recognized in the Balance Sheet				
Fair Value of Plan Assets at the end of the year	23,620,857	16,876,936	-	-
Present Value of Benefit Obligation at the end of the year	(25,749,315)	(12,747,012)	47,017,398	36,709,471
Difference	(2,128,458)	4,129,924	47,017,398	36,709,471
Funded Status	(2,128,458)	-	-	-
Unrecognized Past Service Cost	-	-	-	-
Unrecognized Transition Liability	-	-	-	-
Amount recognized in the Balance Sheet	(2,128,458)	4,129,924	(47,017,398)	(36,709,471)
g Amount recognized in the Statement of Profit & Loss				
Current Service cost	3,184,198	2,787,980	4,346,148	3,572,259
Interest Cost	1,083,496	1,283,163	3,120,305	2,258,288

	Gratuity (Funded)		Compensated Leave absence (unfunded)	
	Apr 2012 to Mar 2013	Apr 2011 to Mar 2012	Apr 2012 to Mar 2013	Apr 2011 to Mar 2012
Expected return on Plan Assets	(1,451,416)	(764,548)	-	-
Actuarial (gain)/loss	2,160,319	(6,099,910)	17,783,811	16,535,923
Past Service Cost (Non Vested Benefit) Recognized	-	-	-	-
Past Service Cost (Vested Benefit) Recognized	6,371,556	-	-	-
Recognition of Transition Liability	-	-	-	-
Expense Recognized in statement of Profit & Loss	11,348,153	(2,793,315)	25,250,264	22,366,470
h Balance Sheet Reconciliation				
Opening Net Liability	(4,129,924)	5,996,639	36,709,471	27,373,182
Expense Recognized in statement of Profit & Loss	11,348,153	(2,793,315)	25,250,264	22,366,470
Transfer from other company	-	-	-	-
Transfer to other company	-	-	-	-
Employer's Contribution	(5,089,771)	(7,333,248)	-	-
Benefits paid in the normal course	-	-	(14,942,337)	(13,030,181)
Benefits paid on account of Settlements	-	-	-	-
Amount Recognized in Balance Sheet	2,128,458	(4,129,924)	47,017,398	36,709,471

The reversal in actuarial liability during previous year of Rs.2,793,315 for Gratuity was not recognized in Statement of Profit & Loss on account of prudence.

28 Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 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, 2013	For the year ended March 31, 2012
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.	-	-

29 Operating Lease

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

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

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

Particulars	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Rent recognized in statement of Profit & Loss	9,477,058	9,995,358
Not later than one year	8,754,580	9,426,100
Later than one year and not later than five years	-	8,754,580
More than five years	-	-

30 During the year, 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). Since this was an offer for sale, all the share issue expenses relating to IPO are recovered / recoverable from selling shareholders.

31 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
Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

O.V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

Rajesh Mokashi
Dy. Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K. Jain
Company Secretary

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Auditors' Report

Report on the Consolidated Financial Statements

The Board of Directors

Credit Analysis & Research Limited

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, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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 principle generally accepted in india. This responsibility includes the 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

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 resonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 marking those risk assements, the auditor considers internal control relevant to the Group'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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the the accounting estimates made by managements, 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

In our opinion and to the best of our information and according to the explanations gives to us, the Consolidated Financial Statements 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, 2013;
- 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 and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
ICAI FRN - 105146W

Gautam V Shah
Partner (F-117348)

Mumbai
Date : MAY 15, 2013

Credit Analysis & Research Ltd.
Consolidated Balance Sheet as at March 31, 2013

<i>(All amounts in Rupees, unless otherwise stated)</i>	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	285,528,120	285,528,120
Reserves and Surplus	3	3,956,630,659	3,486,274,452
Minority Interest		6,725,265	5,891,690
Non Current Liabilities			
Deferred Tax Liability (Net)	4	39,049,750	32,714,042
Long Term Provisions	5	43,896,081	22,773,481
Current Liabilities			
Other Current Liabilities	6	527,212,991	393,261,053
Short Term Provisions	7	340,342,719	71,195,149
Total		5,199,385,585	4,297,637,987
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	8	512,606,858	484,651,833
Intangible Assets	8	-	5,974,530
Capital Work in Progress	8	365,190	-
Goodwill on consolidation		72,274,963	72,274,963
Non Current Investments	9	1,432,895,417	954,928,531
Long Term Loans and Advances	10	112,247,454	118,569,472
Other Non Current Assets	11	-	294,609
Current Assets			
Current Investments	12	2,378,300,436	1,746,943,557
Trade Receivables	13	296,604,320	159,697,887
Cash and Bank Balances	14	337,433,418	702,498,259
Short Term Loans and Advances	15	19,471,316	12,709,559
Other Current Assets	16	37,186,213	39,094,787
Total		5,199,385,585	4,297,637,987
Significant Accounting Policies	1		
Other Notes to Accounts	21 to 28		

The notes referred above form an integral part of these 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
Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

O.V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

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, 2013

(All amounts in Rupees, unless otherwise stated)	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Revenue From Operations	17	2,030,324,405	1,795,719,701
Other Income	18	288,592,608	283,164,042
Total Income		2,318,917,013	2,078,883,743
EXPENDITURE			
Employee Benefits Expense	19	522,111,433	428,127,701
Other Expenses	20	162,159,892	133,313,050
Depreciation	8	32,474,355	21,428,340
Total Expenses		716,745,680	582,869,091
Profit before tax		1,602,171,333	1,496,014,652
Current Tax		454,000,000	412,994,879
Deferred Tax Expense		6,335,709	6,691,271
Add Income tax adjustment for earlier years		5,185,439	-
Total Tax Expense		465,521,148	419,686,150
Profit after tax before Minority Interest		1,136,650,185	1,076,328,502
Less: Minority Interest in CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd.		833,575	223,290
Profit after tax		1,135,816,610	1,076,105,212
Earning Per Share (Face Value Rs.10/-)	22		
- Basic		39.78	37.69
- Diluted		39.78	37.69
Significant Accounting Policies	1		
Other Notes to Accounts	21 to 28		

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
Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

O. V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

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, 2013

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash Flows from Operating Activities		
Profit before tax (after adjusting Minority Interest)	1,601,337,758	1,495,791,362
Adjustments for		
Interest on investments	(132,749,548)	(101,648,764)
Interest on deposits	(136,638)	(1,714,720)
Dividend Income	(24,037,120)	(33,143,367)
Profit on sale / redemption of investments	(129,708,210)	(145,412,928)
Unrealised Foreign Exchange (Gain) / Loss	(230,155)	(1,660,371)
Provision for Leave Encashment	10,307,875	9,336,289
Provision for Gratuity	3,565,501	1,339,609
Provision for Bad Debts	5,658,433	-
Loss on Sale of Fixed Assets	1,226,254	-
Depreciation	32,474,355	21,428,340
Operating Profit before working capital changes	1,367,708,505	1,244,315,450
Movements in working capital		
Decrease/(Increase) in Trade Receivables	(142,564,866)	(31,777,961)
Decrease/(Increase) in Deposits	(13,379,063)	(1,465,321)
Decrease/(Increase) in Advances	(7,375,469)	(7,185,902)
Decrease/(Increase) in Other Current Assets	(7,497,482)	-
Decrease/(Increase) in Other Non Current Assets	294,609	(199,867)
Decrease/(Increase) Unbilled Revenue	(9,063,266)	(3,243,610)
Increase/(Decrease) in Unearned Revenue	62,347,632	228,483,519
Increase/(Decrease) in Sundry Creditors for expenses	8,395,865	3,315,354
Increase/(Decrease) in Other Liabilities	72,362,336	44,427,503
Cash generated from Operations	(36,479,704)	232,353,715
Taxes paid	432,108,890	(496,411,016)
Net cash from operations	899,119,911	980,258,149
Cash flows from Financing Activities		
Change in Minority Interest	833,575	5,891,690
Dividend and Dividend Tax paid	-	(71,901,935)
Interim Dividend and Dividend Tax paid	(398,217,504)	(331,847,920)
Net cash from financing	(397,383,929)	(397,858,165)
Cash flows from Investing Activities		
Income from Investments	300,627,371	219,111,944
Investment in subsidiary company	-	(89,398,652)
Sale of fixed assets	601,600	
Purchase of fixed assets	(56,647,894)	(82,441,725)
Purchase of investments	(4,990,094,568)	(4,629,077,087)
Sale of investments	3,878,482,513	4,510,601,634
Net cash from investing	(867,030,978)	(71,203,886)

Credit Analysis & Research Ltd.

Consolidated Cash Flow Statement for the year ended March 31, 2013 - Contd.

<i>(All amounts in Rupees, unless otherwise stated)</i>	For the year ended March 31, 2013	For the year ended March 31, 2012
Net increase / (decrease) in cash and cash equivalents	(365,294,996)	511,196,098
Effects of unrealised exchange gain on cash & cash equivalents	230,155	1,660,371
Adjustment towards acquisition	-	8,903,036
Cash And Cash Equivalents at the beginning	702,498,259	180,738,754
Cash And Cash Equivalents at the end	337,433,418	702,498,259
Cash and cash equivalents comprise of:		
Cash on hand	75,110	83,455
Cheques in hand	54,599,659	34,297,073
Other Bank balances		
On Current Account	145,158,649	138,117,731
Deposit Accounts	137,600,000	530,000,000
Total	337,433,418	702,498,259

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
Credit Analysis & Research Limited

Gautam V Shah
Partner (F-117348)

O.V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

Rajesh Mokashi
Dy. Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K. Jain
Company Secretary

I Summary of Significant Accounting Policies

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 list 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.

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 Companies (Accounting Standards) Rules 2006 issued by the Central Government and relevant provisions of the Companies Act, 1956 to the extent applicable. The accounting policies have been consistently followed by the Company.

b) 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.

c) 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 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 12 months surveillance period which commences 1 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.

Annual maintenance contracts:

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

d. Investment 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.

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 are followed in our subsidiary company.

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.

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

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

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. Deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred Tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised

i. 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.

m. Impairment of Asset

The impairment of assets is accounted in accordance with Accounting Standard 28 “Impairment of Assets”. As asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to the statement of Profit & Loss to the extent carrying amount of asset exceeds their recoverable amount in the year in which an asset is identified as impaired.

n. Foreign currency transactions

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.

Note 2

Share Capital

	As at March 31, 2013		As at March 31, 2012	
	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	28,552,812	285,528,120	28,552,812	285,528,120
Total issued, subscribed and fully paid up share capital	28,552,812	285,528,120	28,552,812	285,528,120

a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	Number	Amount Rs.	Number	Amount Rs.
At the beginning of the period	28,552,812	285,528,120	9,517,604	95,176,040
Issued during the year - Bonus issue	-	-	19,035,208	190,352,080
Outstanding at the end of the year	28,552,812	285,528,120	28,552,812	285,528,120

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

Equity Shares of Rs. 10 each fully paid	As at March 31, 2013		As at March 31, 2012	
	Number	% holding in the class	Number	% holding in the class
IDBI Bank Limited	4,908,800	17.19%	7,363,200	25.79%
Canara Bank	4,342,400	15.21%	6,513,600	22.81%
State Bank of India	1,829,000	6.41%	2,743,500	9.61%
IL&FS Financial Services Limited	1,711,000	5.99%	2,566,500	8.99%
Bajaj Holdings and Investment Limited	1,707,615	5.98%	1,707,615	5.98%
The Federal Bank Limited	1,185,900	4.15%	1,770,000	6.20%

c Shares reserved for issue under options / commitments

The Company received a letter from the RBI on December 6, 2012, stating inter alia that the FII's and QFI's can participate in the Offer subject to adherence with the Minimum Capitalization Norms (i.e. an investment of USD 0.5 million by foreign investors for companies engaged in non fund based activities). The Company filed a letter dated December 10, 2012 with the RBI and the RBI has on December 10, 2012 permitted the company to comply with the Minimum Capitalization Norms within six months from the date of their letter. Subsequently, the Company filed a letter dated February 14, 2013 for extension of time period with the RBI and the RBI has on March 21, 2013 permitted the Company to comply with the Minimum Capitalization Norms by September 30, 2013. Accordingly, the Company will require allotting the requisite number of Equity Shares in accordance with applicable law and approvals, within this period, to meet the Minimum Capitalization Norms.

Note 3

Reserves and Surplus

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
a. Capital Redemption Reserve	2,250,000	2,250,000
b. Securities Premium Account	20,106,747	20,106,747
c. General Reserve		
Opening Balance	1,054,831,844	1,125,183,924
(+) Current Year Transfer	150,000,000	120,000,000
(-) Utilized for issuing fully paid up bonus shares	-	190,352,080
Closing Balance	1,204,831,844	1,054,831,844
d. Surplus/(deficit) in the statement of profit and loss		
Opening balance	2,409,085,861	1,784,828,569
(+) Net Profit for the current year	1,135,816,610	1,076,105,212
(-) Proposed Dividends	228,422,496	-
(-) Interim Dividends	342,633,744	285,528,120
(-) Tax on Proposed Dividends	38,820,403	-
(-) Tax on Interim Dividends	55,583,760	46,319,800
(-) Transfer to Reserves	150,000,000	120,000,000
Closing Balance	2,729,442,068	2,409,085,861
Total Reserves & Surplus	3,956,630,659	3,486,274,452

Note 4

Deferred Tax Liability (Net)

Amount Rs.

	As at Mach 31, 2013	As at March 31, 2012
Depreciation on Fixed Assets	55,754,427	44,624,430
Less : Deferred Tax Assets		
Provision for Leave Encashment	15,981,214	11,910,388
Provision for Gratuity	723,463	-
Deferred Tax Assets	16,704,677	11,910,388
Total	39,049,750	32,714,042

* Deferred Tax assets have not been recognised in the financial statements of the subsidiary on account of prudence.

Note 5

Long term Provisions

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Provision for Compensated Absence	42,472,284	22,750,481
Provision for Gratuity	1,423,797	-
Provision for Straightlining of Lease Rentals	-	23,000
Total	43,896,081	22,773,481

Note 6

Other Current Liabilities

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Unearned Revenue	268,199,398	205,851,766
Sundry Creditors for Expenses	17,589,339	9,193,474
Advance from customers	160,278,350	137,898,607
Other Liabilities	81,145,904	40,317,206
Total	527,212,991	393,261,053

Note 7

Short Term Provisions

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Provision for Compensated Absence	4,545,114	13,959,042
Provision for Gratuity	2,236,311	94,607
Provision for warranty	-	115,341
Provision for Performance Related Pay & Commission	47,577,790	41,000,000
Provision for Leave Travel Allowance	18,740,605	16,026,159
Proposed Dividend	228,422,496	-
Provision for Dividend Tax	38,820,403	-
Total	340,342,719	71,195,149

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2013

Note 8

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	For the Year	On deletions /disposals during the year	Addition/ deletion on account of consolidation	Upto 31-Mar-13	As at Mar-13	As at 31-Mar-12	
<u>Tangible Assets</u>															
Furniture & Fixtures	43,540,600	1,230,634	224,016	-	44,547,218	-	-	-	2,766,594	101,212	-	16,923,496	21,623,722	29,282,486	
Office Equipments	19,516,884	34,625,358	242,800	-	53,899,442	-	-	-	1,347,669	159,940	-	5,967,956	47,931,486	14,736,657	
Computers	44,193,883	12,709,408	1,063,008	-	55,840,283	-	-	-	6,801,486	756,458	-	24,893,547	30,946,736	25,345,364	
Vehicles	10,029,790	-	2,174,934	-	7,854,856	-	-	-	776,453	859,294	-	1,715,360	6,139,496	8,231,589	
Electrical Installations	6,549,631	275,651	-	-	6,825,282	-	-	-	478,318	--	-	1,945,441	4,879,841	5,082,508	
Buildings	424,826,827	-	-	-	424,826,827	2,257,525	-	2,257,525	6,887,652	--	-	27,483,725	395,085,577	401,973,229	
Leasehold Improvements	400,137	-	-	-	400,137	-	-	-	-	-	-	400,137	-	-	
Total Tangible Assets (A)	549,057,752	48,841,051	3,704,758	-	549,194,045	2,257,525	-	2,257,525	19,058,172	1,876,904	-	79,329,662	512,606,858	484,651,833	
<u>Intangible Assets</u>															
Computer Software	48,858,661	7,441,653	-	-	56,300,314	-	-	-	13,416,183	-	-	56,300,314	-	5,974,530	
Total Intangible Assets (B)	48,858,661	7,441,653	-	-	56,300,314	-	-	-	13,416,183	-	-	56,300,314	-	5,974,530	
Capital Work in Progress															
WIP	-	365,190	-	-	365,190	-	-	-	-	-	-	-	365,190	-	
Total Capital Work in Progress (C)	-	365,190	-	-	365,190	-	-	-	-	-	-	-	365,190	-	
Total Assets (A+B+C)	597,916,413	56,647,894	3,704,758	-	650,859,549	2,257,525	-	2,257,525	32,474,355	1,876,904	-	135,629,976	512,972,048	490,626,363	

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2012

Note 8

Fixed Assets	Gross Block						Impairment				Depreciation				Net Block	
	As at 1-Apr-11	Additions during the year	Deductions during the year	Addition/ deletion on account of consolidation	As at 31-Mar-12	As at 1-Apr-11	During the year	As at 31-Mar-12	Up to 1-Apr-11	For the Year	On deletions disposals during the year	Addition/ deletion on account of consolidation	Up to 31-Mar-12	As at 31-Mar-11	As at 31-Mar-12	
Tangible Assets																
Furniture & Fixtures	38,016,420	3,300,866	-	2,223,314	43,540,600	-	-	-	10,146,585	2,545,047	-	1,566,482	14,258,114	29,282,486	29,282,486	
Office Equipments	16,120,049	2,048,873.00	-	1,347,962	19,516,884	-	-	-	3,151,743	856,937	-	771,547	4,780,227	14,736,657	14,736,657	
Computers	32,342,156	10,395,704	-	1,456,023	44,193,883	-	-	-	12,170,344	5,347,507	-	1,330,668	18,848,519	25,345,364	25,345,364	
Vehicles	6,029,790	4,000,000.00	-	-	10,029,790	-	-	-	1,222,272	575,929	-	-	1,798,201	8,231,589	8,231,589	
Electrical Installations	5,874,948	674,683	-	-	6,549,631	-	-	-	1,017,946	449,177	-	-	1,467,123	5,082,508	5,082,508	
Buildings	366,570,907	58,255,920	-	-	424,826,827	2,257,525	-	2,257,525	14,466,179	6,129,894	-	-	20,596,073	401,973,229	401,973,229	
Leasehold Improvements	-	-	-	400,137	400,137	-	-	-	-	-	-	400,137	400,137	-	-	
Total Tangible Assets (A)	464,954,270	78,676,046	-	5,477,436	549,057,752	2,257,525	-	2,257,525	42,175,069	15,904,491	-	4,068,834	62,148,394	484,651,833	484,651,833	
Intangible Assets																
Computer Software	15,628,697	3,024,669	-	30,205,295	48,858,661	-	-	-	15,628,697	5,523,847	-	21,731,587	42,884,131	5,974,530	5,974,530	
Total Intangible Assets (B)	15,628,697	3,024,669	-	30,205,295	48,858,661	-	-	-	15,628,697	5,523,847	-	21,731,587	42,884,131	5,974,530	5,974,530	
Total	480,582,967	81,700,715	-	35,632,731	597,916,413	2,257,525	-	2,257,525	57,803,766	21,428,338	-	25,800,421	105,032,525	490,626,363	490,626,363	

Amount Rs.

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2013

Note 9

Non Current Investments

(valued at cost, unless stated otherwise)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Other Investments		
A) QUOTED		
1) Investment in Bonds of PSUs		
Nil (PY 400 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on January 22, 2014)	-	40,000,000
Nil (PY 400 Bonds) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on March 20, 2014)	-	40,000,000
Nil (PY 43,502 Bonds) of 8.24% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on February 24, 2022)	-	43,502,000
Nil (PY 49,448 Bonds) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022)	-	49,448,000
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
1,000 Bonds (PY 1,000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 08, 2015)	100,000,000	100,000,000
92,718 Bonds (PY 142,718 Bonds) of 8.10% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2022)	94,850,514	145,018,000
1,00,000 Bonds (PY Nil) of 8.1% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 22, 2027)	105,648,400	-
20,000 Bonds (PY Nil) of 7.34% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 19, 2028)	20,000,000	-
50,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of Housing and Urban Dev. Corporation (Maturing on March 05, 2027)	48,600,000	-
130,000 Bonds (PY Nil) of 8.10% Tax Free Bonds of Housing and Urban Dev. Corporation (Maturing on March 05, 2022)	134,134,000	-
80,000 Bonds (PY Nil) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027)	85,816,000	-
	619,048,914	447,968,000

Note 9

Non Current Investments - Contd.

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
2) Investment in Gold ETF		
14,807 Units (PY 9,563 Units) UTI MF Gold Traded Mutual Fund	37,538,398	22,524,472
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 8,417 Units) Kotak MF- Gold Exchange Traded Fund	15,013,259	20,022,056
1,180,689 Units (PY 1,423,648 Units) SBI Gold Fund	11,999,998	14,000,000
5,901 Units (PY Nil) Goldman Sachs MF - Gold Benchmark Exchange Traded Scheme -Units	17,520,486	-
	97,079,158	71,553,545
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	50,782,050
4) Investment in various Fixed Maturity Plans of Debt Mutual Funds		
Nil (PY 4,000,000 units) of HDFC FMP - 36M - Apr 2010 (12) - Growth	-	40,000,000
Nil (PY 8,000,000 units) of Sundaram Fixed Term Plan - CQ - 370 Days - G	-	80,000,000
12,502,620 units (PY Nil) of ICICI Pru FMP Series 51- 3years Plan F Cumulative	-	125,026,200
Nil (PY 4,500,000) of Tata FMP Series 39 - Scheme H - 367 Days - G	-	45,000,000
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	-

Note 9

Non Current Investments - Contd.

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
2,500,000 units (PY Nil) of Reliance Fixed Horizon Fund – XXII – Series 21 739 Days	25,000,000	-
3,500,000 units (PY Nil) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth	35,000,000	-
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 (I) Series 24 Growth	20,000,000	-
7,200,667 units (PY Nil) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth	72,006,610	-
	389,711,773	290,026,200
B) UNQUOTED		
Investment in various Equity Mutual Fund Schemes		
665,582 units (PY 234,366 units) DSP Blackrock Top 100 Equity Fund Regular G	67,500,000	22,500,000
1,948,903 units (PY 698,855 units) Franklin India Bluechip Fund Dividend Re-investment	70,280,640	25,280,640
328,642 units (PY 114,947 units) HDFC Top 200	67,500,000	22,500,000
4,982,671 units (PY 1,716,520 units) ICICI Prudential Top 100 Fund Dividend	71,209,932	24,318,096
	276,490,572	94,598,736
Grand Total	1,432,895,417	954,928,531
Aggregate amount of quoted investments (Market value: Rs.1,175,080,211/-) PY Rs.872,340,701/-	1,156,404,845	860,329,795
Aggregate amount of unquoted investments	365,889,224	183,997,388
Aggregate provision for diminution in value of investments	-	-

Note 10

Long Term Loans and Advances (Unsecured, considered good)

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Deposits	20,053,285	6,674,222
Capital advances	5,275,281	-
Loan to Employees	1,095,156	1,233,869
Accrued Interest on Loans to Employees	258,700	289,848
Other Loans and Advances		
Prepaid Expenses	3,173,836	903,787
Advance payment of taxes (Net)	82,391,196	109,467,746
Total	112,247,454	118,569,472

Note 11

Other Non Current Assets (Unsecured, considered good)

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Gratuity	-	294,609
Total	-	294,609

Note 12

Current Investments (valued at cost, unless stated otherwise)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
A) QUOTED		
Current Maturity of Current Investment		
1) Investment in Bonds of PSUs		
400 Bonds (PY Nil) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on January 22, 2014)	40,000,000	-
550 Bonds (PY Nil) of 6.85% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on March 20, 2014)	54,877,000	-
	94,877,000	-
Investment in various Fixed Maturity Plans of Debt Mutual Funds		
12,502,620 units (PY Nil) of ICICI Pru FMP Series 51- 3years Plan F Cumulative	125,026,200	-
8,000,000 units (PY Nil) of Sundaram Fixed Term Plan - CQ - 370 Days - G	80,000,000	-
4,500,000 units (PY Nil) of Tata FMP Series 39 - Scheme H - 367 Days - G	45,000,000	-
4,000,000 units (PY Nil) of HDFC FMP - 36M - Apr 2010 (12) - Growth	40,000,000	-
Nil (PY 5,000,000 units) of Baroda Pioneer FMP 367 Days Plan - Series 3	-	50,000,000
Nil (PY 2,000,000 units) of Birla Sun Life Fixed Term Plan - Series DT G Plan	-	20,000,000
Nil (PY 4,000,000 units) of DWS Fixed Term Fund Series 92- G Plan	-	40,000,000
Nil (PY 6,002,197 units) of IDFC FMP Yearly Series 52- G	-	60,021,965
Nil (PY 5,000,000 units) of Kotak FMP Series 60 G	-	50,000,000
Nil (PY 9,331,838 units) of Kotak FMP Series 74 G	-	93,318,380
Nil (PY 5,418,150 units) of SBI Debt Fund Series 367 Days- 11- G	-	54,181,500
Nil (PY 7,500,000 units) of Tata FMP Series 37 - Scheme C	-	75,000,000
Nil (PY 8,002,950 units) of HDFC FMP 370 Days December 2011 (2) G	-	80,029,509
Nil (PY 10,021,068 units) of Reliance Fixed Horizon Fund XIV Series 7	-	100,210,680
Nil (PY 3,870,000 units) of Reliance Fixed Horizon Fund XIV - Series 9 - G	-	38,700,000

Note 12

Current Investments (valued at cost, unless stated otherwise)

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Nil (PY 10,000,000 units) of DWS Fixed Term Fund Series 80- G Plan	-	100,000,000
Nil (PY 8,414,339 units) of Tata FMP Series 36 - Scheme C	-	84,143,382
Nil (PY 5,395,942 units) of UTI - Fixed Term Income Fund - Series IX - III- G	-	53,959,366
Nil (PY 4,288,960 units) of UTI - Fixed Term Income Fund Series IX-V -367 Days- G	-	42,889,600
Nil (PY 5,000,000 units) of IDFC Fixed Maturity Plan - Yearly Series 54	-	50,000,000
Nil (PY 6,516,264 units) of UTI - Fixed Term Income Fund - X -367 Days - G	-	65,162,701
Nil (PY 2,250,000 units) of UTI - Fixed Term Income Fund -X - VII - 368 Days - G	-	22,500,000
2,750,000 units (PY Nil) of ICICI Prudential FMP Series 64 - 367 Days - Plan L	27,500,000	-
2,500,000 units (PY Nil) of Tata FMP Series 42 - Scheme G - 368 Days - Growth	25,000,000	-
3,000,000 units (PY Nil) of Taurus FMP Series X - 369 Days - Growth	30,000,000	-
5,516,700 units (PY Nil) of Baroda Pioneer Fixed Maturity Series A - Plan B - 366 Days	55,167,000	-
10,025,978 units (PY Nil) of Birla Sun Life - Fixed Term Plan - Sereis FM	100,259,787	-
4,503,459 units (PY Nil) of Birla Sun Life Fixed Term Plan - Series FP - G 366D	45,034,590	-
5,000,000 units (PY Nil) of Birla Sun Life Fixed Term Plan – Series FS-368 days	50,000,000	-
2,500,423 units (PY Nil) of DSP - FMP Series 48 - 12M -Growth	25,004,232	-
5,000,000 units (PY Nil) of HDFC FMP 369D DEC 2012 (I) Series23 Growth	50,000,000	-
4,185,699 units (PY Nil) of HDFC FMP 371 D Nov 2012 (I) - Growth	41,856,993	-
3,500,000 units (PY Nil) of HDFC FMP Series 22 373 Days Growth	35,000,000	-
5,000,000 units (PY Nil) of IDFC FMP - 366 Days -Series 74 - G	50,000,000	-
5,000,000 units (PY Nil) of IDFC FMP 366 Days Series 73 - Growth	50,000,000	-
1,750,000 units (PY Nil) of IDFC FMP 366 Days Series 76 - Growth	17,500,000	-

Note 12

Current Investments (valued at cost, unless stated otherwise)

	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
3,260,627 units (PY Nil) of IDFC Yearly Series Interval Fund - DP - Series II - Growth	32,606,271	-
350,000 units (PY Nil) of JP Morgan India FMP Series 18 Direct Plan - Growth 373Days	35,000,000	-
14,776,984 units (PY Nil) of Reliance Annual Interval - Series I - 370 Days - G	162,756,667	-
1,500,000 units (PY Nil) of Religare FMP-Series XVI - Plan D (370 Days)	15,000,000	-
1,000,000 units (PY Nil) of Religare FMP-Series XV-Plan E (367 Days)	10,000,000	-
5,000,000 units (PY Nil) of SBI MF SDFS 366 Days Series 11 Growth	50,000,000	-
5,000,000 units (PY Nil) of SBI MF SDFS 366 Days Series 18 Growth	50,000,000	-
10,000,000 units (PY Nil) of SBI MF SDFS 366 Days Series 16 Growth	100,000,000	-
450,000 units (PY Nil) of SBI MF SDFS 366 Days Series 17 Growth	45,000,000	-
5,923,611 units (PY Nil) of UTI Fixed Term Plan 1F Series XI - IX 368 Days G	59,236,112	-
4,716,372 units (PY Nil) of UTI Fixed Term Plan Income Fund Series XII - I Growth 368 Days	47,163,722	-
20,00,000 units (PY Nil) of DSP Blackrock FMP - Series 68 - 12 M - Growth	20,000,000	-
15,00,000 units (PY Nil) of DSP Blackrock FMP - Series 81 - 12M -Growth	15,000,000	-
	1,534,111,574	1,080,117,083
B) UNQUOTED		
1) Investment in various open-ended		
Debt Mutual Funds		
Nil (PY 61,439 units) of Canara Robeco TAF Super IP DDR	-	76,227,578
Nil (PY 51,561 units) of IDBI Ultra Short Term Fund DDR	-	51,560,916
25,270 units (PY Nil) of Axis Treasury Advantage Fund DDR	25,305,844	-
3,138,588 Units (PY Nil) of JM High Liquidity Fund -Direct Plan -DDR	32,736,097	-
2,046,120 Units (PY Nil) of Sundaram Money Fund - Direct Plan - DDR	20,670,932	-
	78,712,873	127,788,494

Note 12

Current Investments (valued at cost, unless stated otherwise)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
2) Investment in Commercial Paper		
200 Units (PY Nil) Commercial Paper - Trapti Trading & Investment 19-07-2012 (Maturing on July 19, 2013) 364 Days	97,272,155	-
200 Units (PY Nil) Commercial Paper - Turquoise Investment & Finance Pvt Ltd. 29-06-2012 (Maturing on July 28, 2013) 364 Days	97,748,022	-
200 Units (PY Nil) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 17-05-2012 (Maturing on May 15, 2013) 363 Days	98,785,928	-
200 Units (PY Nil) Commercial Paper - Morgan Stanley India Capital Pvt Ltd. 07-06-2012 (Maturing on May 31, 2013) 360 Days	98,413,490	-
190 Units (PY Nil) Commercial Paper - TGS Invesements & Trade Pvt. Ltd. 09-10-2012 (Maturing on October 08, 2013) 364 Days	90,605,717	-
400 Units (PY Nil) Commercial Paper - S. D. Corporation 27-11-2012 (Maturing on November 27, 2013) 365 Days	187,773,677	-
Nil (PY 100 Units) Commercial Paper - Tata Capital Ltd. 30-09-2012 (Maturing on September 30, 2012) 364 Days	-	47,746,863
Nil (PY 200 Units) Commercial Paper - TGS Invesements & Trade Pvt. Ltd. 30-06-2012 (Maturing on June 30, 2012) 398 Days	-	97,773,152
Nil (PY 200 Units) Commercial Paper - First Blue Home Finance Ltd 15-05-2012 (Maturing on May 15, 2012) 364 Days	-	98,777,904
Nil (PY 200 Units) Commercial Paper - J. M Finacial Ltd.12-06-2012 (Maturing on June 08, 2012) 365 Days	-	98,100,685
Nil (PY 200 Units) Commercial Paper - Tata Capital Ltd. 30-05-2012 (Maturing on May 30, 2012) 365 Days	-	98,453,956
Nil (PY 200 Units) Commercial Paper - Trapti Trading & Investment 06-06-2012 (Maturing on June 06, 2012) 365 Days	-	98,185,420
	670,598,989	539,037,980
Grand Total	2,378,300,436	1,746,943,557
Aggregate amount of quoted investments (Market value: Rs. 1,746,763,654/-) PY Rs.1,676,102,655/-	1,628,988,574	1,080,117,083
Aggregate amount of unquoted investments	749,311,862	666,826,474
Aggregate provision for diminution in value of investments	-	-

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2013

Note 13

Trade Receivables (Unsecured, considered good)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Debtors		
- Debts outstanding for a period exceeding six months	112,010,248	40,461,590
- Other Debts	184,594,072	119,236,297
Total	296,604,320	159,697,887
Considered Doubtful		
- Debts outstanding for a period exceeding six months	9,323,224	3,664,791
- Other Debts	-	-
Total	305,927,544	163,362,678
Less: Provision for bad and doubtful debts	9,323,224	3,664,791
Total	296,604,320	159,697,887

Note 14

Cash and Bank Balances

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Cash and Cash Equivalents		
Cash on hand	75,110	83,455
Cheques in hand	54,599,659	34,297,073
Other Bank Balances		
- On Current Account	145,158,649	138,117,731
- Deposit Accounts*	137,600,000	530,000,000
Total	337,433,418	702,498,259
*Deposit accounts with more than 12 months maturity	-	475,000,000

Note 15

Short Term Loans and Advances (Unsecured, considered good)

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Loans to Employees	1,517,759	1,125,498
Prepaid Expense	8,687,730	7,912,235
<i>Advances recoverable in cash or in kind or for value to be received</i>		
Advance to Suppliers	6,831,178	1,556,282
Other Advances	2,434,649	2,115,544
Total	19,471,316	12,709,559

Note 16

Other Current Assets

Amount Rs.

	As at March 31, 2013	As at March 31, 2012
Interest Accrued on Investments	23,761,392	35,468,957
Interest Accrued on Loans to Employees	132,757	14,149
Unbilled Revenue	12,306,876	3,243,610
Advances recoverable in cash or in kind or for value to be received		
Service Tax	985,188	368,071
Total	37,186,213	39,094,787

Note 17

Revenue From Operations

Amount Rs.

	For the year ended March 31, 2013	For the year ended March 31, 2012
Rating Income (including Surveillance)	1,972,744,011	1,768,493,399
Fee for Technical Know-how Services	-	1,740,535
Sale of Publications / Information Services	14,914,115	10,516,469
License Fees and Implementation Fees	42,666,279	14,969,298
Total	2030,324,405	1,795,719,701

Note 18

Other Income

Amount Rs.

	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest on Investments		
On long term investment	47,672,429	84,742,488
On short term investment	85,077,119	16,906,276
Others	-	1,540,360
Dividend on Investments		
On long term investments	8,535,788	1,530,640
On short term investments	15,501,332	31,612,727
Profit / (Loss) on Redemption / Sale of investments (Net)	129,708,210	145,412,928
Interest on Staff Loans	136,638	174,360
Forex (Gain) / Loss	1,335,312	1,186,645
Miscellaneous Income	625,780	57,618
Total	288,592,608	283,164,042

Note 19

Employee Benefits Expense

	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and Other Allowances*	479,364,423	394,267,936
Contribution to Provident, Gratuity & Other Funds	21,702,524	19,337,222
Staff Welfare Expenses	21,044,486	14,522,543
Total	522,111,433	428,127,701

* Previous year figures includes Rs 1,17,32,664 being Leave Travel Allowance provided for earlier years.

Note 20

Other Expenses

	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Electricity Charges	11,150,799	8,362,413
Postage & Telephone Charges	10,455,287	7,227,694
Rent	14,597,493	14,554,653
Travelling & conveyance	28,208,781	25,349,696
Directors' Sitting Fees	640,000	1,285,000
Sitting Fees to Rating Committee	3,697,000	3,233,513
Insurance Premium	1,849,013	1,573,044
Legal / Professional Fee	25,857,758	28,931,396
Rates & Taxes	1,656,871	1,950,557
Repairs & Maintenance		
- Buildings	8,005,390	2,222,690
- Others	10,033,341	7,444,844
Loss on Sale of Fixed Assets	1,226,254	-
Advertisement and Sponsorship Expenses	2,923,945	5,259,811
Auditors Remuneration	1,509,525	1,050,000
Office Supplies	9,930,796	6,900,119
Bad Debts Written off	5,127,459	-
Provision for bad and doubtful debts	5,412,804	3,983,047
IPO Expenses	-	1,125,000
Miscellaneous Expenses	19,877,376	12,859,573
Total	162,159,892	133,313,050

21 Contingent Liability & Capital Commitment

Particulars	Amount Rs.	
	As at March 31, 2013	As at March 31, 2012
Capital commitments not provided	Nil	Nil
For Claims against the company not acknowledged as Debt	657,939	Nil
Contingent Liability on account of Income Tax	22,986,719	32,006,478

22 Earnings Per Share

Particulars	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit After Tax (A)	1,135,816,610	1,076,105,212
Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (B)	28,552,812	28,552,812
Basic / Diluted Earnings Per Share (A/B)	39.78	37.69

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

Parties	Relationship	Amount Rs.	
		For the year ended March 31, 2013	For the year ended March 31, 2012
Related party where control exists			
Key Management Personnel			
Shri D.R. Dogra	MD & CEO, CARE	14,779,297	13,188,847
Shri Rajesh Mokashi	DMD, CARE	12,000,077	10,599,049
Shri P D Baburaj	Whole time Director and CEO in Kalypto	1,504,928	1,534,983
Shirish Atre	Whole time Director in Kalypto	2,263,859	2,407,328
Shree Nidhi Secure Print Pvt. Ltd.	Loan given & Repaid	-	10,000,000

24 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.

25 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 company has given refundable interest free security deposits under certain agreements.

The lease payment are recognized in the profit and loss account under rent in Note 20.

Credit Analysis & Research Ltd.

Notes to the consolidated financial statements for the year ended March 31, 2013

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

Particulars	Amount Rs.	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Rent recognized in Statement of Profit & Loss	13,079,095	12,845,761
Not later than one year	11,045,280	12,478,953
Later than one year and not later than five years	1,872,000	12,498,580
More than five years	Nil	Nil

- 26 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

Amount Rs.

Sr. No.	Particulars	2012-13	2011-12
1	Equity Share Capital	80,135,000	80,135,000
2	Reserves and Surplus	(53,093,260)	(56,444,989)
3	Total Assets (Non-Current Assets + Current Assets)	45,653,963	34,184,505
4	Total Liabilities (Non-Current Liabilities + Current Liabilities)	18,612,223	10,494,494
5	Details of Investments (excluding investments in subsidiary company)	-	-
6	Revenue from Operations	42,735,279	26,626,550
7	Profit / (Loss) before Tax	3,351,729	(5,262,984)
8	Tax Expenses	-	-
9	Profit / (Loss) for the Year	3,351,729	(5,262,984)
10	Proposed / Interim Dividend (including Dividend Tax)	-	-

- 27 During the year ended March 31, 2013, Credit Analysis & Research Limited 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). Since this was an offer for sale, all the share issue expenses relating to IPO are recovered / recoverable from selling shareholders.

- 28 The previous year's figures have been reclassified / regrouped to confirm to this year's classification.

As per our attached Report of even date

For **Khimji Kunverji & Co.**

Chartered Accountants

FRN: 105146 W

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

Gautam V Shah
Partner (F-117348)

O.V. Bundellu
Chairman

D. R. Dogra
Managing Director & CEO

Mumbai
Date : May 15, 2013

Rajesh Mokashi
Dy. Managing Director

Chandresh M Shah
Chief Financial Officer

Navin K. Jain
Company Secretary

CREDIT ANALYSIS & RESEARCH LTD.

4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off. Eastern Express Highway, Sion (E), Mumbai - 400 022.

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name Of The
Member Attending

Full Name of the
First joint-holder.....
(To be filled in if first named joint-holder does not attend the meeting)

Name of the Proxy.....
(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the **20th ANNUAL GENERAL MEETING** of the Company at Rang Sharda
Natya Mandir, K. C. Marg, Bandra Reclamation, Opp. Lilavati Hospital, Bandra (West), Mumbai - 400050 on
Friday, September 27, 2013 at 2.30 pm. (Tel. No. 022 - 26401919).

.....
Member's / Proxy's Signature

Regd.Folio No.....

(To be signed at the time of handling over this slip)

(TEAR HERE)

CREDIT ANALYSIS & RESEARCH LTD.

4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off. Eastern Express Highway, Sion (E), Mumbai - 400 022.

PROXY FORM

I/We
ofin the district of
.....being member (s) of the above named Company, hereby
appoint.....

ofin the district of.....
or failing him
ofin the district of.....

as my / our proxy to vote for me / us on my / our behalf at the **20th ANNUAL GENERAL MEETING** of the
Company at Rang Sharda Natya Mandir, K. C. Marg, Bandra Reclamation, Opp. Lilavati Hospital,
Bandra (West), Mumbai - 400050 on Friday, September 27, 2013 at 2.30 pm. (Tel. No. 022 - 26401919).

Signed thisday of.....2013.

Regd. Folio No.....

No. of Shares held:

Please
affix
Revenue
Stamp

The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered
Office of the Company not less than 48 hours before the time fixed for holding the Annual General Meeting.

Corporate Mission

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



Credit Analysis and Research Limited

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 Twentieth Annual General Meeting of Credit Analysis and Research Limited (the “**Company**”) will be held on Friday, September 27, 2013 at 2.30 p.m. at Rang Sharda Natya Mandir, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050 to transact the following business:

Ordinary Business

- 1) To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended March 31, 2013 and the Reports of the Directors and the Auditors thereon.
- 2) To confirm the declaration and payment of interim dividend and to declare one time special dividend on Equity Shares.
- 3) To appoint Auditors and fix their remuneration
In this respect to consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“**RESOLVED THAT** M/s Khimji Kunverji & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company in addition to reimbursement of out-of-pocket expenses in connection with the audit of the books of account of the Company.”
- 4) To appoint a director in place of Ms. Bharti Prasad, who retires by rotation and being eligible offers herself for reappointment.

Special Business

5) Grant of ESOP

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

“**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) including any amendment thereto and the Memorandum of Association and Articles of Association of the Company, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (“SEBI Guidelines”) as amended from time to time, the provisions of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the stock exchanges where shares of the Company are listed, any rules, guidelines and regulations issued by the Reserve Bank of India, the Securities and Exchange Board of India or any other authorities, and any other applicable laws for the time being in force and subject to such other approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee including ESOP Compensation Committee to be constituted by the Board which the Board may constitute to exercise its powers, including the powers conferred by this resolution) approval and consent of the Company be and is hereby accorded to the Board to create, offer and grant from time to time in one or more tranches under the said proposed ESOP, 2013 at any time to or for the benefit of such persons who are in the permanent employment of the Company including whole-time Directors (selected on the basis of criteria decided by the Board or a Committee thereof including ESOP Compensation Committee to be constituted by the Board) under the scheme called CARE Employees Stock Option Scheme, 2013 (hereinafter called “ESOS” or “Scheme”), options exercisable into equity shares being not more than 10,00,000 equity shares of Rs. 10 each of the Company (the “**Equity Shares**”), in one or more tranches and on such terms and conditions as may be fixed by the Board in accordance with the SEBI Guidelines or other provisions of laws as may be prevailing and applicable at that time, each option granted being exercisable for one equity share of the Company.”

RESOLVED FURTHER THAT the said Equity Shares may be allotted directly to such employees in accordance with the ESOS Scheme(s) or through a trust or any other entity which may be set up in any permissible manner and that the Scheme may also envisage for

providing any financial assistance to the trust to enable the employees / trust to subscribe to the Equity Shares of the Company.”

“**RESOLVED FURTHER THAT** to administer the ESOS, approval and consent of the Company be and is hereby accorded to the Board or a duly constituted Committee thereof including ESOP Compensation Committee to be constituted by the Board to create a trust if required in the name and style of ‘CARE ESOS Trust’ for administering the ESOS and to appoint trustees and finalise the terms & conditions of ESOS trust created for the purpose.”

“**RESOLVED FURTHER THAT** in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 10,00,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.”

“**RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Equity Shares to be allotted and the price of acquisition payable by the option grantees under the ESOP Scheme(s) shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

“**RESOLVED FURTHER THAT** the maximum number of stock options that can be granted under the said ESOP Scheme(s) to any employee in any financial year shall not amount to or exceed 1% of the paid-up Equity Share Capital of the Company.”

“**RESOLVED FURTHER THAT** as is required, the Company shall conform with the accounting policies as contained in the SEBI Guidelines.”

“**RESOLVED FURTHER THAT** the equity shares to be issued upon exercise of such option, from time to time, shall be in accordance with the Scheme and the SEBI Guidelines and such equity shares shall rank pari passu in all respects with the existing Equity Shares of the Company.”

“**RESOLVED FURTHER THAT** the Board is hereby authorised to constitute an ESOP Compensation Committee in terms of the SEBI Guidelines and other applicable laws and the ESOP Compensation Committee shall have authority to evolve, decide upon and bring into

effect the Scheme and determine the detailed terms and conditions of the aforementioned Scheme, including but not limited to the quantum of the options to be granted under the Scheme (not exceeding 10,00,000 Equity Shares), options to be granted per employee, the exercise period, the vesting period, instances where such options shall lapse and to grant such number of options, to such employees of the Company, at par or at such other price, at such time and on such terms and conditions as set out in the Scheme and as the ESOP Compensation Committee may in its absolute discretion think fit and make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

6) **Commission to Directors**

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

“**RESOLVED THAT** in conformity with the provisions of Article 121 of the Articles of Association of the Company and Sections 198, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable provisions, if any, and subject to such statutory approvals as may be necessary, approval be and is hereby accorded to the payment of commission upto Rs. 6 Lakhs p.a. to each of the Non-Executive and Independent Directors of the Company (other than the Managing Director and/or Whole-Time Directors and Non-Independent Directors) for each financial year over a period of 5 (five) years commencing from the financial year beginning on April 1, 2013 up to and including financial year of the Company ending as on March 31, 2018, to be calculated in accordance with the provisions of Sections 198, 349 and 350 and other provisions, if any, of the Companies Act, 1956 and distributed between such Directors in such a manner as the Board of Directors may from time to time determine within the maximum limit of 1% (one percent) of net profits of the Company as computed under Section 349 of the Companies Act, 1956, in addition to the sitting fees being paid by the Company for attending the Board/Committee Meetings of the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to decide, from time to time, the quantum and manner of distribution of commission amount to one or more such Directors within the limits prescribed.”

“RESOLVED FURTHER THAT the aforesaid commission shall be exclusive of the fees payable to such Directors for attending the meetings of the Board and Committees thereof.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution”.

7) **Preferential Allotment of shares**

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof, for the time being in force) (the **“Companies Act”**), and in accordance with applicable provisions of the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the stock exchanges, where the equity shares of the Company are listed (**“Stock Exchanges”**), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the **“SEBI ICDR Regulations”**), Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011 (**“SEBI Takeover Regulations”**) and any other guidelines and clarifications issued by Securities and Exchange Board of India (**“SEBI”**) and also by any other statutory/regulatory authorities, and subject to such permissions, consents, sanctions and approval of the SEBI/ Stock Exchanges or any other authority, as may be necessary, and all other relevant third party consents and approvals as may be required, for issue and allotment of equity shares on preferential allotment basis and subject to the conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions which the Board (which term includes any Committee(s) duly constituted by the Board to exercise powers conferred upon the Board by this resolution) is authorised to agree to, the consent of the shareholders of the Company is hereby given by way of a special resolution, to create, issue, offer, and allot, on a preferential basis, upto an aggregate of 4,46,310 equity shares with face value of Rs. 10/- each at a premium of Rs. 550.15 of the Company (each an **“Issue Share”** and collectively the **“Issue Shares”**), at an issue price of Rs. 560.15 per equity share aggregating to an issue price of Rs. 25,00,00,547/- (Rupees Twenty five crores five hundred forty seven) to Ascent India Fund III managed by Ascent Capital Advisors India Private Limited on such terms and conditions and in such manner as the Board may think fit, subject to the pricing guidelines prescribed under Chapter VII of the SEBI ICDR Regulations, on such terms and conditions and in such manner that may be decided by the Board in its absolute discretion.”

“RESOLVED FURTHER THAT the floor price of the Issue Shares shall be calculated in accordance with provisions of Chapter VII of the SEBI ICDR Regulations and the “relevant date” for the purpose of calculating the price of the Issue Shares is the date which is 30 days prior to the date of the annual general meeting *i.e.* August 28, 2013, or such other date as may be prescribed by the applicable law from time to time.”

“RESOLVED FURTHER THAT the Issue Shares shall be locked-in for a period of one year from the date of receipt of trading approval from the relevant stock exchanges in relation to issue and allotment of the Issue Shares in terms of Chapter VII of the SEBI ICDR Regulations.”

“RESOLVED FURTHER THAT the Issue Shares shall be issued and allotted in dematerialized form.”

“RESOLVED FURTHER THAT the Issue Shares to be issued and allotted in the manner aforesaid shall rank *pari passu* with the existing equity shares of the Company in all respects and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company.”

“RESOLVED FURTHER THAT Board of Directors be and are hereby authorized to do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities.”

“RESOLVED FURTHER THAT subject to the approval of the shareholders, for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to agree and to make such modifications and alterations from time to time as it may deem fit and to take all steps as it may deem necessary, desirable and expedient to resolve all questions of doubt and to do all acts, deeds, matters and things, and authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and the decision of the Board shall be final and conclusive.”

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 29, 2013

Notes:

- i) Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member. The proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before commencement of the meeting.
- ii) The register of members and the share transfer books of the Company will remain closed from Thursday, September 26, 2013 to Friday, September 27, 2013 (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, 2013.
- iii) 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, 2013, after giving effect to all valid transfers with the Company and its Registrar and Transfer Agents on or before September 25, 2013.
- iv) 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.
- v) Members/Proxies should bring the Attendance Slip duly filled for attending the meeting.
- vi) 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 atleast 3 days before the date of the Meeting to enable the Company to keep the information ready.
- vii) 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.
- viii) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business is annexed herewith.
- ix) Appointment of Directors:
At the ensuing Annual General Meeting, Ms. Bharti Prasad, Director retires by rotation and being eligible offers herself for reappointment. The information or details pertaining to Ms. Bharti Prasad, 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.

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 29, 2013

EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

AGENDA ITEM NO. 3

As more than twenty five percent of the paid-up capital of CARE is held by financial institutions and banks, the appointment of the auditors is to be made by a special resolution.

Your Directors recommend this resolution at agenda no. 3 of the Notice for the approval of the members. None of the Directors are interested in this resolution.

AGENDA ITEM NO. 5

Stock Options have long been recognized as an effective instrument to align the interest of employees with that of the company and its shareholders, providing an opportunity to employees to share growth of the company and to create long term wealth in the hands of employees. Stock options create a common sense of ownership between the Company and its employees paving the way for a unified approach to the common objective of enhancing overall shareholder value.

There has been a regular attrition of employees in the financial sector and this trend is expected to continue. The salary levels in the industry are also on rise and it is not possible to compete with other financial market intermediaries on this front more particularly with foreign banks, mutual funds, Insurance Companies and Knowledge Process Outsourcing outfits (KPOs). However, it is felt that as a tool to retain and reward good performing employees, CARE may introduce Employees Stock Option Scheme (ESOS). ESOS is a deferred compensation scheme and there will be no immediate impact on cash flows of the Company.

CARE has always believed in rewarding its employees for their continuous hard work, dedication and support which has led the company on a growth path. To enable more and more employees to share the growth of the Company, it is proposed to grant ESOS. The main objective of the Scheme is to reward high performing employees, encourage performance improvement, retain talent, create a sense of ownership amongst employees and align employees' interest with that of organization.

The Board of Directors proposed for issue of Stock Options to the eligible employees and Whole Time Directors in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the “**SEBI Guidelines**”) in their Board Meeting held on August 10, 2013.

The Company has devised a scheme called CARE Employees Stock Option Scheme, 2013 (“ESOS” or “Scheme”) in conformity with the SEBI Guidelines with the objective of rewarding the employees for building up the value and growth of the organization and for providing to the employees a sense of ownership and to attract and retain the talented manpower.

The salient features of the Scheme are given below:

a) Total number of options to be granted

Total number of options granted under this Scheme not exceeding 10,00,000 Equity Shares of Rs. 10 each of the Company will be available for being granted to eligible employees and directors of the Company.

b) Identification of classes of employees entitled to participate in the ESOS

- i) Employees eligible to participate in the ESOS shall be confirmed employees of the company including the whole time directors of the Company (other than promoters) as defined in the Scheme and as may be decided by the ESOP Compensation Committee, from time to time.
- ii) Employees would be granted stock option based on the performance and such other criteria as the ESOP Compensation Committee may, in its absolute discretion, decide.
- iii) Employees who are either promoter or belongs to the promoter group as defined in the SEBI Guidelines or holding 10% of the outstanding share capital of the Company’s equity share capital at any time after the commencement of this scheme will not be eligible for grant of options under this Scheme.

c) Requirements of vesting, period of vesting

- i) There shall be a minimum period of two years between the grant of options and vesting of options.
- ii) The vesting period may extend upto three years.
- iii) The vesting shall happen as may be decided by the ESOP Compensation Committee.

d) Exercise price or pricing formula

The exercise price for the purpose of the grant of options would be as decided by the ESOP Compensation Committee, provided that the exercise price per option shall not be less than the par value of the equity share of the Company.

e) Exercise Period and the Process of Exercise

- i) Exercise period will commence from the date of vesting and extend upto the expiry period of options as decided by the ESOP Compensation Committee. The expiry period may extend upto two years from the date of vesting of options.
- ii) The mode or process of exercise of the option will be framed by the ESOP Compensation Committee.
- iii) The options will lapse if not exercised within the specified exercise period.

f) Lock in Period

Lock in period as provided in the SEBI Guidelines / other regulatory regulations.

g) Appraisal process for determining the eligibility of employees to the ESOS Scheme

The appraisal process for determining the eligibility of the employee will be specified by the ESOP Compensation Committee, and will be based on criteria such as work performance, period of service, designation, and such other parameters as may be decided by the ESOP Compensation Committee from time to time.

h) Maximum number of options to be issued per employee and in aggregate

- i) Aggregate number of options to be granted shall not exceed 10,00,000 equity shares.
- ii) The ESOP Compensation Committee shall decide on the number of options to be granted to each employee within the limit specified above.

i) Disclosure and Accounting Policies

The Company shall conform to the accounting policies as applicable to listed entities and/or such other guidelines as may be applicable from time to time.

j) Method of valuation of options

The Company shall use fair value method for valuation of the options.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on earnings per share of the Company shall also be disclosed in the Directors' Report.

As the Scheme provides for issue of shares to be offered to persons other than the existing shareholders of the Company, consent of the members is required by way of special resolution pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956.

The Board of Directors recommends the Special Resolution as set out in item no. 5 for approval of members.

None of the directors of the Company are in any way concerned or interested in the resolution, except to the extent of the shares that may be granted to wholetime directors of the Company under the Scheme.

AGENDA ITEM NO. 6

Consequent to listing of the Company's shares in December 2012 and composition of various Committees of Board resulting into increasing demand over the time of the independent and professional Directors on various matters relating to the Company, it is advisable to put in place an appropriate mechanism to compensate, attract and retain professionals on the Board. Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole-time employment of the Company nor a managing director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

The Board of Directors are of the opinion that, in order to remunerate the Non-Executive and Independent Directors of the Company (other than the Managing Director and/or Whole-time Directors and Non-Independent Directors), for the responsibilities entrusted upon them under the law particularly with the requirements of the Companies Act, 1956 and Corporate Governance norms, the current trends and commensurate with the time devoted and the contribution made by them, subject to such statutory approvals as may be necessary, commission in terms of Section 309 of the Companies Act, 1956, be paid to the Non- Executive and Independent Directors of the Company.

The Board of Directors of the Company have approved payment of commission upto Rs. 6 lakhs to each of the Non-Executive and Independent Directors of the Company to be distributed between such Directors in such a manner as the Board of Directors may from time to time determine, within the maximum limit of 1% percent of net profits of the Company as computed under Section 349 of the Companies Act, 1956, for each financial year, over a period of five years commencing from the financial year ended March 31, 2014 up to March 31, 2018. In addition to the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is presently entitled to a fee of Rs. 20,000/- for attending each meeting of the Board and other Committees.

Section 309 of the Companies Act, 1956, requires approval of members of the Company by passing a Special Resolution in General Meeting for payment of remuneration by way of commission to Non-Executive Directors of the Company.

The Board of Directors recommends the Special Resolution as set out in item no. 6 for approval of members.

All Non-Executive and Independent Directors of the Company namely, Shri O.V. Bundellu, Dr. N.K. Sengupta, Shri S. Venkatraman and Ms. Bharti Prasad are concerned or interested in the Resolution to the extent of the remuneration that may be received by them.

AGENDA ITEM NO. 7

The Company completed its initial public offering (“**IPO**”) of 7,199,700 equity shares of Rs. 10/- each at a premium of Rs. 740/- per equity shares of the Company in December 2013 through an offer for sale by certain of its existing shareholders. The Reserve Bank of India (“**RBI**”), in response to the application dated August 31, 2012 filed by the Company seeking participation of non-residents in the IPO, had required the Company to meet the minimum capitalisation norms of USD 0.5 million in relation to foreign direct investment in the Company. The RBI, by way of letter dated March 21, 2013, had allowed the Company to meet the aforesaid minimum capitalisation norms by September 30, 2013.

In light of the above, it has been decided to create, issue and allot such number of equity shares of the Company (the “**Issue Shares**”) aggregating to an issue price of Rs. 25,00,00,547/-in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the “**SEBI ICDR Regulations**”) to comply with the minimum capitalisation norms stipulated by the Reserve Bank of India to the following proposed allottee:

Proposed Allottees of Issue Shares.

The name of the proposed allottee is Ascent India Fund III (“**AIF III**”), a scheme launched by ACA Private Equity Trust, a venture capital fund registered with the Securities and Exchange Board of India (“**SEBI**”) under the provisions of the SEBI (Venture Capital Funds) Regulations, 1996. AIF III is managed by Ascent Capital Advisors India Private Limited.

No.	Name of Proposed Allottee	No. of Issue Shares
1.	Ascent India Fund III managed by Ascent Capital Advisors India Private Limited	4,46,310

The terms of the Issue Shares are as follows:

- a) the floor price of the Issue Shares shall be calculated in accordance with provisions of Chapter VII of the SEBI ICDR Regulations and the “relevant date” for the purpose of calculating the price of the Issue Shares is the date which is 30 days prior to the date of the annual general meeting *i.e.* August 28, 2013, or such other date as may be prescribed by the applicable law from time to time.
- b) the Issue Shares shall be locked-in for a period of one year from the date of receipt of trading approval from the relevant stock exchanges in relation to issue and allotment of the Issue Shares in terms of Chapter VII of the SEBI ICDR Regulations;
- c) the Issue Shares shall be issued and allotted in dematerialized form;
- d) the Issue Shares to be issued and allotted in the manner aforesaid shall rank *pari passu* with the existing equity shares of the Company in all respects and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company.

It may be noted that under the terms of Chapter VII of the SEBI ICDR Regulations, it is necessary to disclose the details of investor and certain other matters to the shareholders while seeking their approval for issuing the equity shares on preferential basis. Hence, the relevant disclosures/details are given below:

(a) *Object of the preferential issue and details of utilization of proceeds:*

The object is to comply with the minimum capitalisation norms of USD 0.5 million by September 30, 2013 as per the letter dated March 21, 2013 issued by the RBI.

(b) *Intention of the promoter/ directors/ key management personnel to subscribe to the offer:*

The Company is a professionally managed company and does not have an identifiable promoter in terms of SEBI (ICDR) Regulations and the directors and key management persons do not intend to apply /subscribe to any of the Issue Shares.

(c) *The shareholding pattern of the Company before and after the preferential issue*

The pre-allotment (as on August 23, 2013, being the latest practicable date on which shareholder data was available prior to the approval and issuance of the notice to shareholders) and post allotment shareholding pattern of the Company (assuming that there are no changes to the shareholding pattern of the Company from August 23, 2013 till the allotment of Issue Shares) is set out below:

Sr. No	Category	Pre-Issue Shareholding (As on 23.08.2013)		Post-Issue Shareholding	
		Total Shares	% To Equity	Total Shares	% To Equity
1	Banks	66,64,237	23.34	66,64,237	22.98
2	Clearing Members	39,191	0.14	39,191	0.14
3	Directors	93,636	0.33	93,636	0.32
4	Employees	1,44,881	0.51	1,44,881	0.50
5	Foreign Institutional Investor	37,68,372	13.20	37,68,372	12.99
6	HUFs	1,01,528	0.36	1,01,528	0.35
7	Indian Financial Institutions	41,379	0.14	41,379	0.14
8	Bodies Corporate	84,71,855	29.67	84,71,855	29.22
9	Mutual Funds	11,23,403	3.93	11,23,403	3.87
10	Nationalised Bank	62,93,565	22.04	62,93,565	21.70
11	Non Resident Indians	1,23,324	0.43	1,23,324	0.43
12	Resident Individuals	16,83,779	5.90	16,83,779	5.81
13	Qualified Foreign Investor - Corporate	1,350	0.00	4,47,660	1.54
14	Trusts	2,312	0.01	2,312	0.01
	Total	2,85,52,812	100.00	2,89,99,122	100.00

(d) Proposed time within which allotment shall be completed

As required under the SEBI ICDR Regulations, the allotment of Issue Shares shall be completed, within a period of 15 days from the date of passing of the special resolution contained under this item of business provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment from any regulatory authority viz. Stock Exchanges/RBI/SEBI/FIPB, the allotment shall be completed within a period of 15 days from the date of such approval.

(e) Identity of and percentage of post preferential issue capital that may be held by proposed allottee (assuming that there are no changes to the shareholding pattern of the Company from August 29, 2013 till the allotment of Issue Shares)

The name of the proposed allottee is Ascent India Fund III (“AIF IIP”), a scheme launched by ACA Private Equity Trust, a venture capital fund registered with the Securities and Exchange Board of India (“SEBI”) under the provisions of the SEBI (Venture Capital Funds) Regulations, 1996. AIF III is managed by Ascent Capital Advisors India Private Limited.

Sr. no.	Identity of proposed allottees	Maximum number of Equity Share proposed to be allotted	Post issue shareholding on a fully diluted basis (%)
1.	Ascent India Fund III managed by Ascent Capital Advisors India Private Limited	4,46,310	1.54
Total		4,46,310	1.54

(f) Change in control

As a result of the proposed preferential allotment of Issue Shares, there will be no change in the control of the Company.

(g) Pre-issue holding of equity shares, non disposal of Issue Shares by the proposed allottees and lock-in period of the Issue Shares

- i. The shareholders who have sold their equity shares during the six months period prior to the “relevant date” shall not be eligible for allotment of the Issue Shares on preferential basis;
- ii. The Issue Shares allotted to the proposed allottees shall be subject to ‘lock-in’ for a period of one year from the date of receipt of trading approval from the relevant stock exchanges in relation to the Issue Shares as per Regulation 78(2) of the SEBI ICDR Regulations; and
- iii. The entire pre-preferential allotment shareholding of the allottees shall be locked in for a period of six months from the date of receipt of the trading approval from the relevant stock exchanges in relation to the Issue Shares.

(h) Auditor’s certificate

A copy of the certificate from M/s. Khimji Kunverji & Co., Chartered Accountants, the statutory auditors of the Company, certifying that the above preferential issue is made in accordance with the provisions of the SEBI ICDR Regulations is open for inspection at the registered office of the Company during the working hours between 10.00 a.m. and 5.30 p.m., except on holidays, up to the date of the Annual General Meeting. Copies of the above-mentioned statutory auditor’s certificate shall also be laid before the Annual General Meeting. Further, a certificate from M/s. M/s. Khimji Kunverji & Co., Chartered Accountants, the statutory auditors of the Company, certifying that the cash consideration for the Issue Shares has been received from the allottee’s bank account and the relevant documents in relation to the payment have been maintained by the Company shall be submitted with the relevant stock exchanges after the allotment of the Issue Shares.

The Board has already approved the issue and allotment of the Issue Shares on preferential basis to the Investors in the manner stated hereinabove.

Section 81(1A) of the Companies Act, 1956, provides that allotment of equity shares of a public company on preferential basis would require approval of its shareholders by way of a special resolution. The Board, therefore, recommends the above-mentioned resolution to be passed as a Special Resolution.

None of the Directors of the Company is in any way concerned or interested in the said resolution except to the extent of the shares, if any held by them.

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

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 29, 2013



Credit Analysis and Research Ltd.

Registered and Head Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion East, Mumbai – 400022.
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