

22nd
ANNUAL REPORT
2014-15

Credit Analysis & Research Ltd.



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

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MESSAGE FROM MANAGING DIRECTOR & CEO

I am happy to inform you that your company continued to be on a stable path during 2014-15 even though the overall business environment had not changed significantly as was expected at the beginning of the year. The business climate continued to be volatile with little new investment taking place, and while we were hopeful that the stalled projects that were cleared would lead to some movement in economic activity, there was a muted revival. While there were several indicators that pointed to a recovery like the GDP growth or industrial production numbers, this did not get reflected in higher investment or credit offtake. Against this background, when I do look back, there is a sense of satisfaction that your company has still emerged stronger and more importantly resilient which gives one reason to believe that a better external environment could provide more opportunity for our business.

It is said that the true challenge for any company comes during troubled or uncertain times. One can look at 2014-15 being in this category. Our focus continued to be on expanding the rating business through a blended policy of widening our client base and deepening the relationships with them. This effort has gotten manifested in our business numbers improving with an increase in the number of clients on our portfolio as well as assignments completed across the rating spectrum. Our financials for the year also narrate the same story with our rating revenue increasing by 12.3% from Rs 226.91 crore in FY14 to Rs 254.92 crore in FY15. Other income, which is primarily from our investment income, increased by 22.1% from Rs 35.66 crore to Rs 43.56 crore leading to an increase of 13.5% in total income. With expenses increasing at a rate of 18.3% from Rs 85.72 crore to Rs 101.39 crore, operating profit rose by 8.4% from Rs 143.74 crore to Rs 155.82 crore and profit after tax from Rs 128.67 crore to Rs 140.33 crore, an increase of 9.06%.

The core strength of our approach lies in the focus on the medium and large sized companies and we were able to maintain this position of strength in 2014-15 too. We do continue to have a dominant position in terms of having the largest proportion of rated companies in the ET-500 FE-500 and BS-1000 companies at 54%, 52% and 46% respectively. This is an achievement because ratings being a sticky business, there is a first mover's advantage and to get some of these companies on board requires a lot of persuasion and convincing as these companies have been with other credit rating agencies, which came before CARE was established. Therefore, it is to the credit of the brand name of CARE Ratings, and the perseverance of our business and ratings teams that we have managed to accomplish this achievement.

We have been simultaneously concentrating on building and developing alternative rating products over the course of the year, which even though relatively small from the revenue perspective would add up to a progressively significant number over a period of time. During the year, we have worked on these products and are quite satisfied with the beginning made here. We have also been fairly active on the SME front working on both the NSIC rating as well as bank loan ratings for these companies, which can create a strong foundation going forward.

Our global ventures have been progressing quite satisfactorily too. We now have our subsidiary CARE Ratings (Africa) Pvt. Ltd. operating in Mauritius. This we believe will provide some space in the continent of Africa. Further, our global venture, ARC Ratings has already given sovereign ratings to India, Malaysia, Mauritius, and Portugal and is gradually trying to making a mark in the global sphere.

Going ahead we do believe that the economy is now only poised for accelerated growth, though the timing is still uncertain. We do appear to be past the low growth period and given the initiatives that have been taken by the government and a large focus on 'Make in India' and "Smart Cities", there will be some hastened pace of investment taking place in 2015-16. This should be beneficial for the financial sector which has been fairly subdued last year. There has been a growing awareness of the limitations of the banking sector to meet the challenge of the increase in demand for funds for investment purpose and hence the inevitability of a larger recourse to the corporate debt market. This should be good for the rating business of your company and we do hope that this works out soon so that the circumference of the rating basket widens even as we work towards occupying more space within the existing perimeter. However given that past scenarios, conjectures were not always realized at the macro level, we would prefer to follow the path of cautious optimism in FY16 and work on alternative scenarios materializing.



D.R. Dogra
MD & CEO - Mumbai

MESSAGE FROM DEPUTY MANAGING DIRECTOR

The recovery in the economy in FY15 was more muted than was expected even though a lot of economic data pointed to conditions improving. However, at the ground level, such a turnaround was not visible to a discernible extent, which kept investment down. This in turn had restricted activity in the debt and credit markets, which had a bearing on the performance of your company.

Our strategies were two fold to begin with. The first prong was to be prepared for meeting higher demand for ratings as companies borrowed more and this was accomplished by preparing our systems – both technology and human resources for the same. The second line of strategy was to get a greater share of the existing macro business. This meant strengthening our business and ratings teams to carry out the rating assignments on a timely basis. The way things progressed during the year, we had to focus more on the second prong as the inherent buoyancy in the rating universe was missing. However, we have continued to build on our Knowledge Centre in Ahmedabad to update and upgrade facilities to prepare us to handle greater volumes over the years. This has been an efficiency enhancer in our scheme of things and will continue to be so as business scales up.

We have also had to relook at our approaches especially on the SME front when the subsidy from NSIC was utilized before the calendar year end. As we had built a team for this segment, we changed track and focused on bank loan ratings within this segment and hence kept the momentum up. We believe that going ahead too, there could be uncertainty in certain segments which could make it essential to change track to ensure that we have alternative back-up plans. Therefore, we have realized that as a rating agency we need to be nimble footed and be prepared to confront any change in the regulatory space with appropriate responses.

Similarly we kept building on the grading products which come under the basket called 'alternative rating products'. Here too we are aware, as the potential is still unknown being market driven products, that there is need to test the specific product market once they are launched which involves strong marketing and also time. So products like alternative investment funds or ITI grading or even more recently launched REITs are manifestations of these efforts which hopefully would show positive results over time.

We have also been having regular interactions with our clients and making presentations to them on the economic and business climate so that we keep sharing our views on the same. In this effort we have also been focusing on bringing out reports on various subjects – economy and industry specific so that we are able to brand the company well besides sharing our own views on various subjects. A credit rating agency like ours' is well positioned to do so given our experience and reach in almost every segment of industry where the concept of rating involves taking informed call on the firm, sector and the macro-economy. This is an ongoing process and we have had good exposure in the media on some of the reports. The crux is to bring out reports in a timely manner.

Looking ahead, the approach would be the same, though this time we are more hopeful that macro conditions will turn around favorably and the investment cycle revives. Some green shoots are visible though they have tended to be mirages in the past. We would still be conservative in our approach and work on the assumption of a modest revival in the investment climate - and that too during the second half of the year. But the effort to go beyond where we are today would remain our goal as we create higher value for our clients and investors.



Rajesh Mokashi
Dy. MD - Mumbai

DIRECTORS & COMMITTEE MEMBERS

Directors

Mr. S. B. Mainak.....Chairman
(with effect from August 17, 2015)

Mr. A. K. Bansal.....Director

Dr. Ashima Goyal.....Director

Mr. S. Ananthkrishnan.....Director
(with effect from October 06, 2014)

Mr. B. S. Keshava Murthy.....Director
(with effect from October 06, 2014)

Mr. D. R. Dogra.....Managing Director & CEO

Mr. Rajesh Mokashi.....Dy. Managing Director

Audit Committee

Dr. Ashima GoyalChairperson

Mr. A. K. Bansal.....

Mr. Rajesh Mokashi

Stakeholders Relationship Committee

Mr. A. K. Bansal.....Chairman

Mr. D. R. Dogra.....

Nomination & Remuneration Committee

Dr. Ashima GoyalChairperson

Mr. A. K. Bansal.....

Mr. S. Ananthkrishnan.....

Rating Committee

Mr. Y. H. Malegam.....Chairman

Mr. V. Leeladhar.....

Mr. V. K. Chopra

Mr. P. P. Pattanayak.....

Mr. D. R. Dogra

Risk Management Committee

Dr. Ashima GoyalChairperson

Mr. Rajesh Mokashi

Mr. T. N. Arun Kumar

Corporate Social Responsibility Committee

Mr. A. K. Bansal.....Chairman

Mr. D. R. Dogra.....

Mr. Rajesh Mokashi

ESOP Compensation Committee

Mr. A. K. Bansal.....Chairman

Mr. D. R. Dogra.....

Bankers

IDBI Bank Ltd.

HDFC Bank Ltd.

State Bank of India

Statutory Auditors

M/s. Khimji Kunverji & Co.
Chartered Accountants

Internal Auditors

M/s. Pravin Chandak & Associates
Chartered Accountants



BOARD OF DIRECTORS

Mr. S. B Mainak
Chairman
Managing Director, LIC of India



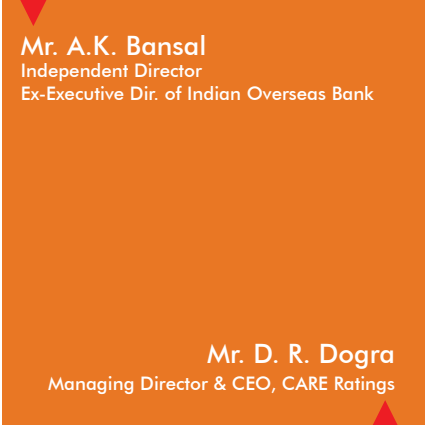
Dr. Ashima Goyal
Independent Director
Professor at Indira Gandhi Institute of
Development Research



Mr. A.K. Bansal
Independent Director
Ex-Executive Dir. of Indian Overseas Bank



Mr. S. Ananthkrishnan
Addl. Dir. in the capacity of Non-Executive Dir.
Ex-Executive Director at IDBI Bank



Mr. D. R. Dogra
Managing Director & CEO, CARE Ratings



Mr. B. S. Keshava Murthy
Addl. Dir. in the capacity of Non-Executive Dir.
Ex CGM at Indian Overseas Bank



Mr. Rajesh Mokashi
Deputy Managing Director, CARE Ratings



RATING COMMITTEE MEMBERS



Mr. Y. H. Malegam

Chairman of Rating Committee.

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



Mr. P.P. Pattanayak

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



Mr. V. Leeladhar

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



Mr. V.K. Chopra

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



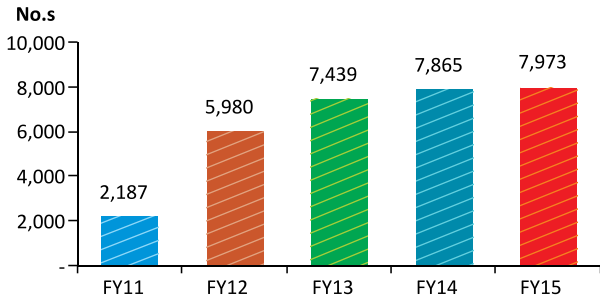
Mr. D. R. Dogra

Managing Director & CEO, CARE Ratings

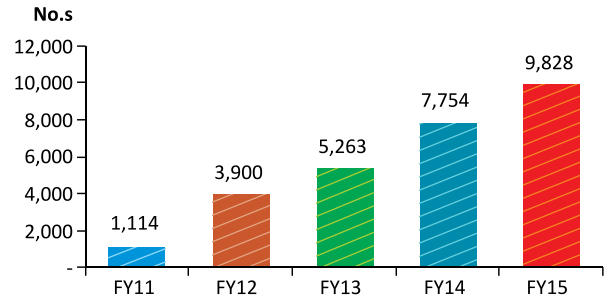
PERFORMANCE

Expansion in Business

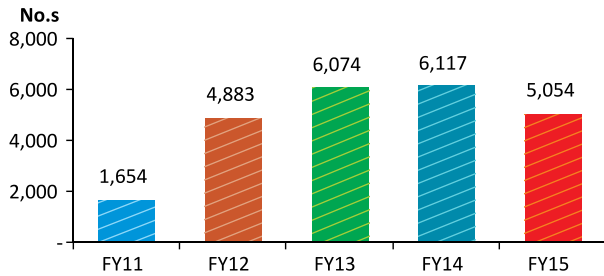
Number of assignments



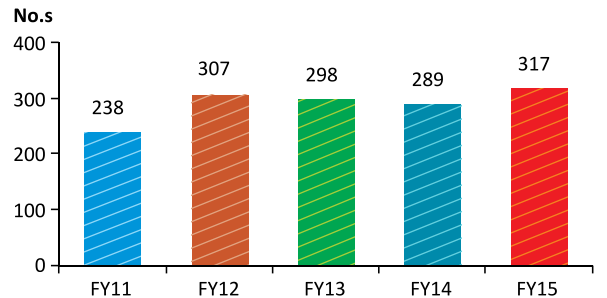
Number of Active clients



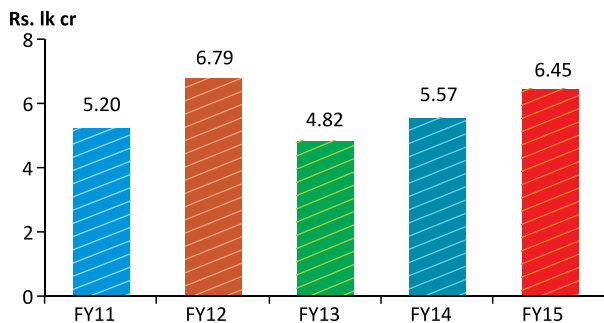
Bank Facility-No. of Instruments Rated



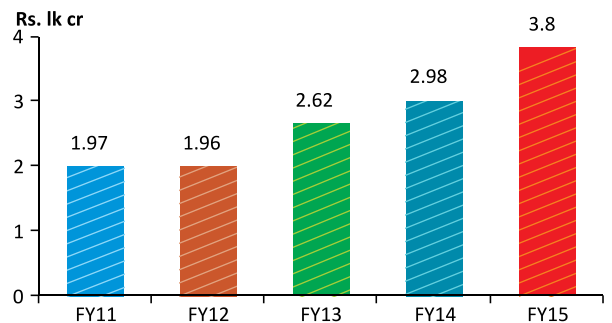
Debentures/Bonds-No. of Instruments Rated



Volume of Bank Facility Ratings Rated

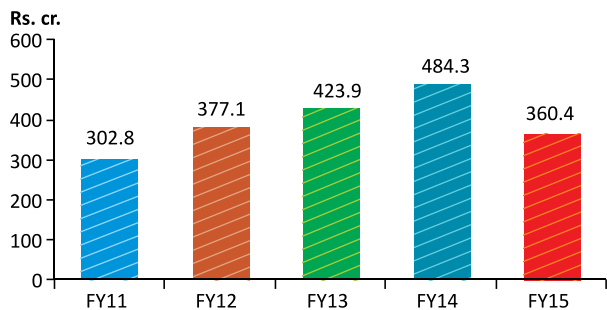


Volume of Debentures/Bonds Rated

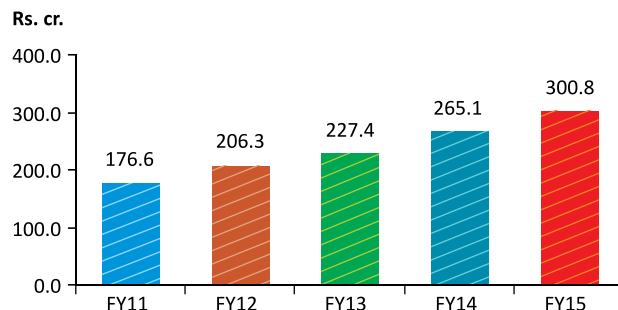


Value Creation

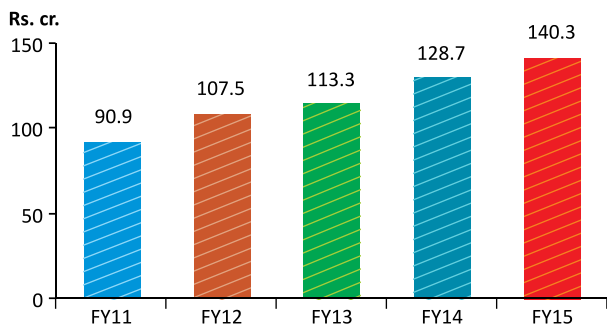
Network



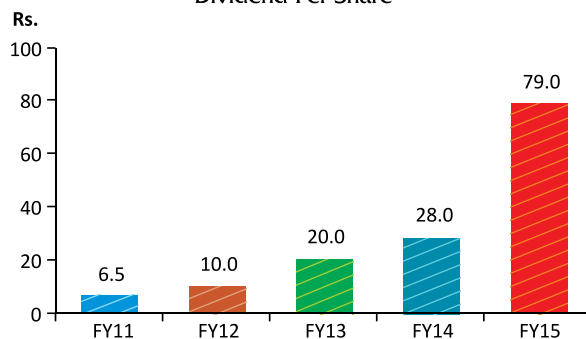
Total Income



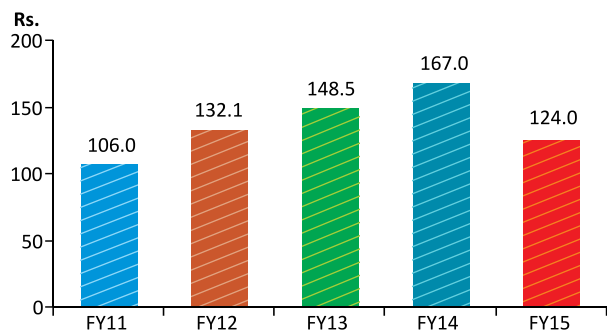
Profit After Tax



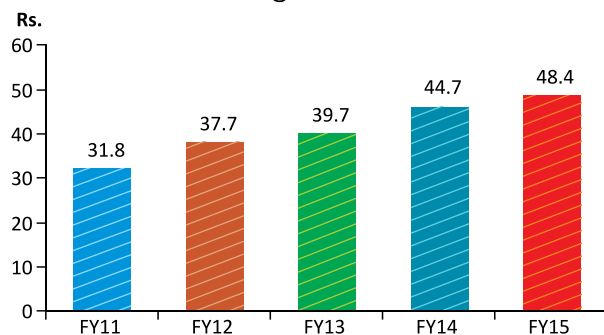
Dividend Per Share



Book Value Per Share



Earnings Per Share



21ST ANNUAL GENERAL MEETING (AGM)

CARE Ratings held its Annual General Meeting on September 29, 2014 at Y B Chavan, Mumbai



▶ (L-R) - **Mr. D. R. Dogra**, MD & CEO;
Mr. A. K. Bansal, Chairman & **Mr. Rajesh Mokashi**, Dy. MD



▶ **Mr. A. K. Bansal**, Chairman
address the shareholders



▶ **Mr. D. R. Dogra**, MD & CEO,
address the shareholders



▶ (L-R) - **Mr. D. R. Dogra**, MD & CEO; **Mr. A. K. Bansal**, Chairman
& **Mr. Rajesh Mokashi**, Dy. MD interact with the shareholders

▶ Interaction with shareholders



CARE RATINGS DEBT MARKET SUMMIT (CDMS 2015)

CARE Ratings hosted its flagship event CDMS 2015 at Hotel Taj Mahal Palace, in Mumbai on 23rd March '15.



1. Event venue - Crystal Room, Hotel Taj Mahal Palace, Mumbai.
2. Mr. D. R. Dogra, MD & CEO, CARE Ratings giving the welcome address.
3. Mr. D. R. Dogra, MD&CEO welcoming Mr. R. Gandhi, Dy. Governor, RBI, who was the Chief Guest of the summit.
4. Mr. R. Gandhi, Dy. Governor, RBI, delivering the special address.
5. From L-R, Mr. D. R. Dogra, MD&CEO, Mr. R. Gandhi, Dy. Governor, RBI & Mr. Rajesh Mokashi, Dy. MD, unveiling of CARE Ratings Debt Book 2015 - Snapshots & Perspectives.
6. Panelist for our session 1 discussion on 'Putting the corporate debt market in the take off mode' - L-R: Mr. D. R. Dogra, MD & CEO, CARE Ratings, Mr. Rashesh Shah, Chairman, Edelweiss; Mr. Seshagiri Rao, Jt. MD & Group CFO, JSW Steel Ltd.; Mr. S. K. Maheshwari, Group EVP, L&T Fin. Holdings & Mr. Anup Bagchi, MD&CEO, ICICI Sec.

CDMS 2015 CONT.....



7. **Mr. Rashesh Shah, Chairman, Edelweiss** giving his perspectives.
8. Panelist for our session 2 discussion on 'Institutional push for corporate debt market' - L-R: **Mr. Ananta Barua**, ED, SEBI; **Mr. Arvind Sethi**, MD & CEO, TATA AMC, **Mr. Nilesh Shah**, MD & CEO, Kotak Mahindra AMC, **Mr. Sankaran Naren**, CIO, ICICI PruMF, **Mr. Sashi Krishnan**, CIO Ins, Birla Sunlife, **Ms. Revati Kasture**, CGM, CARE Ratings.
9. **Mr. Ananta Barua, ED, SEBI**, giving his perspectives.
10. **Ms. Revati Kasture**, CGM, CARE Ratings giving her perspectives.
11. Panelist for our session 3 discussion on 'Banker's Forum' - L-R - **Mr. Rajesh Mokashi**, Dy. MD, CARE Ratings, **Mr. Nirmal Jain**, MD & CEO, IIFL Holdings, **Mr. Jayesh Mehta**, MD, Head of FICC & Coun. Tr, BoA, NA, **Mr. Manoj Gupta**, Co-Head, Debt Capital, Kotak Mahindra Bank
12. **Mr. Rajesh Mokashi**, Dy. MD CARE Ratings, delivering the vote of thanks.

ARC RATINGS IN INDIA Delhi & Mumbai – 5th & 6th November, 2015

The management team of ARC Ratings visited India and met key clients & media in Delhi and Mumbai. ARC Ratings is an International Rating Agency, of which CARE Ratings is the India partner



(From R-L) – **Mr. Rajesh Mokashi**, Dy. MD, CARE Ratings;
Mrs Swati Agrawal, CGM, *interacting with clients*

▶ **Mrs. Alexandra Mousavizadeh**, MD&CEO, ARC Ratings
interacting with the media personnel



▶ (Right) **Mr. Vitor Figueiredo**,
Head of Commercial, ARC Ratings



▶ **Mrs. Alexandra Mousavizadeh**, MD&CEO, ARC Ratings,
giving her presentation



Ms. Joan Vidra, Head of Sovereigns, ARC Ratings,
Q&A session

EVENTS



- 1) CARE Ratings was the knowledge partner at FICCI's 4th Annual Conference on 'Progressive Maharashtra – 2015' at Mumbai on Feb 12th, 15. **Mr. Devendra Fadnavis**, Hon'ble Chief Minister of Maharashtra (3rd from right) released the knowledge paper along with **Mr. D. R. Dogra**, MD&CEO, CARE Ratings (1st from right)
- 2) (1st from left) **Mr. Rajesh Mokashi**, Dy. MD, CARE Ratings was the speaker at FICCI's 4th Annual Conference on 'Progressive Maharashtra – 15' at Mumbai on Feb 12th, 2015. Seen here along with **Mr. Ajit Ranade**, Chief Economist, Aditya Birla Group.
- 3) CARE Ratings as knowledge partner @ 3rd Annual Maharashtra Economic Summit - 16th Jan 2015 - (3rd from left) **Mr. D. R. Dogra**, MD&CEO along with **Mr. Devendra Fadnavis**, Hon'ble Chief Minister of Maharashtra.
- 4) (From left) **Mr. Rajesh Mokashi**, Dy. MD, CARE Ratings with **Mr. Rajendra Adsul**, President - SME - MoU with Axis Bank on 4th June 2014 - partnership entailed Axis bank leverage on the credible ratings of CARE for lending in the SME segment.
- 5) (1st from left) **Mr. D. R. Dogra**, MD&CEO, CARE Ratings gives his presentation to **Mr. Kalraj Mishra**, Hon'able Union MSME Minister, GOI @ ICC event on Vision for globally competitive MSMEs, 20th Sept, 2014.

EVENTS



- 6) **Mr. D. R. Dogra**, MD&CEO, CARE Ratings speaking at *Business Rankers Award* on 19th July 2014 at Jaipur
- 7) (1st from Right) **Mr. D. R. Dogra**, MD&CEO, CARE Ratings participated in the ASSOCHAM Natl Conference on 'Growing NPAs in Banks' on 31st May, 2014, Delhi., along with **Mr. Gandhi**, Dy. Governor, RBI
- 8) (Left) **Ms. Revati Kasture**, CGM, CARE Ratings @ *ICAI conference* – Hotel Lalit – Mumbai - 6th Dec 2014
- 9) (3rd from left) – **Mr. Milind Gadkari**, CGM, CARE Ratings was one of the key panelist in the session on 'Funding & Financing Challenges' - @ FICCI's BIG 5 Construct India 2014, event on Sept 11-12, 2014, Mumbai.
- 10) **Mr. Yogesh Dixt**, EVP & Head SME, CARE Ratings was the speaker at FICCI's 4th Annual Conference on 'Progressive Maharashtra – 2015' at Mumbai on Feb 12th, 2015.
- 11) (1st from left) **Mr. Mehul Pandya**, CGM, CARE Ratings as a panelist for "Financial Services - Issues, Challenges and The Role of Credit Rating" at Business Management Symposium organised by PDPU, Gandhinagar on Nov.8, 2014.

PUBLICATIONS



KNOWLEDGE PAPERS



CARE RATINGS IN ELECTRONIC MEDIA

Mr. D. R. Dogra, Managing Director & CEO



Mr. D. R. Dogra, MD & CEO, CARE Ratings, speak to CNBC TV18



Mr. D. R. Dogra, MD & CEO, CARE Ratings, speak to ET Now



Mr. D. R. Dogra, MD&CEO, CARE Ratings speaks to NDTV Profit



1. Mr. D. R. Dogra, MD&CEO, CARE Ratings speaks to Bloomberg TV

Mr. Rajesh Mokashi, Deputy Managing Director



Mr. Rajesh Mokashi, Dy. MD, speaks with CNBC Awaaz



Mr. Rajesh Mokashi, Dy. MD, speaks to ET Now

MANAGEMENT QUOTES



“With the installation of the new Government and its focus on development of infrastructure, CARE Advisory received a fillip, with assignments completed in railways, coal and power sectors. The sustained focus on infrastructure development augurs well, not only for the economy, but also for CARE Advisory.”

P N Sathees Kumar,
Chief General Manager & CEO, CARE Advisory



“We at CARE are committed to continuously improving our systems and controls and adopt the latest best practices applicable to rating agencies”.

T.N. Arun Kumar,
Chief General Manager



“CARE’s leadership in the credit rating space viewed by both business numbers and financial performance has been reflected in the market with considerable investor interest. There is also acceptance that in this uncertain world credit rating agencies have a special role to play in the growth of the financial sector and overall development of the economy.”

Navin Jain,
Chief General Manager, Secretarial and Corporate Services



“Credit assessment is an indispensable tool which helps in making business decisions and is not limited in its scope to merely pricing of the credit. Rating agencies help bridge the information gap on credit quality and fill the space of independent opinion givers to all stakeholders.”

Revati Kasture,
Chief General Manager



“With the expertise built over the last two decades in assessing the financial health of the entities and given the large and diverse set of entities in its portfolio, CARE Ratings plays a valuable role in indicating and signaling the prevailing credit quality of the system and thereby the general business and economic scenario of the country.”

Milind Gadkari,
Chief General Manager

MANAGEMENT QUOTES



“Credit rating has been one of the important analytical measures for boosting the investors’ confidence be it at the level of economy, industry or an entity. Amid concerns over NPA levels in banks, corporate earnings and implementation of reforms in India, facilitating the easier credit flow and building trust among stakeholders is essential. CARE, being a premier credit rating agency, would continue to play a vital role in the Indian financial landscape though its rating services and knowledge based initiatives by providing independent opinion through rigorous analysis and sound policies backed by high standards of ethics.”

Mehul Pandya,
Chief General Manager



“Usually it is professed that credit ratings are formulas and figures driven. Essentially, the contemporary ratings are much more than just numbers and include in-depth business and industry understanding with cognitive analysis. In a vigorous economic epoch, characterized by novel complexities, CARE bridges the gap by providing astute analytical information to investors to take informed decisions. CARE is proud to have cohorts of executives who are adept and radical in making sound credit judgements.”

Swati Agrawal,
Chief General Manager



“At CARE Ratings we are constantly endeavouring to focus on the development needs of the sector. We have been positioning the tool of ratings centrally in the MSME sector, as the key driver of sustainability and growth. While on one hand ratings serve the basic need of risk assessment, which helps setting up an agenda for risk mitigation, our sharper focus has been on easing the access to credit for thousands of micro and small enterprises.”

Yogesh Dixit,
Chief General Manager

MANAGEMENT QUOTES



“Our leadership in coverage of large company segment has improved over the past year. We now have live coverage of 54% of the rated companies in ET-500. The second largest rating agency covers 40%. Our knowledge on local markets and across fixed income / credit spectrum provides an unparalleled advantage. Hence, CARE Ratings remains a preferred provider of ratings and research for the credit markets. We have an active structure for reaching out to investor community and serving their various needs. And we remain committed to growing our relationships with Investors and Issuers”.

Sanjay Agarwal
General Manager



“We have put in robust systems and processes at CARE Ratings, to ensure that we continuously inch towards best in class performance, be it Default Rates, Ordinality of Ratings or Rating Transitions.”

Amod Khanorkar,
General Manager



“Human Capital is the organizations’ greatest asset. Leadership is to find the right man for the right job, and leave it to the right man to do the job right. At CARE we value all our colleagues, that is what keeps us ahead of competition”.

Saikat Roy,
General Manager



“Keeping up the curve in Information technology, IT at CARE Ratings is delivering mobility and Web based platforms for business and operations. Apart from delivering unified IT platforms IT is walking path of Green IT with reduction in carbon foot print and paper usage. Enablement is done by implementing applications and document management suite.”

Umesh Ikhe,
Chief Technology Officer



“Our consistent performance in terms of financial indicators does reflect the strong fundamentals of your company. We would be working towards maintaining such performance in 2015-16 with renewed and focused strategies in line with the changing environment.”

Chandresh Shah,
Chief Financial Officer

HIGHLIGHTS

Business

- Is the second largest credit rating agency in terms of rating income.
- Rated a large volume of debt of around Rs. 67.96 lakh crore (as on March 31,2015) and completed 39,354 rating assignments since inception.
- Client base has increased from 7,754 in FY14 to 9,828 in FY15.
- Total number of assignments rated in FY15 were 7,973. The number of bank facilities rated were 5,054 and the number of debentures rated were 317.
- PAT margin of 49% in FY15 (highest in the industry).
- Healthy cash position of Rs.330 crs as of 31 March,2015.
- A special dividend of Rs. 65 per share was paid. Hence dividend payout ratio increased from 74% in FY14 to 192% in FY15.
- CARE has the highest share in BS top 1000 companies, ET top 500 companies and FE top 500 companies.
 - o Rated 384 of the 858 rated companies of the BS top 1000 companies (45% share).
 - o Rated 241 of the 444 rated companies of the ET top 500 companies (54% share).
 - o Rated 232 of the 445 rated companies of the FE top 500 companies (52% share).

Firsts

- CARE Ratings developed and launched a Debt Quality Index called CDQI. The Index denotes the quality of debt in the country that can be interpreted over time and juxtaposed with other developments in the financial sector.
- CARE Ratings launched rating of Real Estate Investment Trusts (REITs).
- Rated the first Green Infrastructure bond
- CARE is empanelled by Government of Karnataka for rating of Tourism sector in the state

Global Operations

- ARC Ratings, launched in January 2014 commenced operations and has completed sovereign ratings of India, Malaysia, Mauritius and Portugal in FY15
- CARE has also obtained a license for doing business in Mauritius. The subsidiary company CARE Ratings (Africa) Private Limited (CRAF) was launched on 3rd August 2015.

CARE CALENDAR 2014-2015

April 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the YES Bank Best CFO Jury meeting on 25th April' 14.
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE Ratings at the Seminar on 'Opportunities for Retirement Funds in wake of New Investment Pattern' organized by A.K. Capital Services Ltd. On 25th April' 14 in Bangalore.

May 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the Kotak investor conference in Mumbai.
- Mr. D. R. Dora, Managing Director & CEO, represented CARE Ratings at the National Conference on 'Growing NPAs in Banks: Efficacy of Ratings Accountability & Transparency of Credit Rating Agencies' organized by ASSOCHAM in New Delhi.
- Mr. Dinesh Sharma, Regional Head Bangalore, represented CARE Ratings at an MSME event organized by the Bank of India presenting on 'MSMEs and their Prospects' in Bangalore.
- Mr. Divyesh Shah, AGM and Mrs. Rajashree Murkute, AGM, represented CARE Ratings at the Axis Bank Corporate Office where they made a presentation on the 'Real Estate Sector- CARE's Perspective' and 'Road Sector- CARE's Perspective' respectively.

June 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the TRINITY India Conference organized by B&K Securities.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the 'STFC Bankers Meet' in Cape Town, South Africa.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the Nirmal Bang investors meet.
- Ms. Revati Kasture, Chief General Manager, represented CARE Ratings at the First National Seminar for Women Chartered Accountants organized by ICAI's Women Empowerment Committee in New Delhi.
- Ms. Smita Rajpurkar, AGM, represented CARE Ratings at the 'Study Circle Meet' of the CA Institute.

July 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the Business Makers Award held in Jaipur.
- Mr. Manek Narang, AGM delivered a lecture on 'New Perspectives of Finance in the Changing Economic Scenario' to the students of the Masters in Business Economic Programme of the University of Delhi in New Delhi.
- Mr. Sudhir Kumar, AGM, made a presentation on 'The Credit Perspective on NTPC Ltd.' to the lenders to NTPC.

August 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the 'Axis Capital BFSI Conclave 2014' held in Mumbai.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the Credit Summit organized by AIWMI.
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE Ratings at the Symposium on Microfinance and Social Performance Management- 2014 organized by Maanaveeya Development & Finance Pvt Ltd.
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE Ratings at the VC Circle Financial Services Investment Summit 2014 where he was a key panelist in the session pertaining to 'Associated Risk & Mitigation Strategies, NPA resolution and reassessing the role of data & information in disciplining financial services space'
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE Ratings at the 'Securitization Summit 2014' organized by Vinod Kothari Consultants Pvt Ltd where he was a panelist and made a presentation on 'Bringing new class of investors on table'.
- Mr. Mehul Pandya, Chief General Manager, was a Chief Guest at the Goa Institute of Management where he made a presentation on 'Valuation, Issues and Challenges'.

September 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the SIMSREE Finance Forum- FISCUS in Mumbai.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the Best CFO Awards.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the MSME Financing and Strengthening MSME Linkages: National Conference & Round Table Meetings.
- Mr. Milind Gadkari, Chief General Manager, was a panelist at the 'Big 5- construct India 2014' Summit organized by FICCI.
- Mr. Dinesh Sharma, Regional Head, made a presentation on 'Credit Rating in India' at the Corporate Leadership Conclave 2014 in Bangalore.
- Mr. Dinesh Sharma, Regional Head, represented CARE Ratings at an event, 'Entrepreneur Dialogue' organized by Franchise India where he made a presentation on 'Credit Rating and Risk Management' in Bangalore.

October 2014

- Mr. Milind Gadkari, Chief General Manager, was a Panelist for the discussion on 'risks in Infrastructure Financing' held at NIBM, Pune.
- Mr. Sudhir Kumar, AGM, represented CARE Ratings as a Speaker at the 'Round Table on Coal Block Cancellation: The impact and the way out' organized by ASSOCHAM.
- Mr. Sudhir Kumar, AGM, made a presentation at the Punjab National Bank on 'Credit Perspective on the Steel Sector'
- Mr. Divyesh Shah, AGM, represented CARE Ratings at FICCI's 11th Annual Real Estate Summit 2014 called 'Think Smart: Scale Up and Redefine Indian Real Estate'

November 2014

- We hosted delegates from ARC Ratings who visited New Delhi and Mumbai as a part of their first sovereign rating assignment for India.
- We held a seminar for ARC Ratings delegates and clients in New Delhi.
- We held a seminar for ARC Ratings delegates and clients in Mumbai.
- Mr. Mehul Pandya, Chief General Manager, represented CARE Ratings as a Speaker and Panelist on 'Financial Services- Issues, Challenges and the role of Credit Rating' at the 'Business Management Symposium' organized by Pandit Deendayal Petroleum University.
- Ms. Priti Agarwal, JGM, made a presentation on the 'NBFC Business Model' to the Board of West Bengal Infrastructure Development Finance Corporation Ltd. in Kolkata.
- Mr. Mehul Pandya, Chief General Manager, was a panelist and speaker at the Leadership Meet Conclave organized by Apollo Hospital where he spoke on Customer Perspective, in Ahmedabad.

December 2014

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the 29th Regional Conference of ICAI held in Mumbai.
- Mr. T. N. Arun Kumar, Chief General Manager, represented CARE Ratings at the 'Optimizing WACC and sustainable growth: Long term debt and Short term debt' conference organized by CII Chennai.

January 2015

- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at 'Vibrant Gujarat' event in Ahmedabad.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the SME event organized by the Maharashtra Economic Development Council. We were a knowledge partner for this event and contributed by way of a knowledge paper which was released by the CM, Mr. Devendra Fadnavis.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the Golden Maharashtra Manufacturing Summit. We also prepared a knowledge paper for this event.

February 2015

- We were a knowledge partner at FICCI's 'Progressive Maharashtra 2015' Summit.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at the 'Progressive Maharashtra: 2015' summit organized by FICCI where he spoke about the knowledge paper prepared by CARE Ratings.
- Mr. Rajesh Mokashi, Deputy Managing Director, represented CARE Ratings at the 'Progressive Maharashtra 2015' Summit organized by FICCI where he spoke about the Challenges and Opportunities in the Manufacturing Sector'
- Mr. Amod Khanorkar, General Manager, represented CARE Ratings as a Panelist for the session on 'Make in Maharashtra: Creating Infrastructure of Tomorrow' at the 'Progressive Maharashtra 2015' Summit organized by FICCI.
- Mr. Yogesh Dixit, Chief General Manager, represented CARE Ratings as a Panelist on the session ' Make in Maharashtra: Exploring Untapped Potential of Sunrise Sectors & MSMEs'
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at a SIDBI event where he made a presentation on the credit rating of MSMEs.
- Mr. D. R. Dogra, Managing Director & CEO, represented CARE Ratings at an event at Symbiosis University, Pune where he spoke on a market participant's perspective of the emerging regulatory landscape.

March 2015

- We held a successful seminar called 'CARE's Debt Market Summit: 2015 '(CDMS- 2015) at the Taj Mahal Palace Hotel in Mumbai where Mr. R. Gandhi, Deputy Governor of the Reserve Bank of India was the Chief Guest. The seminar was spread over three sessions where eminent speakers from the industry shared their views on the various elements of the debt market in India. There was good participation from clients at CDMS- 2015.
- We released CARE Ratings' Debt Book 2015- Snapshots & Perspectives, at the Debt Market Summit.

Other Events/Participation

- We organized 18 Knowledge Sharing Events over the year.
- We participated in 29 seminars/events during the year where our colleagues shared their views.
- We interacted with investors in conferences held by various broker agencies. These meetings had involvement of the MD & CEO, Dy. MD & CFO.
- We held investor conference-calls after our results were announced where the top management made a presentation on the results and answered questions pose by the audience

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Second Annual Report of your Company along with the Financial Statements for the year ended March 31, 2015.

Financial Performance

Certain key aspects of your Company's performance (on a standalone basis) during the financial year ended March 31, 2015, as compared to the previous financial year are summarised below:

| Particulars | (Rs. Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| Income from Operations | 25,721 | 22,946 |
| Other Income | 4,356 | 3,566 |
| Total Income | 30,077 | 26,512 |
| Total Expenditure | 10,139 | 8,572 |
| Profit Before Tax (PBT) | 19,938 | 17,940 |
| Provision for Tax | 5,905 | 5,073 |
| Profit After Tax (PAT) | 14,033 | 12,867 |
| Balance brought forward from previous year | 29,161 | 27,263 |
| Appropriations | | |
| Interim Dividend | 20,589 | 5,193 |
| Tax on Interim Dividend | 3,499 | 883 |
| Final Dividend | 2,320 | 2,900 |
| Tax on final dividend | 472 | 493 |
| Transferred to General Reserve | 1,500 | 1,500 |
| Balance carried forward | 14,814 | 29,161 |

Total income increased by 13.4% during the year on account of an increase of 12.1% in income from operations and 22.2% in other income. Higher income from operations was due to the higher volume of debt rated in both the long and medium term debt and bank loan rating segments. This was supported by surveillance income.

Total expenditure increased by 18.3% which was mainly due to higher expenditure on staff as the overall strength had also increased from 594 to 655 during the financial year and as also due to the amortization of ESOP expenses. Growth in profit before tax was at 11.1% and net profit 9.1% as provision for taxes increased by 16.4%.

Dividend

Your Company paid a total dividend of Rs 205.89 crore (Rs. 71/- per share) and has recommended Rs. 23.20 crore (Rs. 8/- per share) as final dividend for 2014-15 at the ensuing Annual General Meeting. The dividend would be paid in compliance with the applicable rules and regulations.

Transfer to reserves

Your Director recommends to transfer Rs. 15.00 (Fifteen) crore to the General Reserve of the Company.

Share Capital

The Authorised Share Capital of your Company is 3,00,00,000 (Three Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each amounting to Rs.30,00,00,000/- (Thirty Crore Only) and the Paid-up Share Capital is 2,89,99,122 (Two Crore Eighty Nine Lakhs Ninety Nine Thousand One Hundred Twenty Two Only) Equity Shares amounting to Rs.28,99,91,220/- (Twenty Eight Crore Ninety Nine Lakhs Ninety One Thousand Two Hundred Twenty Only). There was no change in share capital of the Company during the year under review.

Economic Backdrop

The formation of a strong government at the centre in May 2014 held strong promise and hope for the economy which had decelerated considerably in 2013 and 2014 due to a number of reasons – both domestic and global. The government started off its business by bringing in several changes in the style of functioning and cleared stalled projects which had slowed down or got stalled for various reasons. By successfully carrying out the auctions in spectrum as well as coal, two stumbling blocks were cleared. The projects especially in the power sector should benefit from these auctions. However, other issues such as land reforms and environment still are challenges for investors that have come in the way of investment especially in infrastructure.

Overall growth in GDP came in higher at 7.3% in FY15 compared with 6.9% in FY14, which is based on a new methodology computed by the CSO in line with global definitions where GDP is reckoned on 2011-12 prices but at basic market prices. This higher growth rate however has been at odds with the physical indicators such as growth in the index of industrial production, banking sector, trade and transportation. This has led to the conclusion that at the ground level we still have to see a takeoff to a comparable extent.

Further the corporate performance of companies (excluding banks) was quite disappointing. For a set of 3,558 companies studied by us growth in net sales turned negative in 2014-2015 at 4.5% while net profit also declined by 1.7%. The interest cover ratio had come down to a low of 2.79 in the last 5 years indicating pressure on their P & L accounts. While low inflation did help to keep costs under check, their pricing power on the whole was also affected with the WPI for manufactured products showing a marginal decline of 0.2% in 2014-2015.

The government did continue to pursue the path of fiscal consolidation and targeted a deficit ratio of 4.1% for the year. However, with growth not picking up to the expected extent, certain expenditures had to be pruned towards the end of the year, which while helping to attain the fiscal targets affected overall investment. Capital formation declined in 2014-2015 with private investment also remaining dormant. Hence, the investment climate did not improve during the course of the year.

The financial system in turn came under pressure with banks' being affected by a combination of factors. Growth in credit remained low at 9.5% with the retail and agriculture segments being the only ones to show high growth. This was also in sync with the lower growth in bank deposits which were of the order of 11.4% in 2014-2015 as against 14.5% in 2013-2014. Growth in credit to manufacturing and services remained low at 5.6%. With overall growth still being low, the NPAs of banks continued to increase and were at 4.6% in 2014-2015 as against 4.1% in 2013-2014. Restructured assets had cumulated to an outstanding of Rs 2,86,405 crore as of March 2015. During the year Rs 56,995 crore was withdrawn while there was successful exit from Rs 59,604 crore. Therefore, the banking sector too was fairly subdued. Also the public sector banks have had problems of capitalization which are being addressed by the government appropriately in course of time.

The RBI had introduced the concept of banks raising infra bonds in the market without the CRR and SLR stipulations to channel more funds to the infrastructure sector. This led to an increase in the issuance of debt in the market. However, while the overall level of debt raised was Rs 4.34 lakh crore in 2014-2015 compared with Rs 3.13 lakh crore in 2013-2014, the issuances from non-financial segment remained low. This could be attributed to the fact that capacity utilization levels in industry was still low at 71.7% as of December 2014 and the commencement of the stalled projects was still limited. Other issues such as land and environment have to be dealt with.

The RBI on its part had also followed a conservative monetary policy and was watchful of CPI inflation which was targeted at 8% for January 2015 and 6% for January 2016. With inflation coming down towards the end of calendar 2014, the RBI did lower rates twice in January and March by 25 bps each. However, the transmission has been a bit sluggish even though some banks have lowered their base lending rates. GSec yields on the other hand have moved from an average of 8.8% in March 2014 to 7.75% in March 2015 for the 10-year benchmark.

On the positive side the country's balance of payments had improved substantially with the CAD coming down to 1.3% for 2014-2015 and with good inflows of FII funds into the markets, the forex reserves increased by \$ 30 bn during the course of the year. Hence, while the rupee had declined from an average of Rs 61.01/\$ in March 2014 to Rs 62.45/\$ in March 2015, it continued to be one of the better performing currencies in the global context. India was less affected by the expectation of the Federal Reserve increasing their interest rates, which now appears to be possible in the last quarter of calendar 2015. The rupee had withstood quite commendably the rollback of the quantitative easing programme of the Fed which started in late 2013.

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

Business Operations

Your Company continues to follow the strategy of working on building the ratings book in terms of both widening the client base as well deepening the same. Your Company has now completed 39,354 rating assignments since inception to March 2015. The cumulative amount of debt rated has increased to about Rs. 68 lakh crore as of March 2015 from Rs. 57 lakh crore as of March 2014, which is around 54% of GDP at current market prices. As of March 2015, we had business relationships with 9,828 clients (7,754 in March 2014). This approach will continue to be pursued in the coming years to ensure that we are able to grow the business as the economy revives and more investment takes place.

| Instruments | Number of assignments completed | | Volume of debt rated (Rs. crore) | |
|----------------------|---------------------------------|--------------|----------------------------------|-----------------|
| | 2014-2015 | 2013-2014 | 2014-2015 | 2013-2014 |
| Short & Medium Term | 123 | 52 | 72,434 | 31,172 |
| Long term | 317 | 289 | 379,768 | 298,294 |
| Bank facility rating | 5,054 | 6,117 | 6,45,032 | 5,56,610 |
| Others | 2,479 | 1,407 | - | - |
| Total | 7,973 | 7,865 | 10,97,234 | 8,86,076 |

As indicated in the table above, the total number of rating assignments completed during 2014-2015 grew by 1.4% while the aggregate volume of debt rated recorded a significant increase of 23.8%. The growth in volume of debt rated is attributed to the significant increase of 29.6% in volume of debt for medium and long term instruments. Besides, the volume of debt of bank facilities which accounts for a larger portion of 59% of the total debt rated too increased by 15.9% contributing significantly to the aggregate debt rated. The higher volumes of debt rated on a lower growth in assignments does indicate an increase in the average ticket size of an assignment.

The higher business volumes can be attributed to increase in the number of clients as well as number of assignments. The total number of active clients has increased continuously over the years from 711 in 2008-09 to 9,828 in 2014-15. In 2013-14 there were 7,754 active clients. We added 3,878 new clients in the current year.

Business during the year

Large and Medium Enterprises (LME)

The overall increase in business levels can be attributed to the effort put in by the business teams to widen the customer base where a focused approach was followed. Also our client retention approach included deepening the relationship with the companies so as to increase the overall size of the debt rated by your Company. Given the competitive nature of our business we had focused separately on the larger companies to increase the depth of the relationship.

CARE retained the leadership position in terms of highest coverage in the Economic Times (ET) Top 500 companies in 2014-15 with a share of 54% of a sub-sample of 444 rated companies as per the published accepted ratings on the websites of rating agencies. Your Company also accounts for the highest coverage in Business Standard (BS) Top 1000 companies with a share of 46% of the universe of 858 rated companies (as per published accepted ratings of various rating agencies) in 2014-15. Your company had a share of 52% in the sample of rated 445 Financial Express (FE) Top 500 companies.

Your Company has also widened its reach by having our business development team in 69 locations. We had opened a branch in Coimbatore during the course of the year.

New Products

We have been in the forefront of launching new products and this has been in the field of both ratings and grading. In this context, we rated the first Alternative Investment Fund (AIF) which is an opinion on the asset selection ability and asset management capabilities in their respective segments for these schemes. These ratings are based on the evaluation of the sponsor, evaluation of the asset management company, investment process adopted by the asset management company (AMC), risk management systems and operations /technology set up.

CARE also rated the first green infrastructure bond issued by YES Bank. Also ITI grading has been launched for rating of industrial training institutes under Directorate General of Employment and Training (DGE&T).

We are also the first CRA to launch the rating of Real Estate Investment Trusts (REITs) which are corporations or trusts which utilizes the pooled capital of many investors to purchase, and in most cases, operate income-producing real estate such as offices, apartments, shopping complexes, hotels and warehouses. CARE's Rating of REIT fund is an opinion on the REIT's investment quality, based on the fundamental assessment of the REIT.

Your Company has also been accredited by the Government of Karnataka for launching a grading product for tourism facilities. Facilities with a certain level of rating would be entitled to several concessions from the state government.

Small and Medium Enterprises (SME)

The SME Vertical took several initiatives during the year to streamline internal processes with increased level of automation. With these initiatives the processes became more robust to handle large volume business with higher efficiency and dependability. Central MIS was strengthened to track end to end movement of cases from origination to completion.

CARE's SME team collaborated with the office of the Development Commissioner – MSME, Ministry of MSME, in developing a rating model for enterprises with ZED (Zero Effect Zero Defect) orientation under the Make in India campaign. The rating model will also be utilized for identifying capable enterprises for availing of business opportunities under Defence Offset Policy of the Government of India.

In 2014-2015, CARE had rated 1,832 SMEs under the NSIC scheme compared with 1,047 in 2013-2014. The NSIC provides a subsidy to MSMEs for obtaining a rating from a recognized credit rating agency. This scheme has been in operation since 2005-06. The subsidy is a part of the Union Budget allocation which is presented annually. For the year 2015-16, the government has reduced this subsidy from Rs 85 crore (revised figure for 2014-15) to Rs 26 crore in 2015-16.

Your Managing Director and CEO, Mr. D. R. Dogra has been appointed a member of the task force constituted during the year by the Ministry of Finance under the Chairmanship of CMD, SIDBI. The task force has been formed for developing a Common Rating Model to help MSMEs access credit from the banking system in a smooth manner. CARE's SME team supported SIDBI in holding discussions with bankers, Indian Banks' Association and other rating agencies on the subject.

Knowledge dissemination

CARE does believe that all ratings have to be based on strong research at both the macro and industry levels as the prospective behaviour of the Company would be contingent on both the industry and economy performance. Therefore, we do invest in skills to ensure that there are regular reports brought out on various aspects of the subject that are used both internally as well as disseminated extensively to our clients and the media.

Future prospects and Outlook of the Company

The future outlook for the Company will be dependent largely on how the economy performs with the focus being on investment. As the core strength of the Company is on rating of debt and bank loan instruments, the volume of business will be mainly driven by credit activity in the market. Given the measures taken by the government since June 2014, there does appear to be renewed sentiment which is also manifested in some movement in investment activity in the first few months of the year, though the picture is still mixed. It is however expected that there will be some traction in GDP growth involving investment which will be positive for your company. This should provide some positive impetus to the debt market and bank lending.

The future prospects would also be contingent on the structure of interest rates which though moving downwards can be reversed if inflation begins to increase. The RBI has buffered in an inflation rate of 6% based on present conditions for early calendar 2016. Any disruption in the supply flows or a reversal of downward movement in commodity prices can impact the pace of change in interest rates. While the probability of this risk materializing is low, it would still be a factor that will impact the debt and credit markets and hence the rating business.

Your Company would however continue to look at also enlarging the customer base from within and deepen the relations with existing customers so as to improve business.

Economics

The Economics Division continues to provide near real time global and domestic economic updates through reports that are released almost immediately after economic announcements are made. There are standardized reports which are brought out immediately after data releases such as industrial growth, GDP, inflation, budget, monetary policy etc. Special studies include a Prognosis for the fiscal which is reviewed once during the year, investment trends, FDI, ECBs etc. Also corporate studies, where a set of companies is analyzed at various levels, are brought out every quarter so that the analysts too are aware of how the industries are performing when doing their own rating exercises.

Your Company also brings out a daily debt market update which is circulated just after the RBI brings out its press releases as well as a monthly Debt Market Review which is a compendium of all developments during the period.

Sector specialists

Your Company has also carved out sector specialists from the ratings personnel which includes experts in specific industries, who bring out sector specific reports on a regular basis. Besides, these sector specialists do bring out reports on any topical development in their areas of specialization so that CARE's views on the sector and policy are known.

SME Newsletter and Digest

Addressing the specific requirements of the SME sector, we have been bringing out a daily news letter covering all news of interest in this segment as well as a monthly digest that is widely circulated. These reports are put on our website: www.careratings.com for public viewing and mailed to all our clients. All these reports are also circulated widely to officials in the government, banks, mutual funds, investors, clients, economists and media so as to circulate CARE Ratings' views to a larger audience. Select reports are also printed and sent to opinion makers and government officials.

Branding and Media

Brand building is a continuous exercise and special attention is paid to improving our visibility in the media. The listing of your Company on the bourses has been very useful in ensuring that CARE performance is reported and analyzed on a continuous basis. Besides the mandatory filings on the stock exchanges and media, we do have discussions with analysts and investors from time to time. Your MD and DMD are interviewed by the leading business news channels whenever results are announced where they share their perspectives about our performance. Presentations on the same are put up on the company web site as well as those of NSE and BSE for viewing by investors and other interested parties.

CARE has been a knowledge partner for several conferences where a knowledge report prepared by the Economics or the regional teams serves as the background for the conference. These associations have been with organizations like CII, FICCI, Indian Chambers of Commerce, SME Chamber of Commerce, ASSOCHAM etc. We also have top management participation in these seminars with speaker sessions besides being present at the time of unveiling the knowledge paper. All this ensures that there is significant branding of the company in all these forums. Besides, we do encourage all our staff members to participate in seminars so as to enhance the vision of CARE in various forums besides enabling to also grow in profile.

As a continuation of our objective of being a thought leader, we held a CARE Debt Market Summit-2015 (CDMS-2015) in Mumbai in March 2015 which was graced by RBI Deputy Governor Mr R. Gandhi. Mr Anant Barua, Executive Director SEBI also chaired and monitored a session. The half day seminar had three sessions where several CEOs, CFOs, Investment heads of mutual funds and insurance companies expressed their views in an interactive manner with the audience.

CARE has also been holding various webinars to reach out to the concerned audience on various industries where our sector specialists interact with them through this medium.

Top Management representation

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

Mr. D. R. Dogra, Managing Director & CEO was a jury member for the Business Today -YES Bank CFO Awards, Business Rankers Awards and ICAI Awards held during the year. He has been a panelist at various seminars including among others, the National Conference on Growing NPAs organized by ASSOCHAM, Axis Capital BFSI Conclave, Trinity India Conference organized by B&K Securities. He was also a panelist at FICCI's 'Progressive Maharashtra 2015' Conference held in Mumbai in February '15.

Mr. Rajesh Mokashi, Deputy Managing Director made presentations at the Seminar on 'Opportunities for Retirement funds in wake of New Investment Pattern organized by A.K. Securities in Bangalore. He was also a panelist at the Symposium on Microfinance and Social Performance Management organized by Maanaveeya Development & Finance Ltd and at the 'VC Circle Financial Services Investment Summit 2014'. He was also a panelist at the 'Securitization Summit 2014' organized by Vinod Kothari Consultants Pvt. Ltd and at the 'Progressive Maharashtra 2015' summit organized by FICCI.

IT initiatives

During the year our IT initiatives were focused on improving, optimising and thus efficiently managing IT infra and software by using open source tools. We added new modules and reporting to core business application Ci3 to handle new businesses. We have implemented applications using open source software and tools for IT Infra monitoring and asset management.

We also took steps in spreading IT Security and general Awareness campaigns through monthly newsletter, posters and training sessions. This helped in spreading new Ideas to create awareness on information security, vulnerabilities and also update the staff on IT in general.

ISO Certification

CARE has been ISO 9001:2008 certified for its credit rating of debt instruments/facilities, various grading services and its data processing services at CARE Knowledge Centre since 2011. The certification, which was valid for three years, was renewed in 2014 by Systems and Services Certification (SSC) agency – SGS India Private Limited, for a further period of three years after a rigorous audit. It covers all offices of CARE in India and reflects high quality standards set by CARE in delivery of its services to various stakeholders. CARE continues to remain committed to provide Ratings which provide value added information to serve investors and other users in a timely manner.

CARE in global space

Our global ventures have made significant progress since last year. ARC Ratings has already started assigning ratings to various sovereigns with India being the first one followed by Malaysia, Mauritius, and Portugal. The ARC Ratings teams had interactions with various government officials, multilateral institutions, and academics on their visits to India for doing the sovereign rating in late 2014. Also as part of business development, they were introduced to our own clients who do raise funds from global markets on a regular basis. Two such interactive meetings were held in New Delhi and Mumbai for this purpose. We are hopeful that some of them would turn to ARC Ratings for a global rating when accessing these markets.

We have also obtained a licence for doing business in Mauritius and will operate under the banner of CARE Ratings (Africa) Private Limited (CRAF). This venture is based on a MOU signed with partners, MCB Equity Fund Limited (Mauritius Commercial Bank - MCB Group) and SBM (NFC) Holdings Limited (State Bank of Mauritius – SBM Group). CRAF commenced operations in August 2015 and has completed its first assignment.

Human Resources

We do value our human resources as for a business like ours, it is people who matter. While we are very selective when recruiting staff for various responsibilities, once in the organization, we do work towards enhancing their skills and giving them wide exposure. To this extent, we have a comprehensive induction programme that runs parallel to the work schedule in the office. These sessions are conducted by experts within the organization. This way the ratings analysts in particular are better able to relate with their work as the technical class room sessions are linked to their own work.

As of March 31, 2015, we had 655 Employees spread across the country which marks an increase over the 594 staff strength as on March 31, 2014. Around 85% of the staff is professionally qualified in the areas of management, CAs, CS, legal, economics, engineering etc. holding professional qualifications or post graduates.

The company has also announced to reimburse the fees for relevant professional courses such as CFA and FRM programmes by the employees with effect from April 2014.

Depository System

Your Company's equity shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2015, 99.97 % of the equity shares of your Company were held in dematerialised form.

Extract of Annual Return

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

Number of Meetings of the Board

The Board met 10 times during the year during the financial year viz May 07, 2014, May 20, 2014, June 04, 2014, June 13, 2014, July 31, 2014, September 15, 2014, October 06, 2014, November 14, 2014, December 24, 2014 and February 10, 2015.

Directors Responsibility Statement

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2015 and of the profit of the Company for the year ended on that date.

- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. They have prepared the annual accounts for financial year ended March 31, 2015 on a 'going concern' basis.
- v. They have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. They have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration by Independent Directors

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Policy on Directors' appointment and remuneration

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

Particulars of Loans, Guarantees or Investments under Section 186

Your Company has not given any Loans, provided Guarantees and made Investments covered under the provisions of Section 186 of the Companies Act, 2013.

Particulars of Contracts or Arrangements with Related Parties

All transactions entered into during the financial year 2014-15 with Related Parties as defined under the Companies Act and clause 49 of the Listing Agreement were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, 2013 with related parties which could be considered material under the Listing Agreement. Accordingly the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable.

As required under Clause 49(VIII) of the Listing Agreement, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at www.careratings.com.

Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is as follows:

Conservation of Energy & Technology Absorption

As your Company is not engaged in any manufacturing activity, the particulars relating to conservation of energy and technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are not applicable.

Foreign Exchange Earnings and Outgo

During the year under review, the Company has earned a foreign exchange of Rs. 99,88,231/- and has spent a foreign exchange of Rs. 83,03,822/-.

Risk Management Policy

Your Company has formulated a risk management policy to ensure that every effort is made to manage risk appropriately so as to maximize potential opportunities and minimize the adverse effects of risk. As required under Clause 49 of the Listing Agreement, your Company has constituted a Risk Management Committee consisting of an Independent Director, Executive Director and Senior Management Personnel to identify and assess business risks and opportunities. The business risks identified are reviewed by the Risk Management Committee.

Corporate Social Responsibility

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Policy has been devised on the basis of the recommendations made by the CSR Committee. The CSR Policy of the Company and details about the development of CSR Policy as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in CSR Report appended as **Annexure III** to this Report along with reasons for not spending any amount under CSR in the financial year 2014-15.

Vigil Mechanism – Whistle Blower

The Company has established a vigil mechanism for directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report and also posted on the website of the Company www.careratings.com

Annual Evaluation of Performance of the Board

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board assessed and evaluated the effectiveness of its functioning and that of the Committees and of the individual Directors on the basis of criteria such as skills, knowledge, discharge of duties, level of participation at the meetings etc., on the issues to be discussed.

Subsidiary Companies

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

- 1) **CARE Kalypto Risk Technologies and Advisory Services Private Limited:-** In November, 2011, the Company had acquired 75.13% stake in this company and during the financial year 2014-15, acquired the balance 24.87% shares of this company making it 100% subsidiary of your Company. A new CEO has been appointed to head the company.

During 2014-15, CARE Advisory, a part of CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. undertook ten assignments. This included formulation of Guidelines for valuation of securities for an NBFC, appraisal of a railway project, feasibility study for a medical college in an African Country, formulation of business plans for a Central PSU and an NBFC, funding options for a 1600 MW power project, independent review and validation of ICAAP for a PSU Bank and risk analysis for change of off-take terms for a power project. Clients included Banks, NBFCs and Central public sector undertakings. During the year, the mandate for developing a Credit Rating Model for MSMEs with embedded Green parameters, a project sponsored by World Bank, was under execution.

- 2) **CARE Ratings (Africa) Pvt. Ltd (CRAF):-** The Company was incorporated on December 12, 2014 in Mauritius. Further CRAF received the licence from the Financial Services Commission, Mauritius on May 07, 2015 for credit rating operations.

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

Material Non-Listed Indian Subsidiary

There is no material non-listed Indian subsidiary of your Company as on March 31, 2015.

Performance and Financial Position of Subsidiary, Associate and Joint Venture Company

As required under Section 129 of the Companies Act, 2013 and Clause 32 of the Listing Agreement, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards and forms part of the Annual Report. A statement containing the salient features of the Financial Statements of the subsidiaries, joint ventures and associate companies in Form AOC-1 as required under Rule 5 of the Companies (Accounts) Rules, 2014 forms part of the Annual Report.

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

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

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

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

Instances of fraud, if any reported by the Auditors

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

Internal Financial Control System

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

Directors and Key Managerial Personnel

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

During the year Ms. Bharti Prasad (DIN 03025537), Independent Director resigned with effect from August 23, 2014 and Mr. S. Venkatraman (DIN 00246012), Independent Director who was liable to retire by rotation and eligible for re-appointment at the 21st Annual General Meeting intimated the Company that due to pre-occupation he may not be considered for re-appointment as director and hence ceased to be a director with effect from 29th September, 2014. Your Company wishes to thank Ms. Bharti Prasad and Mr. S. Venkatraman for their contribution to the Company and the continuous encouragement and support provided to the management. The Board places on record its appreciation for the valuable services and guidance given by both during their tenure as the Directors of the Company.

The Board of Directors appointed Dr. Ashima Goyal (DIN 00233635) as an Additional Director on August 26, 2014. Further she was appointed as an Independent Director at the 21st Annual General Meeting of the Company held on September 29, 2014. Your Company welcomes Dr. Ashima Goyal as an Independent Director on the Board.

The Board of Directors appointed Mr. S. Ananthkrishnan (DIN 00074049) and Mr. B. S. Keshava Murthy (DIN 06965816) as Additional Directors with effect from October 06, 2014. Further, the Board of Directors appointed Mr. S. B. Mainak (DIN 02531129) as an Additional Director with effect from August 17, 2015. The appointment of these Directors is upto the date of the ensuing Annual General Meeting.

Mr. S. Ananthkrishnan and Mr. B. S. Keshava Murthy will hold office upto the date of ensuing Annual General Meeting proposed to be held on September 29, 2015.

Your Company has received notice in writing under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. S. B. Mainak for the office of Director at the ensuing Annual General Meeting along with a cheque of Rs. 1 Lakh (Rupees One Lakh only) in favour of the Company.

Your Company welcomes Mr. S. B. Mainak (Managing Director of LIC) as our new Non-Executive Chairman and Non-Executive Director on the Board.

The Board of Directors at its meeting held on August 17, 2015, extended the tenure of Mr. D. R. Dogra, (DIN 00226775) as Managing Director & Chief Executive Officer, whose tenure was upto August 21, 2015, for a further period of one year i.e upto August 21, 2016 subject to the approval of the members at the ensuing Annual General Meeting.

Auditors' Appointment

M/s. Khimji Kunverji & Co., Chartered Accountants (Firm Registration No. 105146W) were appointed as the Statutory Auditors of the Company at the 21st Annual General Meeting to hold office from the conclusion of 21st Annual General Meeting till the conclusion of the 23rd Annual General Meeting to be held in 2016, subject to ratification of their appointment at every Annual General Meeting. The Board of Directors of the Company at its meeting held July 17, 2015 recommended to members of the Company ratification of appointment of M/s. Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of the Company for financial year 2015-2016.

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

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

Secretarial Audit Report

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

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

Employees Stock Option Schemes

As required in terms of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the disclosure relating to Credit Analysis and Research Limited ("ESOS - 2013") is given in **Annexure V**.

Management Discussion and Analysis Report

The Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed as **Annexure VI** to this report.

Corporate Governance

The Company is committed to maintaining the highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is also published elsewhere in this Annual Report.

Audit Committee of the Company

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

1. Dr. Ashima Goyal Chairperson (Independent Director)
2. Mr. Anil Kumar Bansal Member (Independent Director)
3. Mr. Rajesh Mokashi Member (Whole time Director)

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

Your Company has a policy on Prevention of Sexual Harassment at Workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority in order to investigate any complaints / issues related to sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2015, the ICC did not receive any complaint pertaining to sexual harassment.

Particulars of Employees

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

Acknowledgements

The Board places on record its appreciation of the contribution of its employees to the company's operations and the trust reposed in it by market intermediaries, issuers and investors. The Board also appreciates the support provided by the Reserve Bank of India, Securities Exchange Board of India and the Company's Bankers, IDBI Bank, HDFC Bank and State Bank of India.

On behalf of the Board of Directors

S. B. Mainak
Chairman
(DIN: 02531129)

Place: Mumbai
Date: August 26, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended March 31, 2015

[Pursuant to Section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|--|
| i. | CIN | L67190MH1993PLC071691 |
| ii. | Registration Date | April 21, 1993 |
| iii. | Name of the Company | Credit Analysis and Research Limited |
| iv. | Category / Sub-Category of the Company | Company Limited by shares / Indian Non-Government Company. |
| v. | Address of the Registered Office and contact details | 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022. Tel No: 022 – 67543456, Fax No: 022 – 67543457 Email : care@careratings.com, Website: www.careratings.com |
| vi. | Whether listed company (Yes / No) | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Pvt. Ltd. Unit: Credit Analysis and Research Limited Karvy Selenium Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 008. Tel. No. 040 – 67162222 Fax No. 040 – 23001153 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person : Mr. K. S. Reddy & Mr. B. V. Kishore |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1. | Financial Services other than securities dealing activities | 804 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. | U74210MH1999PTC118349 | Subsidiary | 100% | 2(87) |
| 2. | CARE Ratings (Africa) Pvt. Ltd., Mauritius | - | Subsidiary | 100% | 2(87) |
| 3. | ARC Ratings Holdings Pte. Ltd. | - | Associate | 20% | 2(6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

| Category of shareholders | No. of shares held at the beginning of the year – 01/04/2014 | | | | No. of shares held at the end of the year – 31/03/2015 | | | | % change during the year |
|---|---|----------|--------------------|----------------------|---|----------|--------------------|-------------------------|--------------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters & Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| Individual/HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other – Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 19,45,469 | 0 | 19,45,469 | 6.71 | 39,11,254 | 0 | 39,11,254 | 13.49 | 6.78 |
| b) Banks / Financial Institutions | 1,22,45,681 | 0 | 1,22,45,681 | 42.23 | 92,86,291 | 0 | 92,86,291 | 32.02 | (10.21) |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) Foreign Institutional Investors | 45,40,684 | 0 | 45,40,684 | 15.66 | 90,45,540 | 0 | 90,45,540 | 31.19 | 15.53 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others - Qualified Foreign Investor | 4,46,310 | 0 | 4,46,310 | 1.54 | 0 | 0 | 0 | 0.00 | (1.54) |
| Sub-total (B)(1) | 1,91,78,144 | 0 | 1,91,78,144 | 66.13 | 2,22,43,085 | 0 | 2,22,43,085 | 76.70 | 10.57 |

| 2. Non-Institutions | | | | | | | | | |
|---|--------------------|---------------|--------------------|---------------|--------------------|--------------|--------------------|---------------|----------------|
| a) Bodies Corp. | 70,95,887 | 0 | 70,95,887 | 24.47 | 39,13,693 | 0 | 39,13,693 | 13.50 | (10.97) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 19,24,362 | 14,838 | 19,39,200 | 6.69 | 21,45,286 | 8,838 | 21,54,124 | 7.43 | 0.74 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 2,72,111 | 29,688 | 3,01,799 | 1.04 | 3,06,466 | 0 | 3,06,466 | 1.06 | 0.02 |
| c) Others (specify) | | | | | | | | | |
| Non-Resident Individuals | 1,45,760 | 0 | 1,45,760 | 0.50 | 1,65,010 | 0 | 1,65,010 | 0.57 | 0.07 |
| Clearing Members | 1,33,195 | 0 | 1,33,195 | 0.46 | 11,519 | 0 | 11,519 | 0.04 | (0.42) |
| Directors | 93,636 | 0 | 93,636 | 0.32 | 93,636 | 0 | 93,636 | 0.32 | 0.00 |
| Trusts | 1,11,501 | 0 | 1,11,501 | 0.38 | 1,11,589 | 0 | 1,11,589 | 0.38 | 0.00 |
| Sub-total (B)(2) | 97,76,452 | 44,526 | 98,20,978 | 33.87 | 67,47,199 | 8,838 | 67,56,037 | 23.30 | (10.57) |
| Total Public Shareholding | 2,89,54,596 | 44,526 | 2,89,99,122 | 100.00 | 2,89,90,284 | 8,838 | 2,89,99,122 | 100.00 | 0.00 |
| (B) = (B)(1)+(B)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 2,89,54,596 | 44,526 | 2,89,99,122 | 100.00 | 2,89,90,284 | 8,838 | 2,89,99,122 | 100.00 | 0.00 |
| Grand Total (A+B+C) | 2,89,54,596 | 44,526 | 2,89,99,122 | 100.00 | 2,89,90,284 | 8,838 | 2,89,99,122 | 100.00 | 0.00 |

ii) Shareholding of Promoters *

| Category of shareholders | No. of shares held at the beginning of the year (01.04.2014) | | | | No. of shares held at the end of the year (31.03.2015) | | | | % change during the year |
|--------------------------|--|----------|-------|-------------------|--|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| NIL | | | | | | | | | |

* During the year under review in Promoters category the shareholding is Nil

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

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

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

| Name of the shareholder | Shareholding at the beginning of the year (01.04.2014) | | Shareholding at the end of the year (31.03.2015) | |
|---|--|----------------------------------|--|----------------------------------|
| | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1) Life Insurance Corporation of India (DP ID 300812 / CLIENT ID 10000012) | | | | |
| At the beginning of the year | Nil | 0.00 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 20.03.2015 (Purchase) | 23,82,136 | 8.21 | | |
| At the end of the year | | | 23,82,136 | 8.21 |
| 2) Canara Bank – Mumbai (DP ID 301356 / CLIENT ID 10001195) | | | | |
| At the beginning of the year | 38,42,400 | 13.25 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 01.08.2014 (Sale) | (16,69,970) | (5.76) | | |
| At the end of the year | | | 21,72,430 | 7.49 |
| 3) IDBI Bank Limited (DP ID 300450 / CLIENT ID 13813608) | | | | |
| At the beginning of the year | 28,78,860 | 9.93 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 30.09.2014 (Purchase) | 19,39,432 | 6.69 | | |
| 23.01.2015 (Sale) | (2,20,500) | (0.76) | | |
| 20.03.2015 (Sale) | (29,00,000) | (10.00) | | |
| At the end of the year | | | 16,97,792 | 5.85 |
| 4) Franklin Templeton Investment Funds (DP ID 303438 / CLIENT ID 10004305) | | | | |
| At the beginning of the year | 10,48,836 | 3.62 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 04.04.2014 (Purchase) | 8,723 | 0.03 | | |
| 20.06.2014 (Purchase) | 1,75,000 | 0.60 | | |
| 31.12.2014 (Sale) | (1,591) | (0.01) | | |
| 16.01.2015 (Sale) | (21,504) | (0.07) | | |
| 06.03.2015 (Purchase) | 15,000 | 0.05 | | |
| 20.03.2015 (Purchase) | 35,000 | 0.12 | | |
| 27.03.2015 (Purchase) | 1,04,527 | 0.36 | | |

| | | | | |
|------------------------|--------|------|-----------|------|
| 31.03.2015 (Purchase) | 25,174 | 0.09 | | |
| At the end of the year | | | 13,89,165 | 4.79 |

| | | | | |
|---|-----------|--------|-----------|------|
| 5) State Bank of India (DP ID 303786 / CLIENT ID 10000023) | | | | |
| At the beginning of the year | 17,51,755 | 6.04 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 18.04.2014 (Sale) | (60,000) | (0.21) | | |
| 09.05.2014 (Sale) | (460) | (0.00) | | |
| 23.05.2014 (Sale) | (22,000) | (0.08) | | |
| 06.06.2014 (Sale) | (201) | (0.00) | | |
| 13.06.2014 (Sale) | (20,700) | (0.07) | | |
| 20.06.2014 (Sale) | (15,000) | (0.05) | | |
| 30.06.2014 (Sale) | (5,000) | (0.02) | | |
| 25.07.2014 (Sale) | (2,000) | (0.01) | | |
| 01.08.2014 (Sale) | (13,500) | (0.05) | | |
| 08.08.2014 (Sale) | (33,500) | (0.12) | | |
| 15.08.2014 (Sale) | (8,000) | (0.03) | | |
| 22.08.2014 (Sale) | (15,000) | (0.05) | | |
| 29.08.2014 (Sale) | (7,500) | (0.03) | | |
| 05.09.2014 (Sale) | (4,200) | (0.01) | | |
| 19.09.2014 (Purchase) | 7,000 | 0.02 | | |
| 30.09.2014 (Sale) | (46,350) | (0.16) | | |
| 03.10.2014 (Sale) | (5,344) | (0.02) | | |
| 17.10.2014 (Purchase) | 11,500 | 0.04 | | |
| 24.10.2014 (Purchase) | 4,000 | 0.01 | | |
| 31.10.2014 (Purchase) | 12,000 | 0.04 | | |
| 21.11.2014 (Sale) | (16,000) | (0.06) | | |
| 28.11.2014 (Purchase) | 33,500 | 0.12 | | |
| 05.12.2014 (Purchase) | 7,795 | 0.03 | | |
| 12.12.2014 (Purchase) | 7,000 | 0.02 | | |
| 19.12.2014 (Sale) | (26,000) | (0.09) | | |
| 31.12.2014 (Sale) | (51,545) | (0.18) | | |
| 02.01.2015 (Sale) | (8,000) | (0.03) | | |
| 09.01.2015 (Purchase) | 10,500 | 0.04 | | |
| 23.01.2015 (Sale) | (9,000) | (0.03) | | |
| 30.01.2015 (Sale) | (11,000) | (0.04) | | |
| 20.02.2015 (Sale) | (30,000) | (0.10) | | |
| 27.02.2015(Sale) | (75,939) | (0.26) | | |
| 27.03.2015 (Sale) | (20) | (0.00) | | |
| At the end of the year | | | 13,58,791 | 4.69 |

| | | | | |
|---|------------|--------|-----------|------|
| 6) Bajaj Holdings and Investment Ltd. (DP ID 300360 / CLIENT ID 22632667) | | | | |
| At the beginning of the year | 17,07,615 | 5.89 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 18.04.2014 (Sale) | (3,50,000) | (1.21) | | |
| 20.06.2014 (Sale) | (1,00,000) | (0.34) | | |
| 11.07.2014 (Sale) | (2,55,000) | (0.88) | | |
| At the end of the year | | | 10,02,615 | 3.46 |

| | | | | |
|---|----------|------|----------|------|
| 7) Government Pension Fund Global (DP ID 300054 / CLIENT ID 10076881) | | | | |
| At the beginning of the year | Nil | | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 21.11.2014 (Purchase) | 7,00,000 | 2.41 | | |
| 02.01.2015 (Purchase) | 1,27,497 | 0.44 | | |
| 09.01.2015 (Purchase) | 22,503 | 0.08 | | |
| 06.03.2015 (Purchase) | 11,876 | 0.04 | | |
| 13.03.2015 (Purchase) | 26,939 | 0.09 | | |
| At the end of the year | | | 8,88,815 | 3.06 |

| | | | | |
|---|------------|--------|--|--|
| 8) Canara Bank (DP ID 300126 / CLIENT ID 11194012) | | | | |
| At the beginning of the year | 5,00,000 | 17.25 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 25.04.2014 (Sale) | (2,460) | (0.01) | | |
| 30.05.2014 (Sale) | (1,03,948) | (0.36) | | |
| 06.06.2014 (Sale) | (46,684) | (0.16) | | |
| 13.06.2014 (Sale) | (87,034) | (0.30) | | |
| 20.06.2014 (Sale) | (20,800) | (0.07) | | |
| 30.06.2014 (Sale) | (38,439) | (0.13) | | |
| 04.07.2014 (Sale) | (39,836) | (0.14) | | |
| 11.07.2014 (Sale) | (21,862) | (0.08) | | |
| 18.07.2014 (Sale) | (20,396) | (0.07) | | |
| 25.07.2014 (Sale) | (39,237) | (0.14) | | |
| 01.08.2014 (Purchase) | 16,41,568 | 5.66 | | |
| 08.08.2014 (Sale) | (31,215) | (0.11) | | |
| 15.08.2014 (Sale) | (49,504) | (0.17) | | |
| 22.08.2014 (Sale) | (39,993) | (0.14) | | |
| 29.08.2014 (Sale) | (20,635) | (0.07) | | |
| 05.09.2014 (Sale) | (47,678) | (0.16) | | |

| | | | | |
|------------------------|------------|--------|----------|------|
| 12.09.2014 (Sale) | (62,778) | (0.22) | | |
| 19.09.2014 (Sale) | (87,317) | (0.30) | | |
| 30.09.2014 (Sale) | (89,777) | (0.31) | | |
| 10.10.2014 (Sale) | (11,274) | (0.04) | | |
| 24.10.2014 (Sale) | (100) | (0.00) | | |
| 31.10.2014 (Sale) | (823) | (0.00) | | |
| 07.11.2014 (Sale) | (4,921) | (0.02) | | |
| 21.11.2014 (Sale) | (61,520) | (0.21) | | |
| 28.11.2014 (Sale) | (21,048) | (0.07) | | |
| 05.12.2014 (Sale) | (10,577) | (0.04) | | |
| 19.12.2014 (Sale) | (66,447) | (0.23) | | |
| 31.12.2014 (Sale) | (59,206) | (0.20) | | |
| 09.01.2015 (Sale) | (33,413) | (0.12) | | |
| 16.01.2015 (Sale) | (500) | (0.00) | | |
| 13.02.2015 (Sale) | (10,598) | (0.04) | | |
| 20.02.2015 (Sale) | (400) | (0.00) | | |
| 27.02.2015 (Sale) | (22,330) | (0.08) | | |
| 06.03.2015 (Sale) | (40,448) | (0.14) | | |
| 13.03.2015 (Sale) | (10,607) | (0.04) | | |
| 20.03.2015 (Sale) | (2,40,175) | (0.83) | | |
| At the end of the year | | | 6,97,588 | 2.41 |

| | | | | |
|---|----------|------|----------|------|
| 9) Russell Investments Limited (DP ID 301549 / CLIENT ID 33264830) | | | | |
| At the beginning of the year | 5,31,000 | 1.83 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| At the end of the year | | | 5,31,000 | 1.83 |

| | | | | |
|---|----------|------|----------|------|
| 10) CLSA Global Markets Pte. Ltd. (DP ID 300142 / CLIENT ID 10735764) | | | | |
| At the beginning of the year | Nil | 0.00 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| 28.11.2014 (Purchase) | 11,749 | 0.04 | | |
| 05.12.2014 (Purchase) | 2,026 | 0.01 | | |
| 19.12.2014 (Purchase) | 1,123 | 0.00 | | |
| 16.01.2015 (Purchase) | 599 | 0.00 | | |
| 13.02.2015 (Purchase) | 2,975 | 0.01 | | |
| 27.02.2015 (Purchase) | 3,851 | 0.01 | | |
| 13.03.2015 (Purchase) | 4,289 | 0.01 | | |
| 20.03.2015 (Purchase) | 2,564 | 0.01 | | |
| 27.03.2015 (Purchase) | 4,70,824 | 1.62 | | |
| At the end of the year | | | 5,00,000 | 1.72 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Name of Director /Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1) Mr. D. R. Dogra, Managing Director & CEO | | | | |
| At the beginning of the year (01.04.2014) | 46,818 | 0.16 | 46,818 | 0.16 |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | No change | | | |
| during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| At the end of the year (31.03.2015) | 46,818 | 0.16 | 46,818 | 0.16 |
| 2) Mr. Rajesh Mokashi, Deputy Managing Director | | | | |
| At the beginning of the year (01.04.2014) | 46,818 | 0.16 | 46,818 | 0.16 |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | No change | | | |
| At the end of the year (31.03.2015) | 46,818 | 0.16 | 46,818 | 0.16 |
| 3) Mr. Navin K. Jain, Company Secretary | | | | |
| At the beginning of the year (01.04.2014) | 20325 | 0.07 | 20325 | 0.07 |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | No change | | | |
| At the end of the year (31.03.2015) | 20,325 | 0.07 | 20,325 | 0.07 |
| 4) Mr. Chandresh Shah, Chief Financial Officer | | | | |
| At the beginning of the year (01.04.2014) | Nil | 0.00 | Nil | 0.00 |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | No change | | | |
| At the end of the year (31.03.2015) | Nil | 0.00 | Nil | 0.00 |

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

| Sl No. | Particulars of Remuneration | Name of MD / WTD / MANAGER | | Total Amount |
|--------|--|--|---|------------------------------------|
| | | Mr. D. R. Dogra, Managing Director & CEO | Mr. Rajesh Mokashi, Deputy Managing Director | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 1,33,93,397 NIL NIL | 1,25,14,530 NIL NIL | 2,59,07,927 NIL NIL |
| 2 | Stock Option | NIL | NIL | NIL |
| 3 | Sweat Equity | NIL | NIL | NIL |
| 4 | Commission as % of profit others, specify | NIL | NIL | NIL |
| 5 | Others, please specify Provident Fund Performance Related Pay | 12,19,892 40,00,000 | 10,16,600 32,00,000 | 22,36,492 72,00,000 |
| | Total (A) | 1,86,13,289 | 1,67,31,130 | 3,53,44,419 |
| | Ceiling as per the Act | 10% of the Net Profits equivalent to Rs.17,26,13,591/- with respect to the ceiling for the Company applicable for the financial year covered by this Report. | | |

B. Remuneration to other directors:

| Sl No. | Particulars of Remuneration / Sitting Fees | Name of Directors | | | | | | Total Amount |
|-----------|--|--|--|--|---|--|--|------------------|
| | | Mr. A. K. Bansal, Chairman, Independent Director | Dr. Ashima Goyal, Independent Director (w.e.f. 26.08.2014) | Mr. S. Venkatraman, Independent Director (upto 29.09.2014) | Ms. Bharti Prasad, Independent Director (upto 23.08.2014) | Mr. S. Ananthakrishnan, Non-Executive Director (w.e.f. 06.10.2014) | Mr. B. S. Keshava Murthy, Non-Executive Director (w.e.f. 06.10.2014) | |
| 1. | Independent Directors | | | | | | | |
| | Fee for attending board / committee meetings (Rs.) | 6,20,000 | 4,00,000 | 3,80,000 | 4,00,000 | ---- | ---- | 18,00,000 |
| | Commission (Rs.) | ---- | ---- | | | ---- | ---- | ---- |
| | Others, please specify (Rs.) | ---- | ---- | | | ---- | ---- | ---- |
| | Total (1) (Rs.) | 6,20,000 | 4,00,000 | 3,80,000 | 4,00,000 | ---- | ---- | 18,00,000 |
| 2. | Other Non-Executive Directors | | | | | | | |
| | Fee for attending board / committee meetings (Rs.) | ---- | ---- | ---- | ---- | 1,60,000 | 1,20,000 | 2,80,000 |
| | Commission (Rs.) | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| | Others, please specify (Rs.) | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| | Total (2) (Rs.) | ---- | ---- | ---- | ---- | 1,60,000 | 1,20,000 | 2,80,000 |
| | Total (B)=(1+2) (Rs.) | 6,20,000 | 4,00,000 | 3,80,000 | 4,00,000 | 1,60,000 | 1,20,000 | 20,80,000 |
| | Overall Ceiling as per the Act (%) | 1% of the Net Profits equivalent to Rs. 1,72,61,359/- with respect to the ceiling for the Company applicable for the financial year covered by this Report | | | | | | |

C. TOTAL MANAGERIAL REMUNERATION TO DIRECTORS:

| No. | Name | Amount (Rs) |
|-----|--|--------------------|
| 1. | Mr. A. K. Bansal, Chairman, Independent Director | 6,20,000 |
| 2. | Dr. Ashima Goyal, Independent Director (w.e.f. 26.08.2014) | 4,00,000 |
| 3. | Mr. S. Venkatraman, Independent Director (upto 29.09.2014) | 3,80,000 |
| 4. | Ms. Bharti Prasad, Independent Director (upto 23.08.2014) | 4,00,000 |
| 5. | Mr. S. Ananthakrishnan, Non-Executive Director (w.e.f. 06.10.2014) | 1,60,000 |
| 6. | Mr. B. S. Keshava Murthy, Non-Executive Director (w.e.f. 06.10.2014) | 1,20,000 |
| 7. | Mr. D. R. Dogra, Managing Director & CEO | 1,86,13,289 |
| 8. | Mr. Rajesh Mokashi, Deputy Managing Director | 1,67,31,130 |
| | TOTAL REMUNERATION TO DIRECTORS | 3,74,24,419 |

Overall Ceiling as per the Act (%) - 11% of the Net Profits equivalent to Rs. 18,98,74,950/- with respect to the ceiling for the Company applicable for the financial year covered by this Report.

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

Amount in Rs.

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|--|--|------------------|
| | | Mr. Navin Kumar Jain, Company Secretary | Mr. Chandresh Shah, Chief Financial Officer | Total Amount |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 40,59,508 | 29,78,300 | 70,37,808 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | NIL | NIL | NIL |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | NIL | NIL | NIL |
| 2. | Stock Option | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify... | NIL | NIL | NIL |
| 5. | Others, please specify | NIL | NIL | NIL |
| | Provident Fund | 1,72,872 | 1,05,969 | 2,78,841 |
| | Performance Related Pay | 14,66,256 | 6,74,100 | 21,40,356 |
| | Total | 56,98,636 | 37,58,369 | 94,57,005 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE II TO THE DIRECTORS' REPORT

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

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the company, to harmonize the aspirations of human resource consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the stock exchanges (as amended from time to time), this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated.

CONSTITUTION OF COMMITTEE

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

OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

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

Section 178 of the Companies Act, 2013

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

Clause 49 of the Revised Listing Agreement

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

APPLICABILITY

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Directors**” mean Directors of the Company.

“**Independent Directors**” mean a Director other than a Managing Director or Wholetime Director or a Nominee Director.

“**Key Managerial Personnel**” means

- i. Managing Director and Chief Executive Officer
- ii. Deputy Managing Director;
- iii. Company Secretary;
- iv. Chief Financial Officer and
- v. such other officer as may be prescribed.

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

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

A. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications

- a) The Board of Directors of CARE to consist of eminent professionals from the disciplines of banking, finance, accounts, economics, etc.
- b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- c) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- d) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

2. Positive Attributes

- a) Excellent interpersonal, communication, leadership and representational skills.
- b) Having continuous professional development to refresh knowledge and skills.
- c) Commitment of high standard of ethics, personal integrity and probity.

3. Independence of Director

CARE is a professionally managed company. It does not have any nominee director or any director holding any substantial shareholding in the Company.

The Directors do not have any pecuniary relationship with the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year.

Further, the Directors have not been an employee or partner of a firm of auditors or company secretaries in practice of the company or its holding, subsidiary or associate company or a partner of any legal or a consulting firm that has or had any transaction with the company, its

holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm in any of the three financial years immediately preceding the financial year in which he is appointed.

4. Evaluation of Performance

The Committee shall recommend to the Board on appropriate performance criteria for the directors. It shall also carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

5. Term / Tenure

- a) **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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

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

6. Removal

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

7. Retirement

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

8. Board Diversity

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

B. POLICY FOR REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing Director, Executive Director, KMP and Senior Management Personnel:

Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The remuneration with regard to Senior Management Personnel will be as per the policy of the Company.

2. Remuneration to Non-Executive Director and Independent Director:

The Non-Executive Director and Independent Director are paid sitting fees subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Board.

3. Commission:

The Non-Executive Director and Independent Director may be paid commission subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Shareholders.

4. Stock Options:

Independent Directors shall not be entitled to any stock options of the Company.

5. Minimum remuneration to Managing Director and Executive Director in case of no profits or inadequate profits:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 or, if it is not able to comply with such provisions, with the approval of the Central Government.

6. Post-retirement Benefits:

The Managing Director, Executive Director and Senior management Personnel are entitled for retirement benefits such as provident fund, superannuation fund and gratuity.

C. DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b) Ensuring that on appointment as Independent Directors at the Annual General Meeting, the Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d) Determining the appropriate size, diversity and composition of the Board;
- e) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- f) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- g) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- h) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- i) Recommend any necessary changes to the Board; and
- j) Considering any other matters, as may be requested by the Board.

D. DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- a) Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b) Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- d) Considering any other matters as may be requested by the Board.

E. REVIEW AND AMENDMENT

- a) The Committee or the Board may review the Policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- c) This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

ANNEXURE III TO THE DIRECTORS' REPORT

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

| | | |
|-----|--|---|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs | To emulate the best policies to attain the objectives in the defined areas of social welfare by providing right kind of education as well as employment, enhancing vocational training to young in addition to help the protection of environment. The CSR Policy of the Company is available on the website: www.careratings.com |
| 2. | The Composition of the CSR Committee. | 1) Mr. Anil Kumar Bansal Chairman (Independent Director) 2) Mr. D.R. Dogra Member (Whole time Director) 3) Mr. Rajesh Mokashi Member (Whole time Director) |
| 3. | Average net profit of the Company for last three financial years | Rs.1,79,85,50,271.67 |
| 4. | Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) | Rs. 3,59,71,005.43 |
| 5. | Details of CSR spent during the financial year. | Contribution of Rs. 25 Lakh each in the Prime Minister's Relief Fund and Swachh Bharat Kosh in the Financial Year 2014-15. |
| (a) | Total amount to be spent for the financial year; | Rs. 3,59,71,005.43 |
| (b) | Amount unspent , if any; | Rs. 3,09,71,005.43 |
| (c) | Manner in which the amount spent during the financial year is detailed below. | |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|--|--|---|---|--|---|---|
| S. No. | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (I) Direct expenditure on projects or programs- (2) Overheads: | Cumulative expenditure upto to the reporting period | Amount spent: Direct or through implementing agency |
| 1) | Donation to Prime Ministers National Relief Fund | Contribution to Prime Ministers National Relief Fund | Other – Prime Ministers National Relief Fund | Rs. 25,00,000/- | Rs. 25,00,000/- | Rs. 25,00,000/- | Through implementing agency |
| 2) | Swachh Bharat Kosh | ---- | ---- | Rs. 25,00,000/- | Rs. 25,00,000/- | Rs. 50,00,000/- | Through implementing agency |

| | | |
|----|---|---|
| 6. | In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. | The Company has spent less than the 2% stipulated norm as there was time taken to identify appropriate schemes to invest under this stipulation in accordance with our CSR Policy. The company will scale up such spending next year. The CSR Committee in its meeting, held on Monday, February 09, 2015 has constituted a CSR Management Committee with the following executives as its members: 1) Mr. Navin K. Jain - Company Secretary. 2) Ms. Revati Kasture - Chief General Manager. 3) Ms. Swati Agarwal - Chief General Manager. 4) Mr. Mehul Pandya - Chief General Manager. The CSR Management Committee may consider, evaluate various proposals for CSR and put up its recommendations to the CSR Committee for consideration and approval. |
| 7. | A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company. | The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company. |

D. R. Dogra
Managing Director & CEO
DIN : 00226775

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

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Credit Analysis and Research Limited
Godrej Coliseum, 4th Floor,
Somaiya Hospital Road Off Eastern Express Highway,
Sion (East), Mumbai - 400022.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Credit Analysis and Research Limited** (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)**;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**.
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 which is specifically applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(not notified and hence not applicable during the audit period)**;
- (ii) The Equity Listing Agreements entered into by the Company with Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd.

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

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the specific events/actions which may have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. are mentioned below:

| Sr. No. | Date of event | Details of the specific events/ actions bearing on Company's affairs pursuant of the above referred laws, rules, regulations, guidelines etc. |
|---------|---------------|--|
| 1. | 02.07.2014 | The Company has exercised its call option and acquired remaining 19,92,960 equity shares representing 24.87% of the paid up equity share capital from the employee shareholders of its subsidiary company, CARE Kalypto Risk Technologies and Advisory Services Private Limited. The Company now holds 100% of the equity Share Capital of its subsidiary i.e. CARE Kalypto Risk Technologies and Advisory Services Private Limited |
| 2. | 14.11.2014 | Setting up of subsidiary in Mauritius in the name of CARE Ratings (Africa) Private Limited. |

For A K Jain & Co.
Company Secretaries

Place: Mumbai
Date: August 26, 2015

Ashish Kumar Jain
Proprietor
FCS 6058
CP No. 6124

ANNEXURE V TO THE DIRECTORS' REPORT

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

| Particulars | Details |
|---|---|
| Options Granted | 5,00,000 |
| The Pricing Formula | The Exercise Price is the average price of six months prior to grant date (i.e. July 1, 2013 to December 31, 2013), which comes to Rs. 617 per share |
| Total Options Vested | 5,00,000 |
| Options Exercised | Nil |
| Total number of equity shares arising as a result of exercise of options | Nil |
| Options forfeited/lapsed/cancelled | 29,506 |
| Variation in the terms of options | Nil |
| Money realised by exercise of options | Nil |
| Total number of Options in force | 4,70,494 |
| Employee wise details of options granted | |
| (i) Senior Management Personnel (KMP) | Refer Note 1 below |
| (ii) Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year | Nil |
| (iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | Nil |
| Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per share' | The diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with AS-20 is Rs. 44.68. |
| Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company has used fair value of options and impact of this difference of profits and EPS of the Company | Not applicable since the company has used fair value method of options |
| Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock | Rs 228.59 |
| Description of the method and significant assumptions used during the year to estimate the fair value of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in the market at the time of grant of the option | Method : Black-Scholes Options pricing formula Risk-free interest Rate: 8.74% Expected Life : 3 years Expected Volatility : 31.34% Expected Dividend Yield : 3.29% Market Price on the date of grant of option : Rs 728.40 |
| Impact on profits of the last three years and on the EPS of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, in respect of options granted in the last three years. | Nil |

Note 1

| Employee wise details of options granted to Senior Management Personnel (KMP) | | |
|---|-------------------------|---|
| Name | Designation | Number of options granted under ESOS 2013 |
| D R Dogra | MD & CEO | 29,903 |
| Rajesh Mokashi | DMD | 29,903 |
| Navin K Jain | Company Secretary | 22,783 |
| Chandresh M Shah | Chief Financial Officer | 3,000 |

ANNEXURE VI TO THE DIRECTORS' REPORT

Management Discussion and Analysis

The business potential of a credit rating agency is primarily dependent on the overall economic environment. When the economy is buoyant and there are higher levels of borrowing by companies for investment purposes or for creating infrastructure, the demand for a credit rating also increases. While deepening relations or expanding the client base are strategies to be pursued in parallel, the basic foundation is laid by the economic developments in the country.

Fiscal 2015 started off on a promising note with a new government in place which got into action straight away with various positive measures being taken on the policy front as well as on the administrative side. Labour laws have been made relatively more flexible, stalled projects cleared, number of forms to be filled and complied with for doing business lowered, bureaucratic efficiency enhanced etc. On the policy front the government has brought in higher limits for FDI in insurance, opened up railways infrastructure and defence equipment for FDI, inked an agreement with RBI on monetary policy, and stuck to the FRBM path indicating continuity.

The economic trends however continue to be ambiguous. The revised methodology of calculating GDP indicates an increase in the growth rate of GDP from 6.9% in 2013-14 to 7.3% in 2014-15. However such growth is not witnessed when physical growth numbers are viewed. Industrial growth as represented by the IIP grew by 2.8% compared with -0.1% in 2013-14. Overall gross fixed capital formation came down for the third successive year to 28.7% in 2014-15 from 29.7% and 31.4% respectively in 2013-14 and 2012-13. With an average capacity utilization rate of 75.2% as per RBI data for Q4-2014-15, there was also less incentive for industry to expand capacity. The lower rate of capital formation is significant as this can be mapped with demand for long term finance from both the bond market as well as term credit from banks.

Growth in bank credit was at an 18-years low of 9.5% in 2014-15. In fact, within overall credit the two sectors which are of relevance for the rating business, i.e. manufacturing and services grew by 5.6% only. The debt market looked more buoyant with total issuances of Rs 4.34 lakh crore in 2014-15 against Rs 3.13 lakh crore in 2013-14. However a lot of these issuances came from the financial sector, with banks in particular being active as they were allowed to raise special infra bonds that were free of the encumbrances of CRR and SLR. Issuances from core manufacturing and infra companies were limited.

The RBI on its part had held on to the interest rates till January when the first rate cut was invoked of 25 bps to be followed by another cut in March. While some banks did lower their interest rates, the impact on credit has not yet been witnessed. But for the first 9 months of the year, interest rates were kept unchanged as the RBI continued to monitor the CPI inflation number which will be the targeted variable for all monetary policy decisions.

While your company did work on the assumption of overall economic conditions improving in 2014-15 relative to 2013-14, the final numbers did come in at below our expectations. The turnaround in the investment cycle has been delayed and while there are signs of resumption, we will have to wait and monitor such progress even in 2015-16.

Regulatory developments

There were some positive developments on the regulatory front which was useful for rating agencies like yours'.

First the RBI has mandated that banks can issue long-term bonds with a minimum maturity of seven years to raise resources for lending to long term projects in infrastructure sub-sectors. These bonds will be exempted from computation of net demand and time liabilities (NDTL) and would therefore not be subjected to CRR/SLR requirements.

Second, the RBI brought out a circular to discuss the road to banks providing partial enhancement for infra loans. As an initial measure, with a view to encouraging corporates to avail bond financing, it has been decided to allow banks to provide partial credit enhancements to bonds issued for funding infrastructure projects by Companies/Special Purpose Vehicles (SPVs) subject to certain guidelines. The mechanism of improving the

credit rating of a bond issued for funding infrastructure projects by Companies/SPVs is to separate the debt of the project company into senior and subordinate tranches. The credit enhancement provided by banks will be able to provide such bonds with partial credit enhancement in the form of a subordinated instrument – either a loan or contingent facility – to support senior project bonds issued by the Companies/SPVs, and thereby improve their credit rating. Partial credit enhancement provided by banks shall be limited to the extent of improving the credit rating of bonds (assigned by a recognized external credit rating agency) by a maximum of two notches [including modifiers {"+" (plus) / "-" (minus)} e.g., migration from AA- to AA+ will be considered as an improvement by two notches] or 20 per cent of the entire bond issue, whichever is lower. The above restrictions would apply at the time of issuance of the bond as also when the senior bond amortizes.

More recently in April 2015, the RBI has brought out a paper on large exposures for which it has solicited suggestions. Broadly the idea is to shift a part of the demand for credit from banks to the markets. More specifically the ideas put forward are:

1. Large corporate borrowers enjoying working capital (fund-based) limits above a certain threshold from the banking system should necessarily meet a minimum prescribed percentage of their working capital requirements from the commercial paper market. This percentage should be progressively increased.
2. As the core portion of the working capital requirement is needed continuously/over a long period, corporates may finance this core portion by issue of medium term corporate bonds [popularly known as Medium Term Notes (MTN)] of maturity of, say, 3 to 5 years. As working capital loans are generally secured by current assets of the borrowers, banks and corporates may mutually decide the issues of sharing securities/collaterals with the investors of such bonds.
3. Large corporate borrowers enjoying term loan limits above a certain threshold from the banking system should necessarily meet a certain minimum extent of their term/project loan requirements from corporate bond market.

These decisions when introduced finally, which according to the paper will be in place from 2018 onwards, would widen the scope of capital market activity and increase opportunities for credit rating agencies.

CARE's evolving strategy

We began the year with a clear vision of expanding the size of our client base as we believe that once we acquire a client, our experience shows that we can retain the relationship forever given our strong customer orientation. We have hence continued to focus on both the large and medium enterprises (LME) and small and medium enterprises (SME) as part of our strategic drive for the year.

While the overall economic environment does provide a boost to the rating business, we understand that this cannot be the sole driving force for your company and therefore, we have worked on the existing structure and built relationships with new companies. We believe that there are still some white spaces that can be occupied within the existing architecture of the rating universe. We have increased our total number of active clients up from 7,754 in 2013-14 to 9,828 in 2014-15.

The overall approach was to look at both the LME and SME segments independently to sharpen our focus. The LMEs are the core of our business, while the SME market is expansive and though the ticket size is small, has vast potential in terms of numbers. This was aided partly by the running subsidy scheme of the NSIC (National Small Industries Corporation), Government of India, where a subsidy is provided to a SME for getting a rating from an empanelled CRA to the extent of 75% once in its lifetime.

Outside the purview of the ratings, we continued to market the grading products like education, real estate, equigrade etc. besides launching some new products. These products we believe can add to a significant volume of business in course of time once the concerned entities see value in the products. For this to happen there is a relentless effort that has to be put in to educate the concerned entities on the value of such a grading.

Large and Medium Enterprises (LME) approach

We do believe that this segment is very important as these companies are the large borrowers which contribute to the growth of capital formation in the country. Being in the capital-intensive space, they are critical for the economy and would be progressively adding to their

investments and are also users of both the debt and the credit markets. Being a relatively late starter in the credit rating business CARE has had to work hard to get these companies on board as the business tends to get sticky where companies rarely move from one agency to another. Our business teams have been worked hard to talk to these companies and come on board. Here we do have good news to share with you as seen by the progress your company has made in terms of having these big companies on our portfolio. We are grateful to both our business and rating teams for enabling this achievement as delivering a rating on time is even more important than receiving the mandate.

We have managed to increase our share in the BS Top 1000 rated companies to 46% from 43% last year. Our share in the ET Top 500 rated companies increased from 53% to 54%. While we continue to retain leadership in these domains, it must be admitted that moving up incrementally is a challenge which gets stickier given the competitive nature of this industry.

We have continued to build these relations by also providing our own expertise on various issues relating to industry, economy and the financial sector periodically through interactive sessions that are termed knowledge sessions and webinars. The response especially for the webinars has been very good with several clients logging in to hear our views and discuss the same.

We also have in place dedicated teams to work with these companies so as to continue to cement the relationship with them into the long term.

Small and Medium Enterprises (SME) approach

The SME pie of the business is a very important one for your company. Given the large number of such units in the country, which has been estimated to be over 1.5 mn working firms, the potential is enormous. We have viewed this section from two points of view. The first is to habituate them to the concept of a rating as we believe that once the SME sees the benefit in the rating in terms of getting access to a loan facility from a bank or a lower interest rate to be paid on a loan, they would come back for a rating. The NSIC Scheme for providing them with a subsidy was essentially devised to allow this to happen.

The second is more from the perspective of the medium and long term, where we do envision that there would be a substantial number of SMEs which would work their way up with scale and join the fold of becoming a LME at some point of time. A relationship hence which is already established can be leveraged at a later date. Therefore, SMEs are an integral part of the rating business.

We did create a separate SME team where the focus was on having our own employees who as business development officials would operate from several locations to garner business and forward the information to our Knowledge Centre from whereon the rating analysis would be taken up by the rating teams. To this extent, we had deployed our employees in several locations.

Change in course

During the course of the year, however, the Government of India had stopped the NSIC scheme as the amount that was allocated was consumed. Therefore, there was a slowdown in this line of business. However, our own focus on SMEs was two-pronged: the NSIC cake was one part but the bank loan rating business for these entities carried on in parallel. We have since been concentrating on the bank loan rating portion of the SME rating to fully utilize our own human resources that were scaled up for this segment.

For the current year, we have to take into account the fact that the government has lowered the budgetary allocation under the NSIC scheme this year from Rs 85 crore (Budget revised for 2014-2015) to Rs 26 crore (Budget 2015-2016). While we will continue to try and convince the relevant ministries in the government of the usefulness of this programme to review this allocation, our concentration will be on getting more of these entities under the bank loan rating.

Alternative rating products

As part of broadening our own expertise in the rating space, we have been looking at the various products that can be rated/graded as they can add to the basket of offerings for the concerned industry which in turn will provide indicators to the users of the products. We have done so for education institutions, real estate, renewable energy etc. This we believe will add a modicum of diversification to the rating frontiers.

During the year we made some inroads into mutual funds rating and rated 36 schemes. The number of assignment under (RESCO) increased from 43 to 217 and those for (ESCO) from 11 to 40.

We have built specialized teams to deal with these grading products so that there is focus in terms of business development as well as grading processes.

Global revenue strategy

Our global ventures have made significant progress since last year. ARC Ratings has already started assigning ratings to various sovereigns with India being the first one followed by Malaysia, Mauritius, and Portugal. The ARC Ratings teams had interactions with various government officials, multilateral institutions, and academics on their visits to India for doing the sovereign rating. Also as part of business development, they were introduced to our own clients who do raise funds from global markets on a regular basis. We are hopeful that some of them would turn to ARC Ratings for a global rating when accessing these markets.

The ARC business model for CARE Ratings is predicated on two lines. First, the success of ARC Ratings would involve an income flow in the form of dividend to the company. Second, with a sovereign rating already being assigned to India, companies from India that get a rating from ARC Ratings when accessing international markets would warrant a referral fee for your company. A beginning has been made but we understand that this venture will take time to generate significant income for your company.

Performance in 2014-15

While the overall economic environment has improved in statistical terms, we have not seen that in terms of investment activity, raising of funds in the debt market and growth in bank credit especially in the non-retail segments. Admittedly, there have been several measures taken by the government to improve the investment climate which is laudable. But we have to still wait for some time to see these actions get translated into hard numbers. In short

- The investment cycle has still to improve. We have not seen too many new projects coming up and it appears that potential investors are still adopting a wait and watch approach.
- Industrial growth is yet to takeoff. While there have been some upward blips in the data on capital goods sector, they seem to be localized and not generalized.
- Bank credit has to go back to the range of 18-20%.
- Government spending is necessary to initiate the recovery process. This has been missing in the last three years.
- Interest rates have to come down at two levels – the central bank and the transmission through the banking system. While RBI has lowered rates twice, there is still some haziness when it comes to perceived inflation which will be a guiding factor for future investment decisions.

This we believe would hopefully fructify together in the course of 2015-2016, albeit at different speed and magnitude, and hence we do have a more positive outlook for the credit rating business.

Our financials have been largely influenced by these underlying business numbers and for the full year this is how it looks.

Our rating income has increased by 12.3% from Rs 226.91 crore in 2013-2014 to Rs 254.92 crore in 2014-2015. This has been on account of an increase in the new business as well as surveillance cases. This is where there are three factors involved that have contributed to this increase in income: number of clients, number of assignments and volume of debt rated. They not just contribute to the income earned but also add to the future surveillance cases.

Other income increased by Rs 7.91 crore from Rs 35.66 crore to Rs 43.57 crore. This comprises the investment income earned by your company during the year. Given the high volume of cash that is generated, we do invest the surpluses in relatively safer avenues such as FMPs, tax-free bonds, fixed deposits. The earnings will vary on the structure of interest rates prevalent in the system as well as tax laws which will guide our tenure of investment.

Total expenses increased from Rs 85.72 crore to Rs 101.39 crore. This was due to higher staff expenses of Rs 70.67 crore as against Rs 60.60 crore last year. Our staff strength has increased from 594 as of March 2014 to 655 in March 2015. Besides we have also made a provision on account of the ESOP Scheme for the year for Rs 5.29 crore. This scheme has been introduced to reward employees for their performance and also hence serve as an employee retention tool.

Operating profit for the year was Rs 155.82 crore as against Rs 143.74 crore last year while PAT was Rs 140.33 crore as against Rs 128.67 crore last year.

Looking forward in 2015-2016

Macro prospects

2015-2016 has started off on a positive note from the point of view of the government and RBI. The government has made higher allocations of capital expenditure this year both in the Railways Budget as well as the Union Budget. By also asking the departments to spend the allocation from the beginning of the year, it may be expected that infrastructure will get an impetus which in turn will bring in corresponding private investment. The RBI has also lowered rates once in June over and above the 50 bps cut in January-March 2015 with a firm statements that it expected banks to lower their base rate too and start lending to companies. Banks may be better positioned to lend now with the NPAs hopefully stabilizing though they would have to make adjustments for restructured assets when making provisions this year. The debt market should hence hopefully see more traction from even non-financial companies this year, and realistically speaking the traces should become bold in the second half of the year. The risk factor is the possible sub-normal monsoon which can upset plans of rate cuts and overall demand. A clearer picture will emerge once the season is through and a fair picture of the agriculture story emerges.

We are looking at GDP growth in the region of 7.8-8% on the assumption of the farm sector being satisfactory and industrial growth moving to the 5-6% range. Along with this growth path, growth in bank credit would also move to the level of 14-15% which would still be lower than 18-20% growth which was associated with the GDP growth rate of 8-9% (under the earlier methodology with 2004-05 as base year).

An imminent increase in interest rates by the Fed could upset the balance of payments with the flow of foreign funds slowing down. However higher interest rates in a phased manner over the next year which is what the market is expecting would also make borrowing from overseas more expensive. This will also mean that the demand of funds would be channeled partly to the corporate debt market.

Hence the overall outlook for the credit rating industry looks a little more positive than last year as the economy moves gradually on the upward path.

The road for CARE Ratings

We would be following the developments in the economy very closely and analyze the investment trends as well as changes in the financial markets so as to bring in some sharper focus on the sectors to target. Infrastructure would be one segment that could receive some momentum. Expansions in other industries would be monitored closely as any early signs of a turnaround would be felt in only some industries to begin with and the others would follow over time.

Therefore, we would continue with our strategy on increasing the size of our client base as well deepen these relations as it could be more likely that the larger companies on our portfolio would be the drivers of investment in the year.

Admittedly, the withdrawal of the SME-NSIC subsidy does impact the overall canvas, but the effort will be to enlarge other segments to cover up for these dark spaces. The team is already working on the potential of bank loan ratings for these units and there is close coordination with the relevant banks too.

We do see the challenges before us in 2015-2016 as there is a major assumption, realistic though, of the economy actually moving into second if not third gear during the second half of the year.

ANNEXURE VII TO THE DIRECTORS' REPORT

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr. No. | Name of the Director / KMP & Designation | Remuneration of Director / KMP for financial year 2014-15 (Amt in Rs.) | % increase in Remuneration in the financial year 2014-15 | Ratio of Remuneration of each Director / to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|---------|---|--|--|--|--|
| 1. | Mr. A. K. Bansal Chairman, Independent Director | 6,20,000 | N.A.* | 1.18:1 | |
| 2. | Dr. Ashima Goyal ¹ Independent Director | 4,00,000 | N.A.** | 0.76:1 | |
| 3. | Mr. S. Venkatraman ² Independent Director | 3,80,000 | N.A.** | 0.72:1 | |
| 4. | Ms. Bharti Prasad ³ Independent Director | 4,00,000 | N.A.** | 0.76:1 | |
| 5. | Mr. S. Ananthkrishnan ⁴ Non-Executive Director | 1,60,000 | N.A.** | 0.30:1 | |
| 6. | Mr. B. S. Keshava Murthy ⁴ Non-Executive Director | 1,20,000 | N.A.** | 0.23:1 | |
| 7. | Mr. D. R. Dogra Managing Director & CEO | 1,86,13,289 | 11.47% | 34.95:1 | # |
| 8. | Mr. Rajesh Mokashi Deputy Managing Director | 1,67,31,130 | 22.74% | 28.93:1 | # |
| 9. | Mr. Navin K Jain Company Secretary | 56,98,636 | 7.00% | 10.83:1 | # |
| 10. | Mr. Chandresh Shah Chief Financial Officer | 37,58,369 | 5.00% | 7.14:1 | # |

1. Appointed on 26.08.2014

2. Ceased to be a Director on 29.09.2014

3. Resigned on 23.08.2014

4. Appointed on 06.10.2014

* Mr. A. K. Bansal was appointed as Director on the Board on 03.12.2013. Hence he was on the Board only for the part of the FY 2013-14.

** Dr. Ashima Goyal was appointed as Director on the Board on 26.08.2014 and Mr. S. Ananthkrishnan & Mr. B. S. Keshava Murthy were appointed on the Board on 06.10.2014. Further Ms. Bharti Prasad resigned from the Board on 23.08.2014 & Mr. S. Venkatraman ceased to be a Director on 29.09.2014. Hence they were on the Board only for the part of FY 2014-15

Profit Before Tax increased by 11.13% and Profit After Tax increased by 9.06%

- 2) The remuneration to Non-Executive & Independent Directors is sitting fees paid to them for the financial year 2014-15. The sitting fees were increased from Rs. 20,000 to Rs. 40,000 per meeting for attending Board and Committee meetings.

- 3) The median remuneration of employees of the Company during the financial year 2014-15 was Rs. 5,26,178/-
- 4) In the financial year there was an increase of 9.28% in the median remuneration of employees.
- 5) There were 655 employees on the rolls of Company as on March 31, 2015.
- 6) Relationship between average increase in remuneration & Company's performance: The Profit Before Tax for the financial year ended March 31, 2015 increased by 11.13% whereas the increase in median remuneration was 9.28%. The average increase in the remuneration of employees is in line with the current year's performance.
- 7) Comparison of Remuneration of Key Managerial Personnel against the performance of the Company: The total remuneration of Key Managerial Personnel increased by 16.54 % from Rs. 3,03,28,843/- in 2013- 14 to Rs. 3,53,44,419/- in 2014-15, whereas the Profit before Tax increased by 11.13 % to Rs. 199,37,60,636/- in 2014-15 from Rs. 179,40,46,879/- in 2013-14. (Note1)
- 8) Variation in the market capitalisation of the Company: The market capitalisation as on March 31, 2015 was Rs. 4,282.59 crore.
- 9) Price Earnings Ratio of the Company was 30.52 as at March 31, 2015 & was 17.34 as at March 31, 2014. (Calculated on Basic EPS).
- 10) Percentage of increase over / decrease in the market quotations of the shares of the Company as compared to the rate at which company came out with the last public offer in the year: The Company has come out with an initial public offer (IPO) in 2012. An amount of Rs. 750/- per share invested in the said IPO (by a retail investor) would be worth Rs. 1,477/- as on March 31, 2015 indicating a compounded Annual Growth Rate of 35.15%. This is excluding the dividend accrued thereon.
- 11) The key parameters for the variable component of remuneration availed by Directors are considered by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee as per the Remuneration Policy of the Directors, Key Managerial Personnel and Senior Management.
- 12) The ratio of the remuneration of the highest paid director to that of the Employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not applicable since none of the employees draw remuneration in excess of the highest paid Director.
- 13) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management.

Note 1: Comparison of Remuneration of Key Managerial Personnel against the performance of the Company includes only remuneration of MD & CEO and DMD, since the CFO and CS were not included in KMP till March 31, 2014.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

A report on compliance with the Code of Corporate Governance as on 31st March, 2015 as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement with the Stock Exchanges is given below.

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, 2015.

1.1 COMPOSITION, CATEGORY OF DIRECTORS AND OTHER DIRECTORSHIP DETAILS AS ON MARCH 31, 2015 ARE AS FOLLOWS:

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 Independent Directors, two of whom are Non-Executive Directors and two are Executive Directors. The Board has one woman director and more than 50% of the Board consists of Non-Executive Directors. The number of Independent Directors is 1/3rd of the total number of Directors. Mr. A. K. Bansal, Chairman of the Board is an Independent Director.

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

| Category | Name of Director | DIN |
|--------------------------------|---------------------------------------|----------|
| Independent Directors | Mr. A. K. Bansal | 06752578 |
| | Dr. Ashima Goyal ¹ | 00233635 |
| | Ms. Bharti Prasad ² | 03025537 |
| | Mr. S. Venkatraman ³ | 00246012 |
| Non-Executive Directors | Mr. S. Ananthkrishnan ⁴ | 00074049 |
| | Mr. B. S. Keshava Murthy ⁴ | 06965816 |
| Executive Directors | Mr. D. R. Dogra – MD & CEO | 00226775 |
| | Mr. Rajesh Mokashi-DMD | 02781355 |

Note:

- 1) Dr. Ashima Goyal appointed as an additional director on the Board on August 26, 2014 and became an Independent Director at the Annual General Meeting held on September 29, 2014.
- 2) Mrs. Bharti Prasad resigned from the Board of Directors on August 23, 2014.
- 3) Mr. S. Venkatraman ceased to be a Director on the Board on September 29, 2014.
- 4) Mr. S. Ananthkrishnan and Mr. B. S. Keshava Murthy were appointed as Additional Directors (Non-Executive) on October 06, 2014.

1.2 Appointment of Independent Directors

At the 21st Annual General Meeting of the Company held on September 29, 2014, the members had appointed Mr. A. K. Bansal and Dr. Ashima Goyal as Independent Directors under the provisions of the Companies Act, 2013 and Listing Agreement for a period of two years from September 29, 2014 to September 28, 2016. The Company has issued a formal letter of appointment to the Independent Directors in the manner as provided in the Companies Act and the revised clause 49 of the Listing Agreement. The same has been displayed on the website of the Company at www.careratings.com.

1.3 APPOINTMENT OF ADDITIONAL (NON-EXECUTIVE) DIRECTOR

The Board of Directors at its meeting held on August 17, 2015 appointed Mr. S. B. Mainak (DIN 02531129) as an Additional Director (Non-Executive). Further, Mr. S. B. Mainak was appointed as Non-Executive Chairman of the Board of Directors.

1.4 FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

The Company has conducted the Familiarisation Program for Independent Directors. A presentation was made at the Board Meeting to enable the Independent Directors to understand its business in depth, to acclimatise them with the processes, businesses and functionaries of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarisation Program has been disclosed on the website of the Company at www.careratings.com

1.5 DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

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

Mr. Rajesh Mokashi, Deputy Managing Director retires by rotation and being eligible, offers himself for re-appointment. The brief resume of Mr. Rajesh Mokashi is as follows:

RESUME OF MR. RAJESH MOKASHI

Mr. Rajesh Mokashi is the Deputy Managing Director of your Company. He holds a Bachelor's degree in Mechanical Engineering from VJTI, Mumbai and a Master of Management Studies degree from NMIMS University of Bombay. He is a qualified Chartered Financial Analyst and has also cleared Level III of the CFA Program conducted by the CFA Institute, USA. He has obtained a Diploma in Import and Export Management from Indian Institute of Materials Management. He has more than 29 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 of CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd and CARE Ratings (Africa) Pvt. Ltd. He is also a Member of Empanellment Committee of NISM. He has been associated with your Company since 1993 and was appointed on the Board on August 22, 2009.

1.6 NON-EXECUTIVE DIRECTORS TO BE APPOINTED AS INDEPENDENT DIRECTORS

At the ensuing Annual General Meeting, Mr. S. B. Mainak who was appointed as additional director (non-executive) by the Board on August 17, 2015 will become independent director subject to the approval of shareholders. The resume of Mr. S. B. Mainak is as follows:

RESUME OF MR. S. B. MAINAK

Mr. S.B. Mainak, Managing Director Life Insurance Corporation of India (LIC) has been appointed as an additional Director in the capacity of non-executive Director of your company. He is a Chartered Accountant and has been with LIC since 1983. As Executive Director (Investment Operations) he managed LIC's funds of more than Rs 14 lakh crore. He also had a stint in National Insurance Academy (NIA), Pune as Professor (Life Insurance) and Head of Finance Department. He is also Chairman of LIC Nomura Mutual Fund Trustee Co. Pvt. Ltd. and on the Board of Mahindra & Mahindra Limited, ITC Limited, LIC Cards Services Limited, LIC (Nepal) Limited. He is also Director on LIC Housing Finance Ltd and LIC HFL AMC Limited. He is also Deputy President of Insurance Institute of India and Member of Governing Board of National Insurance Academy, Pune. He was also appointed by the Government of India on the Board of Satyam Computer Services Ltd. as Independent Director for restructuring the company. He held directorship in many companies including National Stock Exchange of India Limited, Stock Holding Corporation of India Limited etc. In 2009 he was conferred the awards of: NDTV Profit Business Leadership Award, CNN-IBN Indian of the Year Award and Dataquest IT Persons of the Year.

1.7 EXTENSION OF THE TENURE OF MR. D. R. DOGRA, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

The Board of Directors at its meeting held on August 17, 2015 extended the tenure of Mr. D. R. Dogra, Managing Director & Chief Executive Officer whose tenure was upto August 21, 2015 for a further period of one year upto August 21, 2016 subject to the approval of the members at the ensuing Annual General Meeting of the Company. The resume of Mr. D. R. Dogra is as follows:

RESUME OF MR. D. R. DOGRA

Mr. D. R. Dogra is the Managing Director & Chief Executive Officer of your Company. He holds a Bachelor's and a Master's degree in agriculture from Himachal Pradesh University and a Master's degree in business administration (FMS), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 37 years of experience in the financial sector and in credit administration. Prior to joining our Company, he was associated with Dena Bank.

He is also Director on the Board of Association of Credit Rating Agencies in Asia, Manila, Philippines. He is Chairman of ARC Ratings, Portugal. He is a Public Interest Director (approved by SEBI) of Metropolitan Stock Exchange of India Ltd. He is also the Chairman on the Board of CARE Kalypto Risk Technologies & Advisory Services Pvt. Ltd. and Director on CARE Ratings (Africa) Private Limited, Mauritius. He is also on the Governing Board of Golden Maharashtra Development Council. He is a Member - FICCI Maharashtra State Council and member of WR Economic Affairs Sub-Committee of CII. He is Expert Member of the Academic Advisory Committee in Finance Area, Birla Institute of Management Technology and a member on the Board of Governance of Universal Business School, Mumbai. He has recently joined as the Member of the Task Force for Development of Common Rating Mechanism for MSMEs, set up by the Govt. of India.

1.8 BOARD PROCEDURE

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

1.9 MEETINGS OF THE BOARD

The Board of Directors met 10 (Ten) times during the year 2014-2015 on May 07, 2014, May 20, 2014, June 04, 2014, June 13, 2014, July 31, 2014, September 15, 2014, October 06, 2014, November 14, 2014, December 24, 2014 and February 10, 2015.

DETAILS OF ATTENDANCE

| Name of the Directors | No. of Board meetings held | No. of meetings attended | AGM Held on September 29, 2014 | Number of Directorships in other Companies | | Number of Committee positions held in other Public Companies | |
|---|----------------------------|--------------------------|--------------------------------|--|---------|--|--------|
| | | | | Public | Private | Chairman | Member |
| Mr A. K. Bansal | 10 | 10 | Yes | 5 | - | 1 | 1 |
| Dr. Ashima Goyal <i>(Joined the Board on 26.08.2014)</i> | 05 | 05 | No | 1 | 1 | - | 1 |
| Mr. S. Ananthkrishnan <i>(Joined the Board on 6.10.2014)</i> | 03 | 03 | N.A. | - | - | - | - |
| Mr. B. S. Keshava Murthy <i>(Joined the Board on 6.10.2014)</i> | 03 | 03 | N.A. | - | - | - | - |
| Ms. Bharti Prasad <i>(Resigned on 23.08.2014)</i> | 05 | 05 | N.A. | N.A. | N.A. | N.A. | N.A. |
| Mr. S. Venkatraman <i>(Ceased to be a Director on 29.09.2014)</i> | 06 | 05 | No | N.A. | N.A. | N.A. | N.A. |
| Mr. D. R. Dogra | 10 | 10 | Yes | 2 | 3 | 1 | - |
| Mr. Rajesh Mokashi | 10 | 09 | Yes | - | 2 | - | - |

1.10 INFORMATION PROVIDED TO THE BOARD

The information provided to the Board includes:

- Annual operating plans and budgets, capital budgets and any updates thereon.
- Quarterly results of the Company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important show cause, demand, prosecution and penalty action.
- Fatal or serious accidents or dangerous occurrences.
- Any unplanned materially relevant default in financial obligations to and by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Details of any joint venture or collaboration agreement.
- Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant employee related problems and their proposed solutions.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.

- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend and delay in share transfer etc.

1.11 POST - MEETING FOLLOW - UP SYSTEMS

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

1.12 BOARD SUPPORT

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

1.13 CODE OF CONDUCT

The Board of Directors had laid down Code of Conduct for all Directors of the Board, Rating Committee Members, Employees and the Senior Management of your Company. The same has been posted on the website of the Company.

All the Directors of the Board, Rating Committee Members, Employees and the Senior Management personnel of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2015.

A declaration to this effect, signed by the Managing Director & Chief Executive Officer forms part of the certification.

2.0 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
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- ESOP Compensation Committee
- Risk Management Committee

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

2.1 AUDIT COMMITTEE

[A] Composition of Audit Committee

The Audit Committee as on 31st March, 2015, comprised of three members i.e. Dr. Ashima Goyal, Mr. A. K. Bansal, both Independent Directors and Mr. Rajesh Mokashi, Executive Director. The Chairperson of the Committee is Dr. Ashima Goyal who is an Independent Director. The Committee was re-constituted during the year.

Due to the unwillingness of Mr. S. Venkatraman who was the Chairman of the Audit Committee and liable to retire by rotation at the Annual General Meeting held on September 29, 2014 to be re-appointed as Director, the Board of Directors at its meeting held on September 15, 2014 designated Mr. A. K. Bansal as the Chairman of the Audit Committee. Further the Board at its meeting held on November 14, 2014 designated Dr. Ashima Goyal as the Chairperson of the Audit Committee.

The previous Annual General Meeting of the Company was held on September 29, 2014 and it was attended by Mr. A. K. Bansal, Chairman of the Audit Committee (on the date of the Annual General Meeting).

[B] Terms of Reference

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

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the Whistle Blower mechanism;
- 19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

[C] Meetings of the Audit Committee

The Audit Committee met 5 times during the year 2014-2015 on May 07, 2014, May 20, 2014, July 31, 2014, November 14, 2014 and February 10, 2015.

DETAILS OF ATTENDANCE

| Name of Directors | No. of Audit Committee Meetings held | No. of Meetings attended |
|--|---|---------------------------------|
| Dr. Ashima Goyal (Inducted on 26.08.2014) | 02 | 02 |
| Mr. A. K. Bansal (Inducted on 31.07.2014) | 02 | 02 |
| Mr. Rajesh Mokashi | 05 | 05 |
| Mr S. Venkatraman (Ceased to be a Director on 29.09.2014) | 03 | 03 |
| Ms. Bharti Prasad (Resigned on 23.08.2014) | 03 | 03 |

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

2.2. NOMINATION AND REMUNERATION COMMITTEE

[A] Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on 31st March, 2015, comprised of three members i.e. Dr. Ashima Goyal, Mr. A. K. Bansal and Mr. S. Ananthakrishnan. All of them are Non Executive Directors. The Chairperson of the Committee is Dr. Ashima Goyal, who is an Independent Director. The Committee was reconstituted during the year.

The Secretary of the Company acts as the Secretary to the Committee.

[B] Terms of Reference

The terms of reference of the Nomination and Remuneration Committee approved by the Board as per the provisions of section 178 of the Companies Act, 2013 and the revised clause 49 of the Listing Agreement are as follows:

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

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

The Committee met twice during the year 2014-2015 on June 04, 2014 and February 10, 2015.

| DETAILS OF ATTENDANCE | | |
|---|---|--------------------------|
| Name of Directors | No. of Remuneration Committee Meetings held | No. of Meetings attended |
| Dr. Ashima Goyal (Inducted on 14.11.2014) | 01 | 01 |
| Mr. A. K. Bansal (Inducted on 20.05.2014) | 02 | 02 |
| Mr S. Ananthkrishnan (Inducted on 14.11.2014) | 01 | 01 |
| Mr. S. Venkatraman (Ceased to be a Director on 29.09.2014) | 01 | 01 |
| Ms. Bharti Prasad (Resigned on 23.08. 2014) | 01 | 01 |

[D] Remuneration Policy

During the year 2014-15, your Company paid remuneration to its Executive Directors within the limits envisaged under the applicable provisions of the Companies Act, 2013. The remuneration paid to the Executive Directors was approved by the Board and the Nomination and Remuneration Committee within the limits approved by the shareholders.

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

| Remuneration to Directors | | (Amount in Rupees) | |
|---------------------------|---|--------------------|--------------|
| | Name of Director | Salary, benefits | Sitting fees |
| 1. | Mr A. K. Bansal | - | 6,20,000 |
| 2. | Dr. Ashima Goyal (Appointed on 26.08.2014) | - | 4,00,000 |
| 2 | Mr. S. Ananthkrishnan (Appointed on 06.10.2014) | - | 1,60,000 |
| 3 | Mr. B. S. Keshava Murthy (Appointed on 06.10.2014) | - | 1,20,000 |
| 4 | Mr. S. Venkatraman (Ceased to be director on 29.09.2014) | - | 3,80,000 |
| 5 | Ms. Bharti Prasad (Resigned on 23.08.2014) | - | 4,00,000 |
| 6 | Mr. D. R. Dogra | 1,86,13,289* | - |
| 7 | Mr. Rajesh Mokashi | 1,67,31,130* | - |

(*Remuneration includes Salary, Personal Allowance, House Rent Allowance, Performance Related Pay, Medical Allowance, Company's contribution to Provident Fund, Super Annuation, perquisites and Leave Encashment.)

Criteria of making payments to Non-Executive directors

Sitting fees: Rs. 40,000/- for per Board & Committee Meetings *

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

[E] Directors with materially significant related party transactions, pecuniary or business relationship or transaction with the Company:
Except for drawing remuneration, none of the Directors have any other materially significant related party transactions, pecuniary relationship or transaction with the Company.

[F] Details of the shareholding of non-executive directors:
The Non-Executive Independent Directors do not hold any shares of the Company.

2.3 STAKEHOLDERS RELATIONSHIP COMMITTEE (earlier SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE)

To comply with the provisions of 178 of the Companies Act, 2013 and revised clause 49 of the Listing Agreement the Board of Directors at its meeting held on May 20, 2014, renamed the Shareholders / Investor Grievance Committee as “**Stakeholders Relationship Committee**”

[A] Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee as on 31st March, 2015 comprised of two members i.e. Mr. A. K. Bansal and Mr. D. R. Dogra. The Chairman of the Committee is Mr. A. K. Bansal. The Committee was reconstituted during the year.

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

[B] Terms of Reference

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

[C] Meetings & attendance of the Stakeholders Grievance Committee (earlier Shareholders / Investors Grievance Committee)

During the Financial Year 2014-2015, the Committee met once on May 20, 2014. It was before its renaming as Stakeholders Relationship Committee. The attendance details are as follows:

| DETAILS OF ATTENDANCE | | |
|---|----------------------|--------------------------|
| Name of Directors | No. of Meetings held | No. of Meetings attended |
| Mr. S. Venkatraman (Ceased to be a Director on 29.09.2014) | 01 | 01 |
| Ms. Bharti Prasad (Resigned on 23.08. 2014) | 01 | 01 |
| Mr. D. R. Dogra | 01 | 01 |

D] Details of shareholders complaints for FY ended 31.03.2015 are as follows:

| No | Description | Complaints received | Complaints Attended | Complaints pending |
|----|--|---------------------|---------------------|--------------------|
| 1. | Non-receipt of refund order | 5 | 5 | Nil |
| 2. | Non-receipt of Annual Report | 5 | 5 | Nil |
| 3. | Non-receipt of dividend | 54 | 54 | Nil |
| 4. | Non-receipt of Securities | 1 | 1 | Nil |
| 5. | Non-receipt of refund order (Compliant received through SEBI SCORES) | Nil | Nil | Nil |
| 6. | Non-receipt of dividend (Compliant received through SEBI SCORES) | 4 | 4 | Nil |
| 7. | Non-receipt of Annual Report (Complaint received through Stock Exchange) | 22 | 22 | Nil |
| | TOTAL | 91 | 91 | Nil |

2.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**[A] Composition of Corporate Social Responsibility Committee**

The Committee as on 31st March, 2015, comprised of three members i.e. Mr. A. K. Bansal, Mr D. R. Dogra and Mr Rajesh Mokashi. The Chairman of the Committee is Mr. A. K. Bansal, who is an Independent Director. The Board of Directors at its meeting held on November 14, 2014 re-constituted the Corporate Social Responsibility Committee as per the provisions of section 135 of the Companies Act, 2013.

[B] Terms of Reference

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

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

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

The Committee met twice during the year 2014-2015 on May 20, 2014 and February 09, 2015

| DETAILS OF ATTENDANCE | | |
|--|--------------------------|--------------------------|
| Name of Directors | No. of CSR Meetings held | No. of Meetings attended |
| Mr. A. K. Bansal (Inducted on 20.05.2014) | 01 | 01 |
| Ms. Bharti Prasad (Resigned on 23.08. 2014) | 01 | 01 |
| Mr. D. R. Dogra | 02 | 02 |
| Mr. Rajesh Mokashi | 02 | 02 |

2.5 ESOP COMPENSATION COMMITTEE**[A] Composition of ESOP Compensation Committee**

The Committee comprised of three members i.e. Mr. A. K. Bansal Mr. S. Venkatraman and Mr. D. R. Dogra. Further Mr. S. Venkatraman ceased to be a director on September 29, 2014. The Chairman of the Committee is Mr. A. K. Bansal, who is an Independent Director. The Board of Directors at its meeting held on November 14, 2014 re-constituted the ESOP Compensation Committee.

Further, the Board at its meeting held on May 12, 2015 dissolved the ESOP Compensation Committee and included the terms of reference of the ESOP Compensation Committee in the terms of reference of the Nomination and Remuneration Committee.

[B] Terms of Reference

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

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

[C] Meetings & attendance of the ESOP Compensation Committee

The Committee did not meet during the financial year 2014-2015.

2.6 RISK MANAGEMENT COMMITTEE**[A] Composition of Risk Management Committee**

The Risk Management Committee as on 31st March, 2015, comprised of three members i.e. Dr. Ashima Goyal, Mr. Rajesh Mokashi and Mr. T. N. Arun Kumar. The Chairperson of the Committee is Dr. Ashima Goyal, who is an Independent Director. The Board of Directors at its meeting held on November 14, 2014 re-constituted the Risk Management Committee.

[B] Terms of Reference

- i) Identification of various risks associated with the operations of the Company such as regulatory risk, business risk, market risk, etc.;
- ii) Monitoring and reviewing of the risk management plan of the Company;
- iii) Review of Risk Management Policy as approved by the Board from time to time”

[C] Meetings & attendance of the Risk Management Committee

The Committee met once during the year 2014-2015 on February 10, 2015.

DETAILS OF ATTENDANCE

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

2.7 INDEPENDENT DIRECTORS MEETING

At present the Company has two Independent Directors – Mr. A. K. Bansal & Dr. Ashima Goyal on its Board. During the financial year 2014-2015, one meeting of the Independent Directors was held on March 25, 2015. The meeting was attended by both the Independent Directors without the attendance of non-independent directors and members of the management. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to the Company's affairs and determine their combined views to be put forth to the Board of Directors of the Company.

3.0 GENERAL MEETINGS

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

| | Venue | Date | Time | No of special resolutions passed |
|----|--|---|-----------|----------------------------------|
| a) | Rangaswar, Chavan Centre, General Jagannathrao Bhosle Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021 | September 29, 2014 (Annual General Meeting) | 3.00 p.m. | Nil |
| b) | Walchand Hirachand Hall, 4th Floor, Indian Merchants Chamber, Indian Merchants Chamber Building, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020 | March 11, 2014 (Extra Ordinary General Meeting) | 4.00 p.m. | 1 |
| c) | Rang Sharda Natya Mandir, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050 | September 27, 2013 (Annual General Meeting) | 2.30 p.m. | 4 |
| d) | 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400 022. | September 27, 2012 (Annual General Meeting) | 4.00 p.m. | Nil |

4.0 POSTAL BALLOT

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

5.0 RELATED PARTY DISCLOSURES

All transactions entered into during the financial year 2014-15 with Related Parties as defined under the Companies Act and clause 49 of the Listing Agreement were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, with related parties which could be considered material under the Listing Agreement. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable.

As required under Clause 49(VIII) of the Listing Agreement, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at www.careratings.com.

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 / VIGIL MECHANISM

Your Company's Whistle Blower Policy is in line with the provisions of the Sub-Section 9 and 10 of Section 177 of the Companies Act and Clause 49 of the Listing Agreement. This Policy establishes the necessary mechanism for employees to report to the management concerns about unethical behaviour or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. Further, no member of staff has been denied access to the Audit Committee. The policy has been uploaded on the website of the Company www.careratings.com

8.0. OTHER POLICIES

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

9.0. 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 and a separate post of Chairman and CEO.

10.0. MEANS OF COMMUNICATION

Your Company's corporate website www.careratings.com provides comprehensive information to the shareholders.

The quarterly and annual financial results are published in English and Marathi daily newspapers.

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

Detailed presentations are made to analyst on the Company's unaudited quarterly as well as audited annual financial results. These presentation are also uploaded on the Company's website.

The disclosures as required under SEBI Credit Rating Regulations are uploaded on the Company's website.

The shareholding pattern, updated every quarter is displayed on the Company's website.

11.0 DIVIDEND

In the financial year 2014-2015, the Company had declared an Interim Dividend of Rs. 6/- and a Special (Interim) Dividend of Rs. 65/-. Further, the Board of Directors recommended a Final Dividend of Rs. 8/- per share subject to the approval of the shareholders at the ensuing Annual General Meeting.

Section 205A of the Companies Act, 1956 mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The Company does not have any dividend unclaimed for seven years to be transferred to IEPF.

12.0 SUBSIDIARY COMPANIES

During the Financial Year ended March 31, 2015, the Company was not required to appoint an Independent Director of the Company on the Board of any of its non-listed Indian subsidiary.

The financial statements of the subsidiary are reviewed by the Audit Committee of the Company. Further, the minutes of the meetings of board of directors of the subsidiary company are also placed before the Board of Directors of the Company

13.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

14.0 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.

15.0 CEO & CFO CERTIFICATION

As required under Clause 49 of the Listing agreement, the CEO and CFO certification on the financial statement and the internal control system for financial reporting has been obtained and the same was reviewed by the Board of Directors.

16.0 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.

17.0 GENERAL SHAREHOLDERS INFORMATION

| | | |
|----|---|---|
| a) | Annual General Meeting | September 29, 2015 |
| | Time | 4.00 p.m. |
| | Venue | Jasubhai Conventional Hall Sri Shanmukhananda Fine Arts & Sangeetha Sabha 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 019. |
| b) | Financial Year | 2015 - 2016 |
| | Quarterly results will be declared as per the following tentative schedule: | |
| | Financial reporting for the quarter ending June 30, 2015 | On or before August 14, 2015 (Published on July 17, 2015) |
| | Financial reporting for the quarter ending September 30, 2015 | On or before November 14, 2015 |
| | Financial reporting for the quarter ending December 31, 2015 | On or before February 14, 2016 |
| | Financial reporting for the quarter and year ending March 31, 2016 | On or before May 30, 2016 |
| c) | Dates of Book Closure | Wednesday, September 23, 2015 to Tuesday, September 29, 2015 (both days inclusive) |
| d) | Dividend Payment Date | Final dividend on equity shares for the year ended March 31, 2015 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before October 28, 2015. |
| e) | Listing on Stock Exchange | The Company got listed on December 26, 2012. The shares of your Company are listed on: BSE 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 | BSE Limited: 534804 National Stock Exchange of India Limited: CARERATING ISIN: INE752H01013 |
| g) | Registrar and Share Transfer Agent | Karvy Computershare Pvt. Ltd. Unit: Credit Analysis and Research Limited Karvy Selenium Tower - B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 008. Tel. No. 040 – 67162222 Fax No. 040 – 23001153 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person : Mr. K. S. Reddy & Mr. B. V. Kishore |

| | | |
|----|-----------------------|---|
| h) | Share Transfer System | <p>Share transfer requests received in physical forms are registered within an average period of 15 days.</p> <p>Request for dematerialisation (demat) and rematerialisation (remat) received from the shareholders are effected within an average period of 15 days.</p> <p>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.</p> |
|----|-----------------------|---|

i) Market Price Data HIGH/LOW during each month from April 2014 to March 2015 (BSE).

| PERIOD – 2014-15 | HIGH | LOW |
|------------------|----------|----------|
| April 2014 | 823.60 | 725.00 |
| May 2014 | 983.90 | 790.00 |
| June 2014 | 1,155.95 | 918.00 |
| July 2014 | 1,209.45 | 1,035.00 |
| August 2014 | 1,321.00 | 1,150.00 |
| September 2014 | 1,588.95 | 1,236.00 |
| October 2014 | 1,563.00 | 1,305.00 |
| November 2014 | 1,500.00 | 1,305.00 |
| December 2014 | 1,496.00 | 1,322.00 |
| January 2015 | 1,727.40 | 1,478.00 |
| February 2015 | 1,685.00 | 1,544.50 |
| March 2015 | 1,625.00 | 1,445.65 |

Price Data HIGH/LOW during each month from April 2014 to March 2015 (NSE).

| PERIOD – 2014-15 | HIGH | LOW |
|------------------|----------|----------|
| April 2014 | 824.80 | 765.00 |
| May 2014 | 984.00 | 791.00 |
| June 2014 | 1,155.80 | 911.20 |
| July 2014 | 1,209.45 | 1,035.10 |
| August 2014 | 1,324.05 | 1,185.00 |
| September 2014 | 1,590.00 | 1,231.00 |
| October 2014 | 1,573.85 | 1,306.95 |
| November 2014 | 1,499.00 | 1,311.00 |
| December 2014 | 1,499.60 | 1,317.00 |
| January 2015 | 1,724.70 | 1,462.00 |
| February 2015 | 1,684.25 | 1,540.00 |
| March 2015 | 1,625.00 | 1,445.20 |

j) **DISTRIBUTION SCHEDULE AND SHAREHOLDING PATTERN AS ON MARCH 31, 2015****DISTRIBUTION SCHEDULE**

| Sr No | Category | Cases | % of Cases | Amount | % Amount |
|-------|----------------|---------------|---------------|---------------------|---------------|
| 1 | 1 - 5000 | 43,108 | 97.98 | 1,56,97,090 | 5.41 |
| 2 | 5001 - 10000 | 385 | 0.88 | 28,52,660 | 0.98 |
| 3 | 10001 - 20000 | 173 | 0.39 | 25,09,660 | 0.87 |
| 4 | 20001 - 30000 | 65 | 0.15 | 16,15,950 | 0.56 |
| 5 | 30001 - 40000 | 37 | 0.08 | 13,08,280 | 0.45 |
| 6 | 40001 - 50000 | 29 | 0.07 | 13,47,690 | 0.46 |
| 7 | 50001 - 100000 | 41 | 0.09 | 29,24,460 | 1.01 |
| 8 | 100001 & Above | 159 | 0.36 | 26,17,35,430 | 90.26 |
| | Total: | 43,997 | 100.00 | 28,99,91,220 | 100.00 |

k) **SHAREHOLDING PATTERN**

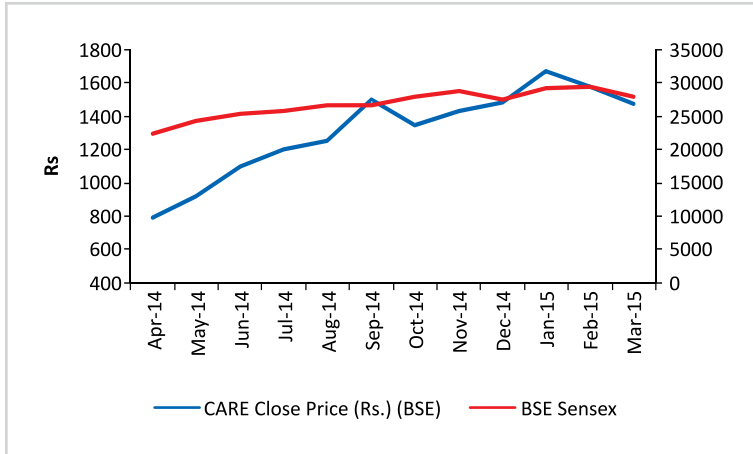
| Sr. No | Category | No. of Shares Held | Percentage (%) |
|-----------|---------------------------------|--------------------|----------------|
| I | PROMOTERS | ----- | ----- |
| II | NON-PROMOTERS | | |
| a) | Mutual Funds / UTI | 39,11,254 | 13.49 |
| b) | Financial Institutions / Banks | 92,86,291 | 32.02 |
| c) | Foreign Institutional Investors | 90,45,540 | 31.19 |
| d) | Bodies Corporate | 39,13,693 | 13.50 |
| e) | Individuals | 24,60,590 | 8.49 |
| f) | Directors | 93,636 | 0.32 |
| g) | Non-Resident Indians | 1,65,010 | 5.69 |
| h) | Clearing Members | 11,519 | 0.39 |
| i) | Trusts | 1,11,589 | 0.38 |
| | TOTAL | 2,89,99,122 | 100.00 |

| | | |
|----|--|---|
| l) | Dematerialisation of Shares and Liquidity | 2,89,90,284 equity shares which constitutes 99.97% of the paid up capital as on March 31, 2015 of your Company are held in electronic mode. |
| m) | 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 |
| n) | 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, Bengaluru – 560001. Tel No. 080-22117140 |
| | Chandigarh 2nd Floor, S.C.O. 196-197, Sector 34-A, Chandigarh - 160022 | Chennai Unit No. 0-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai – 600 002. Tel. No. : 044 – 28497812 |

| | | |
|----|---|--|
| | Coimbatore Office Unit T-3, 3rd Floor, Manchester Square, Puliakulam Road, Pappanaickenpalayam, Coimbatore – 641037 | Hyderabad 401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad – 500 029. Tel No: 040 – 40102030 |
| | Jaipur 304, Pashupati Akshat Heights, Plot No. D – 91, Madho Singh Road, Bani Park, Near Collectorate Circle, Jaipur – 302016 | Kolkata 3rd Floor, Prasad Chambers, Shagun Mall Building, 10A, Shakespeare Sarani, Kolkata – 700 071 Tel No. 033 – 22831800 / 1803 |
| | New Delhi 13th Floor, E-1, Videocon Tower, Jhandewalan Extension, New Delhi – 110055 Tel : 011 - 45333200 | Pune 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda Senapati Bapat Marg, Shivaji Nagar, Pune – 411 016 Tel No: 020 – 41201362 |
| o) | Email | care@careratings.com |
| p) | Investor Complaints ID | investor.relations@careratings.com |
| q) | Website | www.careratings.com |
| r) | 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 |
| s) | Green Initiative | Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/ documents in the electronic form. To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2015 electronically, Members are requested to update (in case of change) / register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent at the earliest. Your Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form. |

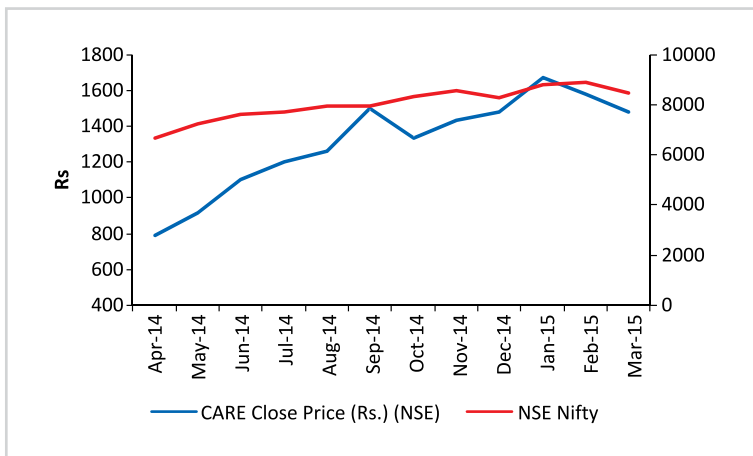
t) **CARE Share Price vs. BSE Sensex**

| Month | CARE Close Price (Rs.) (BSE) | BSE Sensex |
|----------------|------------------------------|------------|
| April 2014 | 789.00 | 22,417.80 |
| May 2014 | 919.15 | 24,217.34 |
| June 2014 | 1,098.60 | 25,413.78 |
| July 2014 | 1,199.10 | 25,894.97 |
| August 2014 | 1,254.60 | 26,638.11 |
| September 2014 | 1,497.80 | 26,630.51 |
| October 2014 | 1,344.00 | 27,865.83 |
| November 2014 | 1,436.40 | 28,693.99 |
| December 2014 | 1,481.95 | 27,499.42 |
| January 2015 | 1,670.15 | 29,182.95 |
| February 2015 | 1,575.50 | 29,361.50 |
| March 2015 | 1,476.80 | 27,957.49 |



CARE Share Price vs. NSE Nifty

| Month | CARE Close Price (Rs.) (NSE) | NSE Nifty |
|----------------|------------------------------|-----------|
| April 2014 | 787.40 | 6,696.40 |
| May 2014 | 919.75 | 7,229.95 |
| June 2014 | 1,101.75 | 7,611.35 |
| July 2014 | 1,201.70 | 7,721.30 |
| August 2014 | 1,259.40 | 7,954.35 |
| September 2014 | 1,501.60 | 7,964.80 |
| October 2014 | 1,337.40 | 8,322.20 |
| November 2014 | 1,435.40 | 8,588.25 |
| December 2014 | 1,481.75 | 8,282.70 |
| January 2015 | 1,671.10 | 8,808.90 |
| February 2015 | 1,576.30 | 8,901.85 |
| March 2015 | 1,479.55 | 8,491.00 |



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

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

I, D. R. Dogra, Managing Director & Chief Executive Officer of Credit Analysis and Research Limited, hereby confirm pursuant to Clause 49(II)(E) of the Listing Agreement that:

The Board of Credit Analysis and Research Limited had laid down a Code of Conduct (Code of Ethics) for all Board members and Senior Management of the Company. The said code of conduct has also been posted on the Company's website viz. www.careratings.com.

As provided under 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 (Code of Ethics) for the year ended March 31, 2015.

For Credit Analysis and Research Ltd.

D. R. Dogra
Managing Director & Chief Executive Officer
(DIN: 00226775)

Place: Mumbai
Date: August 26, 2015

Auditor's Certificate on Corporate Governance

The Members of Credit Analysis & Research Limited

We have examined the compliance of conditions of Corporate Governance by Credit Analysis and Research Limited ('the Company'), for the year ended March 31, 2015, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

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.

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

Gautam V Shah
Partner
Membership No. 117348

Mumbai
Date: August 26, 2015

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INDEPENDENT AUDITOR'S REPORT

The Members of

Credit Analysis and Research Limited

Report on the Standalone Financial Statements

- 1 We have audited the accompanying Standalone Financial Statements of Credit Analysis and Research Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- 2 The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone 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 financial control relevant to the Company's preparation of the Financial Statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the Standalone Financial Statements

- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its Profit and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 7 As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
- 8 As required by section 143(3) of the Act, we further report that:
 - a We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

INDEPENDENT AUDITOR'S REPORT

- c The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d In our opinion, the aforesaid Standalone Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, Read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
- 9 In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 34 to the Standalone Financial Statements;
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 33 to the Standalone Financial Statements;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Khimji Kunverji & Co.**

Chartered Accountants

ICAI FRN: 105146W

Gautam V Shah

Partner (F-117348)

Mumbai

Date: May 12, 2015

Annexure referred to in paragraph 7 of Our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended March 31, 2015

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The Company does not hold any inventory or securities as stock in trade, hence paragraph 3(ii)(a) to (c) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) (a) to (b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. During the year, the Company has neither purchased any inventory nor sold any goods, hence same have not been commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) As informed, the Company is not required to maintain any cost records prescribed by the Central Government under sub-section (1) of the section 148 of the Act.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, value added tax and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, value added tax and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- As informed, the Company is not liable to pay sales tax, customs duty, excise duty, and cess during the year.
- b) According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax and value added tax on account of any dispute, are as follows:

| Name of the Statute | Nature of the dues | Period | Forum where dispute is pending | Amount (Rs) |
|--------------------------|--------------------|------------|--|-------------|
| The Income Tax Act, 1961 | Income Tax | AY 2010-11 | Commissioner of Income Tax - Appeal | 78,46,264 |
| The Income Tax Act, 1961 | Income Tax | AY 2011-12 | | 2,89,670 |
| The Income Tax Act, 1961 | Income Tax | AY 2012-13 | | 2,06,53,290 |
| The Income Tax Act, 1961 | TDS | AY 2012-13 | Commissioner of Income Tax (Appeals)-XIV | 82,183 |

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

- (c) In our opinion and to the best of our information and according to the explanations given to us, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.

- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by subsidiaries from banks or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xi) According to the information and explanations given, the Company has not raised any term loans. Accordingly, the provision of paragraph 4(xi) of the Order is not applicable to the Company.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For Khimji Kunverji & Co

Chartered Accountants

ICAI FRN-105146W

Gautam V Shah

Partner (F-117348)

Place: Mumbai

Date: May 12, 2015

BALANCE SHEET

as at March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | Note | As at March 31, 2015 | As at March 31, 2014 |
|---|------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 28,99,91,220 | 28,99,91,220 |
| Reserves and Surplus | 3 | 331,42,35,099 | 455,31,50,069 |
| Non Current Liabilities | | | |
| Deferred Tax Liabilities (Net) | 4 | 2,94,14,579 | 3,92,94,813 |
| Long Term Provisions | 5 | 5,18,63,525 | 3,90,53,662 |
| Current Liabilities | | | |
| Short Term Provisions | 6 | 39,10,15,568 | 43,80,63,921 |
| Other Current Liabilities | 7 | 37,23,45,793 | 42,19,86,434 |
| Total | | 444,88,65,784 | 578,15,40,119 |
| Assets | | | |
| Non Current Assets | | | |
| Fixed Assets | | | |
| (i) Tangible Assets | 8 | 55,92,29,949 | 51,50,44,737 |
| (ii) Intangible Assets | 8 | 20,41,006 | - |
| Non Current Investments | 9 | 196,79,90,786 | 200,08,06,172 |
| Long Term Loans and Advances | 10 | 10,75,28,759 | 12,06,12,692 |
| Current Assets | | | |
| Current Investments | 11 | 148,83,56,157 | 267,61,60,437 |
| Trade Receivables | 12 | 14,57,20,322 | 14,17,07,343 |
| Cash and Bank Balances | 13 | 12,63,58,673 | 26,71,91,021 |
| Short Term Loans and Advances | 14 | 1,93,06,221 | 2,10,11,709 |
| Other Current Assets | 15 | 3,23,33,911 | 3,90,06,008 |
| Total | | 444,88,65,784 | 578,15,40,119 |

Significant Accounting Policies **1**

Other Notes to Accounts **21 to 37**

The notes are an integral part of the financial statements

As per our attached Report of even date

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

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 12, 2015

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

Anil Kumar Bansal
Chairman
DIN No. 06752578

Chandresh M Shah
Chief Financial Officer

D R Dogra
Managing Director & CEO
DIN No. 00226775

Navin K Jain
Company Secretary
ACS 10703

Rajesh Mokashi
Deputy Managing Director
DIN No.02781355

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | Note | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| Revenue From Operations | 16 | 257,20,81,758 | 229,46,45,567 |
| Other Income | 17 | 43,56,04,777 | 35,65,72,132 |
| Total Income | | 300,76,86,535 | 265,12,17,699 |
| Expenses | | | |
| Employee Benefits Expense | 18 | 70,67,28,429 | 60,59,93,370 |
| Finance Cost | 19 | 1,29,91,760 | - |
| Depreciation | 8 | 4,95,45,009 | 2,89,12,843 |
| Other Expenses | 20 | 24,46,60,702 | 22,22,64,607 |
| Total Expenses | | 101,39,25,900 | 85,71,70,820 |
| Profit before Tax | | 199,37,60,635 | 179,40,46,879 |
| Tax Expense | | | |
| Current Tax | | 58,78,19,092 | 50,70,76,264 |
| Deferred Tax Expense | | (62,38,535) | 2,45,062 |
| Add : Income tax adjustment for earlier years | | 88,79,268 | - |
| Total Tax Expense | | 59,04,59,825 | 50,73,21,326 |
| Profit after Tax | | 140,33,00,810 | 128,67,25,553 |
| Earning Per Share (Face Value Rs.10/each-) | 22 | | |
| - Basic | | 48.39 | 44.71 |
| - Diluted | | 47.94 | 44.68 |

Significant Accounting Policies **1**

Other Notes to Accounts **21 to 37**

The notes are an integral part of the financial statements

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants

FRN : 105146 W

Gautam V Shah

Partner (F-117348)

Mumbai

Date: May 12, 2015

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Anil Kumar Bansal

Chairman

DIN No. 06752578

Chandresh M Shah

Chief Financial Officer

D R Dogra

Managing Director & CEO

DIN No. 00226775

Navin K Jain

Company Secretary

ACS 10703

Rajesh Mokashi

Deputy Managing Director

DIN No.02781355

CASH FLOW STATEMENT

for the year ended March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Profit Before Tax | 199,37,60,635 | 179,40,46,879 |
| Adjustment for | | |
| Income from investments | (43,31,88,877) | (35,56,87,226) |
| Interest on loan | 1,29,91,760 | - |
| Deferred Employee Stock Option | 5,29,31,954 | 1,42,86,874 |
| Unrealised Foreign Exchange (Gain) / Loss | (62,034) | 18,505 |
| Provision for Compensated Absence | 1,43,59,648 | 46,89,801 |
| Provision for Gratuity | 36,38,266 | (21,28,458) |
| Provision for Bad Debts | 4,15,64,855 | 1,52,59,867 |
| Loss on Sale of Fixed Assets | 2,80,944 | 4,76,585 |
| Depreciation | 4,95,45,009 | 2,89,12,843 |
| Operating Profit before working capital changes | 173,58,22,160 | 149,98,75,670 |
| Movements in working capital | | |
| Decrease/(Increase) in Trade Receivables | (4,55,77,834) | 6,19,23,362 |
| Decrease/(Increase) in Deposits | 18,575 | (84,44,809) |
| Decrease/(Increase) in Advances and Other Assests | 7,27,525 | 15,23,878 |
| Increase/(Decrease) in Other Current Liabilites | (4,96,40,641) | 2,87,25,624 |
| Increase/(Decrease) in Provisions and Other Liabilities | 78,17,537 | 1,98,16,760 |
| Total Movements in working capital | (8,66,54,838) | 10,35,44,815 |
| Taxes paid | (58,09,63,880) | (51,63,86,523) |
| Net cash from operating activities | 106,82,03,442 | 108,70,33,962 |
| Cash flows from Investing Activities | | |
| Income from investments | 45,33,01,613 | 34,87,97,657 |
| Investment in company | (10,12,92,132) | (5,67,97,432) |
| Sale of fixed assets | 6,15,939 | 7,66,642 |
| Purchase of fixed assets | (10,73,82,136) | (3,32,80,856) |
| Purchase of investments | (625,91,89,428) | (490,76,15,889) |
| Sale of investments | 758,10,99,137 | 417,64,88,699 |
| Net cash from investing activities | 156,71,52,993 | (47,16,41,179) |
| Cash flows from Financing Activities | | |
| Proceeds from issue of equity shares | - | 25,00,00,547 |
| Amounts borrowed | 72,85,26,267 | - |
| Amounts repaid | (72,85,26,267) | - |
| Interest on loan | (1,29,91,760) | - |
| Dividend and Dividend Tax paid | (274,81,29,347) | (87,48,05,348) |
| Net cash from financing activities | (276,11,21,107) | (62,48,04,801) |

CASH FLOW STATEMENT

for the year ended March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--|--|
| Net increase / (decrease) in cash and cash equivalents | (12,57,64,672) | (94,12,018) |
| Cash And Cash Equivalents At The Beginning | 23,41,77,835 | 24,35,89,853 |
| Cash And Cash Equivalents At The End | 10,84,13,163 | 23,41,77,835 |
| Cash and cash equivalents comprise of: (Refer note 13) | | |
| Cash on hand | 59,017 | 79,115 |
| Other Bank balances | | |
| On Current Account | 4,87,18,230 | 6,92,77,642 |
| Deposit Accounts | 5,96,35,916 | 16,48,21,078 |
| Total | 10,84,13,163 | 23,41,77,835 |

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants

FRN : 105146 W

Gautam V Shah

Partner (F-117348)

Mumbai

Date: May 12, 2015

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Anil Kumar Bansal

Chairman

DIN No. 06752578

Chandresh M Shah

Chief Financial Officer

D R Dogra

Managing Director & CEO

DIN No. 00226775

Navin K Jain

Company Secretary

ACS 10703

Rajesh Mokashi

Deputy Managing Director

DIN No.02781355

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

1. Summary of Significant Accounting Policies

a. Basis of Preparation of Financial Statements

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

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

b. Use of Estimates

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

c. Change in Accounting Estimates

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. Effective from 1st April, 2014, the Company has provided depreciation on fixed assets based on useful lives as provided in Schedule II of the Companies Act, 2013 or as re-assessed by

the Company. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

Based on transitional provision given in Schedule II to the Companies Act, 2013, the carrying value of assets whose useful lives are already exhausted amounting to Rs.70,72,328/- (net of deferred tax of Rs.36,41,670/-) has been charged to opening balance of retained earnings. Had there been no change in useful lives of fixed assets, the charge to the Statement of Profit & Loss would have been lower by Rs. 2,43,55,018/-.

d. 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.

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

e. Fixed Assets

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

f. Depreciation

Depreciation is provided based on useful lives as provided in Schedule II of the Companies Act, 2013.

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 account, 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. Investments in Commercial Paper are stated at carrying cost.

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. 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.

k. Accounting for taxes

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

ii. Deferred Tax : The Deferred tax is accounted in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The Deferred tax for the year on timing differences are accounted at tax rates that have been enacted by the Balance Sheet date.

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

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

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

date the Company re-assesses unrecognized deferred tax assets.

i. Impairment of Asset

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

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

m. Earnings per share ('EPS)

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

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

n. 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.

o. Employee Stock Options

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

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

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

2. Share Capital

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | Amount Rs. | Number | Amount Rs. |
| Authorised | | | | |
| Equity Shares of Rs.10 each | 3,00,00,000 | 30,00,00,000 | 3,00,00,000 | 30,00,00,000 |
| Issued, subscribed and fully paid up | | | | |
| Equity Shares of Rs.10 each | 2,89,99,122 | 28,99,91,220 | 2,89,99,122 | 28,99,91,220 |
| Total issued, subscribed and fully paid up share capital | 2,89,99,122 | 28,99,91,220 | 2,89,99,122 | 28,99,91,220 |

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

| Equity Shares | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | Amount Rs. | Number | Amount Rs. |
| At the beginning of the year | 2,89,99,122 | 28,99,91,220 | 2,85,52,812 | 28,55,28,120 |
| Issued during the year - Preferential Allotment | - | - | 4,46,310 | 44,63,100 |
| Outstanding at the end of the year | 2,89,99,122 | 28,99,91,220 | 2,89,99,122 | 28,99,91,220 |

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, 2015, an amount of Rs.6 per share (March 31,2014 :Rs 18 per share) interim dividend, and Rs 65 per share (March 31,2014 : Nil) special dividend was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs.8 per share. (March 31, 2014: Rs. 10 per share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

| Equity Shares | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| Equity Shares allotted as fully paid up bonus shares (issued in FY13) | 2,04,85,869 | 2,04,85,869 |
| Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash | Nil | Nil |
| Equity Shares bought back by the company | Nil | Nil |
| Equity Shares allotted as fully paid up in exercise of options granted under the ESOP (issued in FY10) | 2,91,943 | 2,91,943 |

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

| Equity Shares of Rs. 10 each fully paid | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|------------------------|----------------------|------------------------|
| | Number | % holding in the class | Number | % holding in the class |
| Life Insurance Corporation of India | 28,82,136 | 9.94% | - | 0.00% |
| Canara Bank | 28,70,018 | 9.90% | 43,42,400 | 14.97% |
| IDBI Bank Limited | 18,00,773 | 6.21% | 48,18,292 | 16.62% |
| State Bank of India | 13,58,791 | 4.69% | 17,51,755 | 6.04% |
| Bajaj Holdings and Investment Limited | 10,02,615 | 3.46% | 17,07,615 | 5.89% |

e. The Company does not have a holding company

f. Shares reserved for issue under options and contracts, including the terms and amounts:

For details of Shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company refer Note: 32

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

3. Reserves and Surplus

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| a. Capital Redemption Reserve | 22,50,000 | 22,50,000 |
| b. Securities Premium Account | | |
| Opening Balance as per last audited Financial Statement | 26,56,44,194 | 2,01,06,747 |
| Add : | | |
| Premium on preferential allotment of shares | - | 24,55,37,447 |
| Closing Balance | 26,56,44,194 | 26,56,44,194 |
| c. Employees Stock Options Outstanding | | |
| Opening Balance as per last audited Financial Statement | 11,42,95,000 | - |
| Add : | | |
| Options granted during the year | - | 11,42,95,000 |
| Options exercised during the year | - | - |
| Less : | | |
| Options lapsed during the year | (67,44,784) | - |
| Closing Balance | 10,75,50,216 | 11,42,95,000 |
| Less :Deferred Employees Compensation | | |
| Opening Balance as per last audited Financial Statement | (10,00,08,126) | - |
| Add : | | |
| Options granted during the year | - | (11,42,95,000) |
| Less : | | |
| Options lapsed during the year | 67,44,784 | - |
| Amortization of deferred employees compensation | 5,29,31,954 | 1,42,86,874 |
| Closing Balance | (4,03,31,388) | (10,00,08,126) |
| | 6,72,18,828 | 1,42,86,874 |
| d. General Reserve | | |
| Opening Balance as per last audited Financial Statement | 135,48,31,844 | 120,48,31,844 |
| Add : | | |
| Transfer from surplus in the statement of profit and loss | 15,00,00,000 | 15,00,00,000 |
| Less: | | |
| Transitional provision of schedule II impact (net of deferred tax amounting to Rs 36,41,670/-) | 70,72,328 | - |
| Closing Balance | 149,77,59,516 | 135,48,31,844 |
| e. Surplus in the statement of profit and loss | | |
| Opening balance | 291,61,37,157 | 272,62,49,281 |
| Add : | | |
| Net Profit for the current year | 140,33,00,811 | 128,67,25,553 |
| Less : | | |
| Proposed Dividend | 23,19,92,976 | 28,99,91,220 |
| Interim Dividend | 205,89,37,662 | 51,93,06,336 |
| Tax on Proposed Dividend | 4,72,28,311 | 4,92,84,008 |
| Tax on Interim Dividend | 34,99,16,457 | 8,82,56,113 |
| Transfer to General Reserve | 15,00,00,000 | 15,00,00,000 |
| Closing Balance | 148,13,62,562 | 291,61,37,157 |
| Total Reserves & Surplus | 331,42,35,100 | 455,31,50,069 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

4. Deferred Tax Liabilities (Net)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|------------------------------------|-------------------------|-------------------------|
| Deferred Tax Liability | | |
| Depreciation on Fixed Assets | 6,20,58,422 | 6,38,96,731 |
| Less : Deferred Tax Assets | 3,26,43,843 | 2,46,01,918 |
| Provision for Compensated Absence | 2,28,65,736 | 1,75,75,277 |
| Provision for Doubtful Debts | 70,77,446 | 70,26,641 |
| Expenses Disallowed | 3,72,750 | - |
| Rent for Straight Lining Provision | 10,68,707 | - |
| Provision for Gratuity | 12,59,204 | - |
| Total | 2,94,14,579 | 3,92,94,813 |

5. Long Term Provisions

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for Compensated Absence | 5,18,63,525 | 3,90,53,662 |
| Total | 5,18,63,525 | 3,90,53,662 |

6. Short Term Provisions

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for Salary, Performance Related Pay & Commission | 7,50,15,754 | 6,81,59,076 |
| Provision for Compensated Absence | 1,42,03,323 | 1,26,53,538 |
| Provision for Gratuity | 36,38,266 | - |
| Provision for Leave Travel Allowance | 1,89,36,938 | 1,79,76,079 |
| Others | | |
| Proposed Dividend | 23,19,92,976 | 28,99,91,220 |
| Provision for Dividend Distribution Tax | 4,72,28,311 | 4,92,84,008 |
| Total | 39,10,15,568 | 43,80,63,921 |

7. Other Current Liabilities

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Sundry Creditors for Expenses* | 1,75,80,995 | 1,32,56,126 |
| Unearned Revenue | 25,89,82,086 | 21,56,37,188 |
| Advance from customers | 8,77,18,621 | 15,67,56,069 |
| Statutory Dues | 41,80,443 | 98,72,665 |
| Unclaimed Dividend | 30,35,510 | 26,51,694 |
| Advance received from selling shareholders (net)# | - | 2,37,47,971 |
| Other Liabilities | 8,48,138 | 64,721 |
| Total | 37,23,45,793 | 42,19,86,434 |

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

Refer note 30

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

8. Fixed Assets for the year ended March 31, 2015

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

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

8. Fixed Assets for the year ended March 31, 2014

| Description of Assets | Gross Block | | | Impairment | | Depreciation | | | Net Block | | | |
|-----------------------------|---------------------|---------------------------|----------------------------|---------------------|------------------|----------------|------------------|--------------------|--|---------------------|---------------------|---------------------|
| | As at 1-Apr-13 | Additions during the year | Deductions during the year | As at 31-Mar-14 | During the year | As at 1-Apr-13 | As at 31-Mar-14 | For the year | On deletions / disposals during the year | Upto 1-Apr-13 | Upto 31-Mar-14 | As at 31-Mar-14 |
| Tangible Assets | | | | | | | | | | | | |
| Furniture & Fixtures | 4,24,05,288 | 60,850 | - | 4,24,66,138 | - | - | - | 25,08,974 | - | 1,52,47,888 | 1,77,56,862 | 2,47,09,276 |
| Office Equipments | 5,25,51,480 | 20,11,586 | 56,367 | 5,45,06,699 | - | - | - | 25,59,110 | 24,126 | 50,85,138 | 76,20,122 | 4,68,86,577 |
| Computers | 5,43,15,848 | 1,16,35,724 | 10,34,371 | 6,49,17,201 | - | - | - | 88,00,116 | 8,48,308 | 2,34,89,743 | 3,14,41,551 | 3,34,75,650 |
| Vehicles | 78,54,856 | 11,32,921 | 18,35,212 | 71,52,565 | - | - | - | 7,68,587 | 8,10,289 | 17,15,360 | 16,73,658 | 54,78,907 |
| Electrical Installations | 68,25,282 | - | - | 68,25,282 | - | - | - | 4,81,521 | - | 19,45,441 | 24,26,962 | 43,98,320 |
| Buildings | 42,48,26,827 | 1,19,15,870 | - | 43,67,42,697 | 22,57,525 | - | 22,57,525 | 69,05,440 | - | 2,74,83,725 | 3,43,89,165 | 40,00,96,007 |
| Total Tangible (A) | 58,87,79,581 | 2,67,56,951 | 29,25,950 | 61,26,10,582 | 22,57,525 | - | 22,57,525 | 2,20,23,748 | 16,82,723 | 7,49,67,295 | 9,53,08,320 | 51,50,44,737 |
| Intangible Assets | | | | | | | | | | | | |
| Computer Software | 2,60,95,019 | 68,89,095 | - | 3,29,84,114 | - | - | - | 68,89,095 | - | 2,60,95,019 | 3,29,84,114 | - |
| Total Intangible (B) | 2,60,95,019 | 68,89,095 | - | 3,29,84,114 | - | - | - | 68,89,095 | - | 2,60,95,019 | 3,29,84,114 | - |
| Total (A+B) | 61,48,74,600 | 3,36,46,046 | 29,25,950 | 64,55,94,696 | 22,57,525 | - | 22,57,525 | 2,89,12,843 | 16,82,723 | 10,10,62,314 | 12,82,92,434 | 51,50,44,737 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| Trade Investment | | | | |
| UNQUOTED (valued at cost) | | | | |
| 1) Investment in Subsidiary | | | | |
| 80,13,500 equity shares (PY 60,20,540) CARE Kalypto Risk Technologies and Advisory Services Private Limited (Formerly known as Kalypto Risk Technologies Pvt. Ltd.) | | 10,57,83,654 | | 8,93,98,652 |
| 57,957 ordinary shares of USD 1 each fully paid up (PY NIL) in CARE Ratings (Africa) Private Limited | | 36,36,100 | | - |
| 2) Other Investments | | | | |
| 53,000 Ordinary Shares of USD 10 each fully paid up (PY 53,000) ARC Ratings Holdings PTE Limited | | 3,06,80,300 | | 3,06,80,300 |
| 20,00,000 ordinary shares of RM 1 each fully paid up (PY 4,00,000) in Malaysian Rating Corporation Berhard | | 10,73,88,087 | | 2,61,17,132 |
| Other Investments (valued at cost, unless stated otherwise) | | | | |
| A) QUOTED | | | | |
| 1) Investment in Bonds of PSUs | | | | |
| 50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022) | | 5,32,83,100 | | 5,32,83,100 |
| 300 Bonds FV. Rs.1,00,000/- (PY 300 Bonds) 6.32% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on December 20, 2017) | | 3,00,00,000 | | 3,00,00,000 |
| NIL Bonds (PY 92,718 Bonds) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2022) | | - | | 9,48,50,514 |
| NIL Bonds (PY 1,00,000) of 8.10% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 22, 2027) | | - | | 10,56,48,400 |
| NIL Bonds (PY 20,000) of 7.34% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 19, 2028) | | - | | 2,00,00,000 |
| NIL Bonds (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027) | | - | | 4,86,00,000 |
| 1,30,000 Bonds FV. Rs.1,000/- (PY 1,30,000) of 8.10% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2022) | | 13,41,34,000 | | 13,41,34,000 |
| 50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027) | | 5,29,75,000 | | 5,29,75,000 |
| NIL Bonds (PY 20,000) of 8.68% Tax Free Bonds of National Housing Bank (Maturing on March 24, 2029) | | - | | 10,12,70,400 |
| 50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.12% Tax Free Bonds of Rural Electrification Corporation (Maturing on March 24, 2029) | | 5,36,59,400 | | 5,36,59,400 |
| 80,000 Bonds FV. Rs.1,000/- (PY 80,000) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027) | | 8,58,16,000 | | 8,58,16,000 |
| | | 40,98,67,500 | | 78,02,36,814 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|-------------|----------------------|-------------|
| 2. Investment in Gold ETF | | | | |
| 14,807 Units (PY 14,807 Units) UTI MF Gold Traded Mutual Fund | 3,75,38,398 | | 3,75,38,398 | |
| 5,247 Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Open Ended | 1,50,07,017 | | 1,50,07,017 | |
| 5,279 Units (PY 5,279 Units) Kotak MF- Gold Exchange Traded Fund | 1,50,13,259 | | 1,50,13,259 | |
| 11,80,689 Units (PY 11,80,689 Units) SBI Gold Fund | 1,19,99,998 | | 1,19,99,998 | |
| 6,881 Units (PY 6,881) Goldman Sachs MF - Gold Benchmark Exchange Traded Scheme - Units | 2,00,23,229 | | 2,00,23,229 | |
| | | 9,95,81,901 | | 9,95,81,901 |
| 3. Investment in G-Sec | | | | |
| NIL units (PY Rs 5,00,00,000) G-Sec 8.79% Government of India 2021 (Maturing on 08 November 2021) | | - | | 5,05,65,000 |
| 4. Investment in various Fixed Maturity Plans of Debt Mutual Funds | | | | |
| NIL units (PY 58,41,848) of IDFC Fixed Term Plan Series 23 - Growth | - | | 5,84,18,478 | |
| NIL units (PY 55,00,000) of SBIMF SDFS 16 Months - 1 - Growth | - | | 5,50,00,000 | |
| NIL units (PY 30,00,000) of Principal PNB FMP Series B-10 | - | | 3,00,00,000 | |
| NIL units (PY 27,50,000) of Birla Sun Life Fixed Term Plan - Series IU - Growth | - | | 2,75,00,000 | |
| NIL units (PY 50,00,000) of Kotak FMP Series 133 - 524 Day-G | - | | 5,00,00,000 | |
| NIL units (PY 20,00,000) of IDBI FMP- Series - IV- 542 Day (Feb-14) F (Direct) | - | | 2,00,00,000 | |
| NIL units (PY 12,50,000) of LIC Nomura MF FMP Series 76 -382 Days - G | - | | 1,25,00,000 | |
| NIL units (PY 60,32,567) of Baroda Pioneer FMP - Series M - 394 Days | - | | 6,03,25,670 | |
| 50,00,000 units (PY NIL) of BIRLA SUNLIFE FMP Series IL 1098 Days DP G | 5,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of BIRLA SUNLIFE FMP Series IO 1097 Days DP G | 5,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of Birla Sun Life FTP Series JA - 1098 Days | 5,00,00,000 | | - | |
| 38,12,795 units (PY NIL) of HDFC FMP 370D October 2013 (5) | 3,81,27,950 | | - | |
| 20,00,000 units (PY NIL) of IDFC FIXED TERM PLAN - SERIES 40- DP -G | 2,00,00,000 | | - | |
| 75,00,000 units (PY NIL) of Religare Invesco FMP Series XXI - Plan E | 7,50,00,000 | | - | |
| 1,08,29,300 units (PY NIL) of SBI SDFS - 366 Days Series 44 DP-Growth | 10,82,93,000 | | - | |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| 54,26,150 units (PY NIL) of SBI MFSDFS - 366 Days - Series 47 | 5,42,61,500 | | - | |
| 22,50,000 units (PY NIL) of HDFC FMP 1100D April 2014(1) - 1100Days (DP) - Gr option | 2,25,00,000 | | - | |
| 60,00,000 units (PY NIL) of HDFC FMP 747D -June 2014 (1) (Direct)- G Option | 6,00,00,000 | | - | |
| 57,50,000 units (PY NIL) of Kotak FMP Series 105 - Growth | 5,75,00,000 | | - | |
| 70,00,000 units (PY NIL) of LIC nomura MF FMP series 85 - 730 days - G | 7,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of SBI MF -SDFS-Series A 36 Months DP -G | 5,00,00,000 | | - | |
| 32,50,000 units (PY NIL) of DSP Blackrock Fmp Series 144-12 M (Direct)- Growth | 3,25,00,000 | | - | |
| 32,50,000 units (PY NIL) of Kotak FMP Series 136 - 376 Days Direct | 3,25,00,000 | | - | |
| 25,00,000 units (PY NIL) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G | 2,50,00,000 | | - | |
| 20,00,000 units (PY NIL) of Religare Invesco FMP -Series 25 - Plan C Growth -D | 2,00,00,000 | | - | |
| 20,00,000 units (PY NIL) of Tata FMP Series 46 -Scheme S 366 Day -Direct - Growth | 2,00,00,000 | | - | |
| 35,04,924 units (PY NIL) of SBIMF SDF Series A-9-366 D (Direct)- Growth | 3,50,49,244 | | - | |
| 15,00,000 units (PY NIL) of Religare Invesco FMP -Series 25 - Plan F-DP | 1,50,00,000 | | - | |
| 35,00,000 units (PY NIL) of ICICI Prudential Fixed Maturity Plan - Series 76 - 1100 Days - Plan T | 3,50,00,000 | | - | |
| NIL units (PY 35,00,000) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth | - | | 3,50,00,000 | |
| | | 92,07,31,694 | | 34,87,44,148 |
| B. UNQUOTED | | | | |
| 1. Investment in various Equity and Debt Mutual Fund Schemes | | | | |
| NIL units (PY 19,77,824) IDFC Arbitrage Fund | - | | 2,50,00,000 | |
| NIL units (PY 23,23,590) Kotak Equity Arbitrage Fund | - | | 2,50,00,000 | |
| NIL units (PY 34,69,187) IDFC Dynamic Bond Fund - Growth | - | | 5,00,00,000 | |
| NIL units (PY 14,12,756) Birla Sun Life G Sec Fund - LT - Growth | - | | 5,00,00,000 | |
| NIL units (PY 6,20,818) DSP Blackrock Top 100 Equity Fund - Direct Plan | - | | 7,19,99,998 | |
| NIL units (PY 3,33,710) DSP Blackrock Top 100 Equity Fund Regular G | - | | 3,41,56,704 | |
| NIL units (PY 28,58,469) Franklin India Bluechip Fund Dividend Re-investment | - | | 10,02,80,640 | |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|----------------------|----------------------|----------------------|
| NIL units (PY 1,69,322) HDFC Top 200 | - | | 3,48,37,204 | |
| NIL units (PY 3,08,299) HDFC Top 200 - Direct Plan | - | | 7,49,99,998 | |
| NIL units (PY 78,00,974) ICICI Prudential Top 100 Fund Dividend | - | | 10,92,07,681 | |
| 21,05,817 Units (PY NIL) HDFC Gilt Fund -Long Term Plan - Direct (G) | 6,00,00,000 | | - | |
| 4,48,640 units (PY NIL) ICICI Prudential Income Fund -DP-Growth | 2,00,00,000 | | - | |
| 17,843 Units (PY NIL) Religare Invesco Gilt Fund-Long Term Duration- D-G | 2,74,66,750 | | - | |
| 29,14,753 units (PY NIL) BNP paribas medium term income fund | 3,28,54,800 | | - | |
| 2,22,544 units (PY NIL) DSP Blackrock Top 100 Equity Fund - Direct Plan | 3,75,00,000 | | - | |
| 8,73,000 units (PY NIL) Franklin India Bluechip Fund - Direct Plan -(Divi) | 3,75,00,000 | | - | |
| 1,03,853 Units (PY NIL) HDFC Top 200 - Direct Plan | 3,75,00,000 | | - | |
| 15,90,698 units (PY NIL) ICICI Prudential Top 100 Fund Div. - Direct Plan | 3,75,00,000 | | - | |
| | | 29,03,21,550 | | 57,54,82,225 |
| Grand Total | | 196,79,90,786 | | 200,08,06,172 |
| Aggregate amount of quoted investments (Market value: Rs.153,32,58,788 PY Rs. 123,75,70,398) | | 143,01,81,095 | | 127,91,27,863 |
| Aggregate amount of unquoted investments | | 53,78,09,691 | | 72,16,78,309 |
| Aggregate provision for diminution in value of investments | | - | | - |

10. Long Term Loans and Advances (Unsecured, considered good)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Capital Advances | 95,506 | - |
| Security Deposits | 2,72,09,279 | 2,74,40,594 |
| Loan to Employees | 57,01,189 | 24,27,225 |
| Accrued Interest on Loans to Employees | 4,47,742 | 4,49,831 |
| Other Loans and Advances | | |
| Prepaid Expenses | 8,74,782 | 13,60,300 |
| Advance payment of taxes (Net of Provision for Tax Rs.303,36,83,374 (PY Rs. 243,68,85,013)) | 7,32,00,261 | 8,89,34,742 |
| Total | 10,75,28,759 | 12,06,12,692 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|---|----------------------|--------------|
| A) QUOTED (valued at cost, unless stated otherwise) | | | | |
| 1) Investment in Bonds of PSUs | | | | |
| NIL Units (PY 1,000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 8, 2015) | | - | | 10,00,00,000 |
| 2) Investment in various Fixed Maturity Plans of Debt Mutual Funds | | | | |
| 20,00,000 units (PY NIL) of IDBI FMP- Series - IV-542 Day (Feb-14) F (Direct) | 2,00,00,000 | | - | |
| 60,32,567 units (PY NIL) of Baroda Pioneer FMP - Series M - 394 Days | 6,03,25,670 | | - | |
| 30,00,000 units (PY NIL) of Principal PNB FMP Series B-17 | 3,00,00,000 | | - | |
| 30,00,000 units (PY NIL) of Principal PNB FMP Series B-10 | 3,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of Kotak FMP Series 133 - 524 Day-G | 5,00,00,000 | | - | |
| 55,00,000 units (PY NIL) of SBIMF SDFS 16 Months - 1 - Growth | 5,50,00,000 | | - | |
| 12,50,000 units (PY NIL) of LIC Nomura MF FMP Series 76 -382 Days - G | 1,25,00,000 | | - | |
| 5,598,761 units (PY NIL) of UTI Fixed Term Income Fund Series XIX - IV - 366 Days | 5,59,87,612 | | - | |
| 75,00,000 units (PY NIL) of UTI Fixed Term Income Fund Series XIX - III - 368 Days | 7,50,00,000 | | - | |
| 50,00,000 units (PY NIL) of UTI Fixed Term Income Fund Series XIX - I 369 Days | 5,00,00,000 | | - | |
| 79,68,043 units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - VII (368 Days) | 7,96,80,431 | | - | |
| 40,00,000 units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - XIII (366 Days) | 4,00,00,000 | | - | |
| 20,00,000 units (PY NIL) of Tata FMP series 474 Sch E - 371 Days | 2,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of Tata FMP series 47 Sch J-368 Days | 5,00,00,000 | | - | |
| 32,50,000 units (PY NIL) of Religare Invesco FMP series 23 - Plan H - 370 Days | 3,25,00,000 | | - | |
| 57,06,503.13 units (PY NIL) of Reliance Annual Interval Fund - Series I - 367 Days - DP - Gr | 7,50,00,000 | | - | |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|--|----------------------|--|
| 33,42,186 units (PY NIL) of Kotak FMP Series 156 - 370 Days | 3,34,21,860 | | - | |
| 58,41,848 units (PY NIL) of IDFC Fixed Term Plan Series 23 - Growth | 5,84,18,478 | | - | |
| 60,00,000 units (PY NIL) of ICICI Prudential Fixed Maturity Plan - Series 74 - 369 Days - Plan F | 6,00,00,000 | | - | |
| 35,00,000 units (PY NIL) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth | 3,50,00,000 | | - | |
| 32,52,900 units (PY NIL) of HDFC FMP - 367D - May 14(2) - Growth | 3,25,29,000 | | - | |
| 42,20,400 units (PY NIL) of HDFC FMP 370D April 2014(2) - DP | 4,22,04,000 | | - | |
| 54,34,700 units (PY NIL) of HDFC FMP 369D April 2014 (2) | 5,43,47,000 | | - | |
| 15,00,000 units (PY NIL) of Birla Sun Life FTP Series LK - 369 (DP) - Growth | 1,50,00,000 | | - | |
| 32,60,310 units (PY NIL) of Birla Sun Life FTP Series LC - 369 (DP) - Growth | 3,26,03,100 | | - | |
| 27,50,000 units (PY NIL) of Birla Sun Life Fixed Term Plan - Series IU - Growth | 2,75,00,000 | | - | |
| NIL units (PY 50,00,000) of HDFC FMP 372 D-Jan2014(1) Direct Plan | - | | 5,00,00,000 | |
| NIL units (PY 50,00,000) of Sundaram FMP - Series DC - DP - 15 Months - Growth | - | | 5,00,00,000 | |
| NIL units (PY 45,20,516) of Baroda Pioneer FMP 378 Days Plan - Series B - Growth | - | | 4,52,05,163 | |
| NIL units (PY 22,50,000) of Birla Fixed Term Plan Series GB - 541 Days - Growth | - | | 2,25,00,000 | |
| NIL units (PY 50,00,000) of JP Morgan India FMP - Series 12 -523 Days- Growth | - | | 5,00,00,000 | |
| NIL units (PY 30,00,000) of Kotak FMP Series 98-465 Days- Growth | - | | 3,00,00,000 | |
| NIL units (PY 25,00,000) of Reliance Fixed Horizon Fund – XXII – Series 21- 739 Days | - | | 2,50,00,000 | |
| NIL units (PY 40,00,000) of DWS - FMP Series 23 - 15 Months Direct Plan - Growth | - | | 4,00,00,000 | |
| NIL units (PY 20,00,000) of HDFC FMP 462D January 2013 (1) Series 24 Growth | - | | 2,00,00,000 | |
| NIL units (PY 72,00,667) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth | - | | 7,20,06,679 | |
| NIL units (PY 30,00,000) of BNP MF Fix Term Fund Series 29 -B -Direct - G-368 | - | | 3,00,00,000 | |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|--|----------------------|--|
| NIL units (PY 20,00,000) of Tata FMP Series 46 - 368 Day -Direct - Growth | - | | 2,00,00,000 | |
| NIL units (PY 15,00,000) of Religare Invesco FMP Series 23-Plan B-367 D-Direct | - | | 1,50,00,000 | |
| NIL units (PY 35,04,924 units) of SBIMF SDF Series A - 9 - 366 D (Direct)- Growth | - | | 3,50,49,244 | |
| NIL units (PY 25,00,000) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G | - | | 2,50,00,000 | |
| NIL units (PY 25,00,000) of Religare Invesco FMP Series 22 - Plan K (367 Days) | - | | 2,50,00,000 | |
| NIL units (PY 10,00,000) of IDBI FMP Series IV 368 Days Feb 2014 -C | - | | 1,00,00,000 | |
| NIL units (PY 32,50,000) of Kotak FMP Series 136 - 376 Days Direct | - | | 3,25,00,000 | |
| NIL units (PY 22,50,000) of Tata FMP Series 46 Scheme L - 366 Days | - | | 2,25,00,000 | |
| NIL units (PY 15,00,000) of Sundaram Fixed Term Plan EW 366 Day Direct | - | | 1,50,00,000 | |
| NIL units (PY 32,50,000) of DSP Blackrock FMP Series 144-12 M (Direct)- Growth | - | | 3,25,00,000 | |
| NIL units (PY 20,00,000) of IDFC FIXED TERM PLAN - SERIES 40- DP -G | - | | 2,00,00,000 | |
| NIL units (PY 50,00,000) of BIRLA SUNLIFE FMP Series IL 368 Days DP G | - | | 5,00,00,000 | |
| NIL units (PY 50,00,000) of BIRLA SUNLIFE FMP Series IO 368 Days DP G | - | | 5,00,00,000 | |
| NIL units (PY 1,08,20,000) of SBI SDFS - 366 Days Series 44 DP-Growth | - | | 10,82,93,000 | |
| NIL units (PY 75,00,000) of L&T FMP Series IX - Plan G - 366 Days | - | | 7,50,00,000 | |
| NIL units (PY 75,00,000) of Religare Invesco FMP Series XXI - Plan E | - | | 7,50,00,000 | |
| NIL units (PY 54,26,150) of SBI MFSDFS - 366 Days - Series 47 | - | | 5,42,61,500 | |
| NIL units (PY 50,00,000) of Birla Sun Life FTP Series JA - 366 Days | - | | 5,00,00,000 | |
| NIL units (PY 38,12,795) of HDFC FMP 370D October 2013 (5) | - | | 3,81,27,950 | |
| NIL units (PY 37,50,000) of IDFC Fixed Term Plan Series 59 - Growth | - | | 3,75,00,000 | |
| NIL units (PY 30,00,000) of Birla Sun Life FTP - Series GT -DP - Growth | - | | 3,00,00,000 | |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|--------------|----------------------|----------------|
| NIL units (PY 50,00,000) of DSP Blackrock FMP Series 104 - 12 M - Growth | - | | 5,00,00,000 | |
| NIL units (PY 50,00,000) of HDFC FMP 370D April 2013 (1) (370 Days) DP - Growth | - | | 5,00,00,000 | |
| NIL units (PY 30,00,000) of HDFC FMP - 370D - May 13(1) - Growth | - | | 3,00,00,000 | |
| NIL units (PY 60,00,000) of ICICI Prudential Fixed Maturity Plan - Series 68 - 368 Days - Plan G | - | | 6,00,00,000 | |
| NIL units (PY 20,00,000) of ICICI Prudential Fixed Maturity Plan - Series 69 - 372 Days - Plan K | - | | 2,00,00,000 | |
| NIL units (PY 30,00,000) of Kotak FMP Series 104 | - | | 3,00,00,000 | |
| NIL units (PY 57,50,000) of Kotak FMP Series 105 - Growth | - | | 5,75,00,000 | |
| NIL units (PY 35,00,000) of Kotak FMP Series 117 DP Growth | - | | 3,50,00,000 | |
| NIL units (PY 60,00,000) of L&T FMP Series VIII – Plan J - 368 Days - DP | - | | 6,00,00,000 | |
| NIL units (PY 1,03,12,850) of Reliance Interval Fund - Annual Interval Fund - Series 1 (370 days) | - | | 12,50,00,000 | |
| NIL units (PY 54,18,163) of Reliance Yearly Interval Fund - Series 8 - Growth | - | | 5,41,81,629 | |
| NIL units (PY 20,00,000) of Religare FMP Series XIX Plan A 367Days - DP -G | - | | 2,00,00,000 | |
| NIL units (PY 76,78,529) of UTI Fixed Term Income Fund Series XV - V - Growth | - | | 7,67,85,295 | |
| NIL units (PY 35,00,000) of UTI FTI Fund Series XV - 368Days - G -DP | - | | 3,50,00,000 | |
| NIL units (PY 64,99,505) of UTI FTI FUND SERIES XV - II (367 DAYS) - DP-G | - | | 6,49,95,047 | |
| 40,00,000 units (PY 40,00,000) of HDFC FMP 478 D -Jan 2014 (1) (Direct)- G Option | 4,00,00,000 | | 4,00,00,000 | |
| NIL units (PY 25,00,000 units) of Tata FMP Series 42 - Scheme G - 419 days - G | - | | 2,50,00,000 | |
| NIL units (PY 3,50,000) of JP Morgan India FMP Series 18 Direct Plan - Growth 373Days | - | | 3,50,00,000 | |
| | | 16,70,17,151 | | 2,12,39,05,507 |
| B. UNQUOTED | | | | |
| Investment in various open-ended Debt Mutual Funds | | | | |
| 1,23,412 Units (PY 15,002) of IDBI Liquid Fund - DDR - DP | 12,35,37,878 | | 1,50,10,466 | |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|----------------------|----------------------|----------------------|
| 4,50,757 Units (PY NIL Units) of ICICI Prudential Liquid Plan - Direct Plan - DDR | 4,51,01,137 | | - | |
| 25,002 Units (PY NIL Units) of L&T Liquid Fund -DP-DDR | 2,53,02,769 | | - | |
| 15,413 Units (PY NIL Units) of Principal Cash Magagement Fund -DDR | 1,54,18,924 | | - | |
| 49,808 Units (PY NIL Units) of Tata Money Market Fund -DP-DDR | 4,98,83,303 | | - | |
| 44,976 Units (PY NIL Units) of IDFC Cash Fund-Direct Plan -DDR | 4,56,08,727 | | - | |
| 16,473 Units (PY NIL Units) of Religare Invesco Liquid Fund -DP-DDR | 1,64,86,268 | | - | |
| NIL Units (PY 43,636) of IDFC Cash Fund-Direct Plan -DDR | - | | 4,36,51,068 | |
| | | 32,13,39,006 | | 5,86,61,534 |
| 2. Investment in Commercial Paper (valued at carrying cost) | | | | |
| NIL Units (PY 200 Units) Commercial Paper - Fullerton India Credit Company Limited 31-05-2013 (Maturing on May 30, 2014) 365 Days | - | | 9,86,32,329 | |
| NIL Units (PY 200 Units) Commercial Paper - Reliance Capital Ltd. 31-05-2013 (Maturing on May 30, 2014) 366 Days | - | | 9,86,53,311 | |
| NIL Units (PY 400 Units) Commercial Paper - Simplex Infrastructure Ltd. 12-06-2013 (Maturing on June 12, 2014) 366 Days | - | | 19,63,07,756 | |
| Total | | 148,83,56,157 | | 267,61,60,437 |
| Aggregate amount of quoted investments (Market value: Rs. 128,45,31,883, PY Rs.234,64,23,488) | | 116,70,17,151 | | 222,39,05,507 |
| Aggregate amount of unquoted investments | | 32,13,39,006 | | 45,22,54,930 |
| Aggregate provision for diminution in value of investments | | - | | - |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

12. Trade Receivables (Unsecured)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Considered Good | | |
| - Debts outstanding for a period exceeding six months | 6,15,89,607 | 5,18,62,216 |
| - Other Debts | 8,41,30,715 | 8,98,45,127 |
| Total Debtors (Considered Good) | 14,57,20,322 | 14,17,07,343 |
| Considered Doubtful | | |
| - Debts o/s for a period exceeding six months | 2,04,49,137 | 1,52,91,913 |
| - Other Debts | - | 53,80,758 |
| Total Debtors (Considered Doubtful) | 2,04,49,137 | 2,06,72,671 |
| Total Debtors | 16,61,69,459 | 16,23,80,014 |
| Less: Provision for doubtful debts | 2,04,49,137 | 2,06,72,671 |
| Total | 14,57,20,322 | 14,17,07,343 |

13. Cash and Bank Balances

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 59,017 | 79,115 |
| Balances with Banks | | |
| - On Current Account | 4,87,18,230 | 6,92,77,642 |
| Other Bank Balances | | |
| - Deposit Accounts | 5,96,35,916 | 16,48,21,078 |
| - Unclaimed Dividend Account | 30,35,510 | 26,51,694 |
| - Lienmarked Deposit | 1,49,10,000 | 3,03,61,492 |
| Total | 12,63,58,673 | 26,71,91,021 |
| <i>Deposit accounts with more than 12 months maturity</i> | - | - |

14. Short Term Loans and Advances (Unsecured, considered good)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Loans to Employees. | 26,24,208 | 10,32,011 |
| Security Deposits | 2,12,740 | - |
| Prepaid Expense | 1,05,84,040 | 1,03,30,534 |
| Advances recoverable in cash or in kind or for value to be received | | |
| Service Tax, VAT, Other taxes and Statutory Deposits | 51,97,925 | 83,25,502 |
| Advance to Suppliers | 35,869 | 9,01,428 |
| Other Advances | 6,51,439 | 4,22,234 |
| Total | 1,93,06,221 | 2,10,11,709 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

15. Other Current Assets

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Interest Accrued on Investments | 1,03,49,183 | 3,04,59,830 |
| Interest Accrued on Loans to Employees | 97,740 | 95,587 |
| Other Receivables* | 2,18,86,988 | 84,50,591 |
| Total | 3,23,33,911 | 3,90,06,008 |
| *Includes dues from subsidiary | 1,89,64,360 | 54,40,009 |

16. Revenue From Operations

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Sale of Services | | |
| Rating Income (including Surveillance) | 254,92,10,361 | 226,90,98,113 |
| Sale of Publications / Information Services | 2,28,71,397 | 2,55,47,454 |
| Total | 257,20,81,758 | 229,46,45,567 |

17. Other Income

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Interest on Investments | | |
| On long term investments | 6,51,96,915 | 6,82,59,027 |
| On short term investments | 77,14,592 | 5,30,03,742 |
| Dividend on Investments | | |
| On long term investment | 2,65,00,646 | 2,38,00,811 |
| On short term investment | 1,79,613 | 1,03,82,533 |
| Other Interest Income | 38,36,266 | 1,62,58,256 |
| Profit on Redemption / Sale of investments (Net) | 32,97,60,845 | 18,43,05,330 |
| Miscellaneous Income | 24,15,900 | 5,62,433 |
| Total | 43,56,04,777 | 35,65,72,132 |

18. Employee Benefits Expense

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Salaries and Other Allowances | 60,11,72,974 | 53,94,94,680 |
| Contribution to Provident, Gratuity & Other Funds | 3,70,59,300 | 2,88,18,906 |
| Expense on Employee Stock Option Scheme (Refer Note 32) | 5,29,31,954 | 1,42,86,874 |
| Staff Welfare Expenses | 1,55,64,201 | 2,33,92,910 |
| Total | 70,67,28,429 | 60,59,93,370 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

19. Finance Cost

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--------------|--------------------------------------|--------------------------------------|
| Finance Cost | 1,29,91,760 | - |
| Total | 1,29,91,760 | - |

20. Other Expenses

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Electricity Charges | 1,30,51,790 | 1,28,90,801 |
| Postage & Telephone Charges | 1,28,82,066 | 1,35,98,190 |
| Rent | 4,47,44,278 | 3,21,19,268 |
| Travelling & Conveyance Expenses | 2,24,19,597 | 2,72,29,994 |
| Directors' Sitting Fees | 20,80,000 | 11,80,000 |
| Sitting Fees to Rating Committee | 55,80,000 | 40,18,000 |
| Insurance Premium | 6,51,785 | 5,43,346 |
| Legal & Professional Fee | 4,18,95,712 | 1,73,13,387 |
| Rates & Taxes | 30,82,278 | 14,75,442 |
| Repairs & Maintenance | | |
| - Buildings | 69,00,600 | 71,75,337 |
| - Others | 1,49,22,112 | 1,48,12,046 |
| Loss on Sale of Fixed Assets | 2,80,944 | 4,76,585 |
| Advertisement and Sponsorship Expenses | 14,26,363 | 55,73,408 |
| Office Supplies | 74,92,781 | 91,98,271 |
| Provision for Bad and Doubtful Debts & Bad Debts written off | 4,15,64,855 | 3,90,13,836 |
| Auditors Remuneration | | |
| - Audit Fees (including Limited Review Fees) | 15,50,000 | 12,75,000 |
| - Tax Audit Fees | 1,00,000 | 75,000 |
| - Other Services | 2,05,000 | 3,45,000 |
| - Reimbursement to Auditors | 42,211 | 34,055 |
| Corporate Social Responsibility (refer note 35) | 50,00,000 | - |
| Miscellaneous Expenses | 1,87,88,330 | 3,39,17,641 |
| Total | 24,46,60,702 | 22,22,64,607 |

21. Contingent Liability & Capital Commitment

Amount Rs.

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Contingent Liability on account of Income Tax | 6,84,108 | 1,04,45,022 |
| Claims against the Company not acknowledged as debts | 1,50,00,000 | - |
| Bank Guarantees Issued | 1,49,10,000 | 9,10,000 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

22. Earnings Per Share

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Net Profit After Tax (A) | 140,33,00,810 | 128,67,25,553 |
| Weighted average number for shares for computation of Basic Earnings Per Share (B) | 2,89,99,122 | 2,87,80,247 |
| Basic Earnings Per Share (A/B) | 48.39 | 44.71 |
| Weighted average number for shares for computation of Diluted Earnings Per Share (C) | 2,92,74,736 | 2,87,95,937 |
| Diluted Earnings Per Share (A/C) | 47.94 | 44.68 |

23. List of Related Parties

| Parties | Relationship |
|--|--------------------------|
| Related party where control exists | |
| CARE Kalypto Risk Technologies & Advisory Services Pvt. Ltd. | Wholly owned subsidiary |
| CARE Ratings (Africa) Pvt. Ltd. | Wholly owned subsidiary |
| Key Management Personnel | |
| Mr. D.R. Dogra | Managing Director & CEO |
| Mr. Rajesh Mokashi | Deputy Managing Director |

Transaction with Related Party

Amount Rs.

| Name of the company | Relationship | Nature of Transactions | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|-------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| CARE Kalypto Risk Technologies & Advisory Services Private Limited | Wholly Owned Subsidiary | Reimbursement of Expenses | 1,48,36,537 | 59,71,468 |
| | | Additional Investment | 1,63,85,002 | - |
| | | Bank Guarantee issued | 1,40,00,000 | - |
| CARE Ratings (Africa) Private Limited | Wholly Owned Subsidiary | Investment | 36,36,100 | - |
| Outstanding balances | | | | |
| CARE Kalypto Risk Technologies & Advisory Services Private Limited | Wholly Owned Subsidiary | Reimbursement of Expenses Receivable | 1,89,64,360 | 54,40,009 |
| | | Investments | 10,57,83,654 | 8,93,98,652 |
| | | Bank Guarantee | 1,40,00,000 | - |
| CARE Ratings (Africa) Private Limited | Wholly Owned Subsidiary | Investments | 36,36,100 | - |

Transaction with Key Management Personnel

| Key Management Personnel | Designation | Nature of transaction | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--------------------------|--------------------------|-----------------------|--------------------------------------|--------------------------------------|
| Mr. D. R. Dogra | Managing Director & CEO | Remuneration | 1,86,13,289 | 1,66,97,359 |
| Mr. Rajesh Mokashi | Deputy Managing Director | Remuneration | 1,67,31,130 | 1,36,31,484 |

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.

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

24. Expenditure in foreign currency

Amount Rs.

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|-------------------------|--------------------------------------|--------------------------------------|
| Foreign Travel | 28,88,478 | 37,80,337 |
| Administrative Expenses | 3,24,043 | 36,39,925 |
| Advertisement | - | 84,262 |
| Subscription | 8,41,976 | 13,54,824 |
| Licence fee | 20,743 | - |
| Membership Fees | 6,37,395 | 1,23,344 |
| Legal & Professional | 35,91,187 | 3,22,523 |
| Total | 83,03,822 | 93,05,215 |

25. Earnings in foreign currency

Amount Rs.

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|----------------------|--------------------------------------|--------------------------------------|
| Information Services | 33,777 | 9,68,086 |
| Rating | 92,15,894 | 87,47,031 |
| Dividend | 7,38,560 | - |
| Total | 99,88,231 | 97,15,117 |

26. Segment Reporting

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

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

a) Contribution to provident funds

Defined contribution plan

Contribution to defined contribution plan, recognised as expense as at March 31, 2015 are as under:

Employer's contribution to provident fund Rs. 20,816,319 (PY: Rs. 19,271,602)

b) Superannuation

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

c) Gratuity

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

d) Compensated Absences

Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates.

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

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

Amount Rs.

| | Gratuity (funded) | | Compensated Leave absence (unfunded) | |
|--|------------------------------|------------------------------|--------------------------------------|------------------------------|
| | Apr 14 to Mar 15 | Apr 13 to Mar 14 | Apr 14 to Mar 15 | Apr 13 to Mar 14 |
| A. Assumptions | | | | |
| Discount Rate Previous | 9.31% | 8.00% | 9.31% | 8.00% |
| Rate of Return on Plan Assets Previous | 8.70% | 8.70% | NA | NA |
| Salary Escalation Previous | 5.00% | 5.00% | 5.00% | 5.00% |
| Attrition Rate Previous Year | 2.00% | 2.00% | 2.00% | 2.00% |
| Discount Rate Current | 8.05% | 9.31% | 8.05% | 9.31% |
| Rate of Return on Plan Assets Current | 8.05% | 8.70% | NA | NA |
| Salary Escalation Current | 5.00% | 5.00% | 5.00% | 5.00% |
| Attrition Rate Current Year | 2.00% | 2.00% | 2.00% | 2.00% |
| Method of Valuation | “Project Unit Credit Method” | “Project Unit Credit Method” | “Project Unit Credit Method” | “Project Unit Credit Method” |

B. Table showing changes in Benefit Obligation

| | | | | |
|---|-------------|-------------|---------------|---------------|
| Liability at the beginning of the year | 2,54,36,937 | 2,57,49,315 | 5,17,07,200 | 4,70,17,398 |
| Interest Cost | 23,68,179 | 20,59,945 | 48,13,940 | 37,61,392 |
| Current Service Cost | 59,99,990 | 80,17,195 | 50,74,605 | 39,26,071 |
| Cost on account of Transitional Liability incurred during the period | - | - | - | - |
| Past Service Cost (Non Vested Benefit) | - | - | - | - |
| Past Service Cost (Vested Benefit) | - | - | - | - |
| Settlement | - | - | - | - |
| Liability Transfer in | - | - | - | - |
| (Liability Transfer out) | - | - | - | - |
| Benefit paid in the normal course | (36,80,930) | (14,39,920) | (3,18,16,177) | (2,48,11,506) |
| Actuarial (gain)/loss on obligations-Due to change in Financial Assumptions | 77,75,596 | (89,49,598) | 72,46,833 | 2,18,13,845 |
| Actuarial (gain)/loss on obligations- Due to Experience | (9,36,225) | - | 2,90,40,446 | - |
| Liability at the end of the year | 3,69,63,547 | 2,54,36,937 | 6,60,66,847 | 5,17,07,200 |

C. Table showing fair value of plan assets

| | | | | |
|---|-------------|-------------|---|---|
| Fair value of plan assets at beginning of year | 2,91,02,010 | 2,36,20,857 | - | - |
| Expected Return on Plan Assets | 25,31,875 | 20,55,015 | - | - |
| Contributions | 55,00,000 | 45,87,977 | - | - |
| Transfer from other company | - | - | - | - |
| Transfer to other company | - | - | - | - |
| Benefit paid in the normal course | (36,80,930) | (14,39,920) | - | - |
| Actuarial (gain)/loss on obligations -Due to experience | (1,27,674) | 2,78,081 | - | - |
| Fair value of Plan Assets at the end of year | 3,33,25,281 | 2,91,02,010 | - | - |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

| | Gratuity (funded) | | Compensated Leave absence (unfunded) | |
|--|-------------------|------------------|--------------------------------------|------------------|
| | Apr 14 to Mar 15 | Apr 13 to Mar 14 | Apr 14 to Mar 15 | Apr 13 to Mar 14 |
| D. Recognition of Actuarial Gains / Losses | | | | |
| Actuarial (gain)/loss on obligations for the period. | 68,39,371 | (89,49,598) | 3,62,87,279 | 2,18,13,845 |
| Actuarial (gain)/loss on asset for the period. | 1,27,674 | (2,78,081) | - | - |
| Actuarial (gain)/loss recognized in statement of Profit & Loss | 69,67,045 | (92,27,679) | 3,62,87,279 | 2,18,13,845 |

| | | | | |
|---|---|---|---|---|
| E. Recognition of Transitional Liability | | | | |
| Transitional Liability at start | - | - | - | - |
| Transitional Liability recognised during the year | - | - | - | - |
| Transitional Liability at end | - | - | - | - |

| | | | | |
|--|------------|-----------|---|---|
| F. Actual Return on Plan Assets | | | | |
| Expected Return on Plan Assets | 25,31,875 | 20,55,015 | - | - |
| Actuarial gain / (loss) on Plan Assets | (1,27,674) | 2,78,081 | - | - |
| Actual Return on Plan Assets | 24,04,201 | 23,33,096 | - | - |

| | | | | |
|--|---------------|---------------|---------------|---------------|
| G. Amount recognized in the Balance Sheet | | | | |
| Fair Value of Plan Assets at the end of the year | 3,33,25,281 | 2,91,02,010 | - | - |
| Present Value of Benefit Obligation at the end of the year | (3,69,63,547) | (2,54,36,937) | (6,60,66,847) | (5,17,07,200) |
| Funded Status Surplus/(Deficit) | (36,38,266) | 36,65,073 | (6,60,66,847) | (5,17,07,200) |
| Unrecognized Past Service Cost | - | - | - | - |
| Unrecognized Transition Liability | - | - | - | - |
| Amount recognized in the Balance Sheet | (36,38,266) | 36,65,073 | (6,60,66,847) | (5,17,07,200) |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| H. Amount recognized in the Income Statement | | | | |
| Current Service cost | 59,99,990 | 80,17,195 | 50,74,605 | 39,26,071 |
| Interest Cost | 23,68,179 | 20,59,945 | 48,13,940 | 37,61,392 |
| Expected return on Plan Assets | (25,31,875) | (20,55,015) | - | - |
| Actuarial (gain)/loss | 69,67,045 | (92,27,679) | 3,62,87,279 | 2,18,13,845 |
| Past Service Cost (Non Vested Benefit) Recognized | - | - | - | - |
| Past Service Cost (Vested Benefit) Recognized | - | - | - | - |
| Recognition of Transition Liability | - | - | - | - |
| Expense Recognized in statement of Profit & Loss | 1,28,03,339 | (12,05,554) | 4,61,75,824 | 2,95,01,308 |

| | | | | |
|--|-------------|-------------|---------------|---------------|
| I. Balance Sheet Reconciliation | | | | |
| Opening Net Liability | (36,65,073) | 21,28,458 | 5,17,07,200 | 4,70,17,398 |
| Expense Recognized in statement of Profit & Loss | 1,28,03,339 | (12,05,554) | 4,61,75,824 | 2,95,01,308 |
| Transfer from other company | - | - | - | - |
| Transfer to other company | - | - | - | - |
| Employer's Contribution | (55,00,000) | (45,87,977) | - | - |
| Benefits paid in the normal course | - | - | (3,18,16,177) | (2,48,11,506) |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

| | | | | |
|---|------------------|-------------|--------------------|-------------|
| Benefits paid on account of Settlements | - | - | - | - |
| Amount Recognized in Balance Sheet | 36,38,266 | (36,65,073) | 6,60,66,847 | 5,17,07,200 |

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

Gratuity (Funded)

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|-------------|-------------|-------------|-------------|-------------|
| Present Value of Defined Benefit Obligation | 3,69,63,547 | 2,54,36,937 | 2,57,49,315 | 1,27,47,012 | 1,55,53,495 |
| Fair Value of Plan Assets | 3,33,25,281 | 2,91,02,010 | 2,36,20,857 | 1,68,76,936 | 95,56,856 |
| Surplus or (Deficit) in plan | (36,38,266) | 36,65,073 | (21,28,458) | 41,29,924 | (59,96,639) |

Experience adjustments arising on

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|------------------|------------|-------------|-----------|-------------|----------|
| Plan Liabilities | (9,36,225) | (43,71,958) | 16,11,912 | (51,25,315) | 9,68,657 |
| Plan Assets | (1,27,674) | 2,78,081 | 5,34,075 | 7,19,655 | 2,94,921 |

Compensated Leave absences

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---------------|---------------|---------------|---------------|---------------|
| Present Value of Defined Benefit Obligation | 6,60,66,847 | 5,17,07,200 | 4,70,17,398 | 3,67,09,471 | 2,73,73,182 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Surplus or (Deficit) in plan | (6,60,66,847) | (5,17,07,200) | (4,70,17,398) | (3,67,09,471) | (2,73,73,182) |

Experience adjustments arising on

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|------------------|-------------|-------------|-------------|-------------|-----------|
| Plan Liabilities | 2,90,40,446 | 2,88,71,284 | 1,54,78,815 | 1,72,70,112 | 51,52,342 |
| Plan Assets | - | - | - | - | - |

28. Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

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

| Particulars | Amount Rs. | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| 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-cancellable 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.

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

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

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

Amount Rs.

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Rent recognized in statement of Profit & Loss | 4,47,44,278 | 3,21,19,268 |
| Not later than one year | 3,69,93,036 | 3,51,80,392 |
| Later than one year and not later than five years | 89,72,074 | 11,49,06,999 |
| More than five years | - | - |

30. The Company had completed its Initial Public Offer (IPO) through an Offer for Sale of 71,99,700 equity shares at a price of Rs. 750 per share (including a share premium of Rs. 740 per equity share) on December 26, 2012. Since this was an offer for sale, all the share issue expenses relating to IPO are recovered / recoverable from selling shareholders.

31. During the previous year the company, allotted 4,46,310 equity shares of Rs. 10 each to Ascent India Fund III at a price of Rs. 560.15 per share (including Rs. 550.15 towards share premium) aggregating to Rs. 25,00,00,547/-, to comply with Reserve Bank of India's norms on minimum capitalization applicable to non-fund based non-banking finance companies in connection with the IPO of the Company undertaken in December 2012. These funds have been utilised for business operations.

32. Disclosure under Employee Stock Options Scheme

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

(A) Employees Stock Option Scheme

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

(B) Movement of Options granted:

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Options Outstanding at beginning of the year | 5,00,000 | 5,00,000 |
| Granted during the year | - | - |
| Exercised during the year | - | - |
| Lapsed during the year | 29,507 | - |
| Options Outstanding at the end of the year | 4,70,493 | 5,00,000 |
| Options unvested at the end of year | - | - |
| Options exercisable at the end of the year | 4,70,493 | 5,00,000 |
| Weighted Average exercise price | Rs 617/- per share | Rs 617/- per share |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs.5,29,31,954 (Previous year Rs. 1,42,86,874) has been charged to the current year Statement of Profit and Loss.

The weighted average remaining contractual life for the stock options outstanding as at 31st March 2015 is 2.76 years (Previous Year: 3.76 year)

(C) Fair Valuation:

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black - Scholes Merton Formula . The key assumptions and the Fair Value are as under:

| Particular | ESOS 2013 |
|--|-----------|
| Risk Free Interest Rate (%) | 8.74% |
| Option Life (Years) | 3 years |
| Expected Volatility | 31.34% |
| Expected Dividend Yield (%) | 3.29% |
| Weighted Average Fair Value per Option | 228.59 |

33. Foreseeable Losses

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

34. Note on pending litigations

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

35. Note on Corporate Social Expenditure

Amount (Rs.)

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

3,59,71,005

Amount spent during the year on

| | In cash (Rs.) | Yet to be paid in cash (Rs.) | Total (Rs.) |
|--|------------------|------------------------------|------------------|
| Construction/acquisition of any assets | - | - | - |
| On purposes other than above | | | |
| Contribution to Prime Ministers National Relief fund | 25,00,000 | - | 25,00,000 |
| Contribution to Swacch Bharat Kosh | 25,00,000 | - | 25,00,000 |
| Total | 50,00,000 | - | 50,00,000 |

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2015

36. Particulars of unhedged foreign currency exposures

| <i>(All amounts in Rupees, unless otherwise stated)</i> | For the year ended March 31, 2015 | | | For the year ended March 31, 2014 | | |
|---|-----------------------------------|--------------|---------------|-----------------------------------|--------------|---------------|
| Description | Currency | Amount in FC | Amount in INR | Currency | Amount in FC | Amount in INR |
| Deposits | MVR | 20,000 | 80,940 | MVR | 40,000 | 1,39,366 |
| Other receivable | USD | 22,717 | 14,12,698 | USD | - | - |
| Investments | | | | | | |
| Malaysian Rating Corporation Berhad | RM | 56,08,000 | 10,73,88,087 | RM | 14,00,000 | 2,61,17,132 |
| ARC Ratings Holdings Pte Limited | USD | 5,30,000 | 3,06,80,300 | USD | 5,30,000 | 3,06,80,300 |
| CARE Ratings (Africa) Pvt Limited | USD | 58,000 | 36,36,100 | USD | | |
| Bank Balances | | | | | | |
| SBI Maldives - MVR account | MVR | 35,762 | 1,44,728 | MVR | 3,521 | 13,477 |
| SBI Maldives - USD account | USD | 4,666 | 2,91,754 | USD | 2,575 | 1,53,890 |

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

As per our attached Report of even date

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

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

Gautam V Shah
Partner (F-117348)

Anil Kumar Bansal
Chairman
DIN No. 06752578

D R Dogra
Managing Director & CEO
DIN No. 00226775

Rajesh Mokashi
Deputy Managing Director
DIN No.02781355

Mumbai
Date: May 12, 2015

Chandresh M Shah
Chief Financial Officer

Navin K Jain
Company Secretary
ACS 10703

INDEPENDENT AUDITORS REPORT

for the year ended March 31, 2015

To the Members of

Credit Analysis and Research Limited

Report on the Consolidated Financial Statements

1 We have audited the accompanying Consolidated Financial Statements of **Credit Analysis and Research Limited** (“the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the Consolidated Financial Statements’).

Management’s Responsibility for the Consolidated Financial Statements

2 The Holding Company’s Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms with the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the respective entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These respective financial statements have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor’s Responsibility

- 3 Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company’s Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

- 5 In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the

INDEPENDENT AUDITORS REPORT

for the year ended March 31, 2015

consolidated state of affairs of the Group as at March 31, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

6 The accompanying Consolidated Financial Statements include total assets of Rs.36.36 lac and the total revenue of Rs.Nil of CARE Ratings (Africa) Private Limited, a Subsidiary Company incorporated in Mauritius. The Company has consolidated financial statements of this subsidiary based on management certified financial statements for the period ended December 31, 2014 after considering appropriate adjustments for the transactions for the period from December 31, 2014 to March 31, 2015. Our opinion, in so far as it relates to the amounts included in respect of this Subsidiary Company is based solely on these management certified financial statements and adjustments thereto.

Report on Other Legal and Regulatory Requirements

7 As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and a subsidiary to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

8 As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

9 With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 31 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30 to the consolidated financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
ICAI FRN: 105146W

Gautam V shah
Partner (F-117348)

Mumbai
Date: May 12, 2015

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

With respect to Credit Analysis and Research Limited ('Holding Company') and CARE Kalypto Risk Technologies and Advisory Services Private Limited ('the subsidiary') to whom the provisions of the Order apply, we report as follows:

- (i) (a) The Holding Company and the subsidiary have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All fixed assets have not been physically verified by the management of the Holding Company and the Subsidiary during the year but there is a regular programme of verification which, in our opinion it is reasonable having regard to the size of the Holding Company and the Subsidiary and the nature of their assets. No material discrepancies were noticed on such verification.
- (ii) The Holding Company and the Subsidiary do not hold any inventory or securities as stock in trade, hence 3(ii)(a) to 3(ii)(c) of the Order are not applicable to the Holding Company and the Subsidiary and hence not commented upon.
- (iii) The Holding Company and the Subsidiary have not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and the Subsidiary and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Holding Company and the Subsidiary and the nature of their businesses, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness or continuing failure to correct any major weakness in the internal control system was observed in respect of these areas. During the year Holding Company and the Subsidiary have neither purchased any inventory nor sold any goods, hence the same has not been commented upon.
- (v) The Holding Company and the Subsidiary have not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Holding Company and the Subsidiary.
- (vii) (a) The Holding Company and the Subsidiary are generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, value added tax and other material statutory dues as applicable to the Holding Company and the Subsidiary.

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, value added tax and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Holding Company and the Subsidiary.

According to the information and explanations given to us, the Holding Company and the Subsidiary are currently not liable to pay sales tax, customs duty, excise duty and cess.

- (b) According to the records of the Holding Company and Subsidiary, the dues outstanding of income-tax, wealth-tax, service tax and value added tax on account of any dispute, are as per annexure A.

According to the information and explanations given to us, the Holding Company and Subsidiary are currently not liable to pay sales tax, customs duty, excise duty and cess during the year.

- (c) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder has been transferred to such fund within time to the extent applicable to the Holding Company. The Subsidiary is not required to transfer any amount to Investor Education and Protection Fund in accordance with the relevant provisions of the Act and rules made thereunder. Hence clause 3(vii)(c) of the Order is not applicable to the Subsidiary.
- (viii) There are no accumulated losses at the end of the financial year and no cash losses in the current and immediately preceding financial year in respect of the Holding Company. In case of Subsidiary, the accumulated losses at the end of the financial year are more than fifty percent of their net worth and have incurred cash losses in the current financial year but not in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given to us, the Holding Company has not defaulted in their repayment of dues to financial institutions, banks or debenture holders. The Subsidiary have not borrowed funds from financial institutions, banks or debenture holders, hence clause 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, the Holding Company has given guarantee for loans taken by its subsidiary from banks or financial institutions, the terms and conditions whereof are not prima-facie prejudicial to the interest of the Holding Company. The Subsidiary have not given guarantee for loans taken by others from banks and financial institutions.
- (xi) Based on the information and explanations given to us, neither the Holding Company nor the Subsidiary have raised any term loan. Hence clause 3(xi) of the Order is not applicable.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Holding Company and the Subsidiary has been noticed or reported during the year.

For Khimji Kunverji & Co

Chartered Accountants

ICAI FRN-105146W

Gautam V Shah

Partner (F-117348)

Place: Mumbai

Date: May 12, 2015

Annexure A: Dues outstanding of income-tax, wealth-tax, service tax, on account of any dispute

| Name of the Statute | Nature of the dues | Period | Forum where dispute is pending | Amount (Rs.) |
|--------------------------|-----------------------------|------------|--|--------------|
| The Income Tax Act, 1961 | Income tax | AY 2010-11 | Commissioner of Income Tax - Appeal | 78,46,264 |
| The Income Tax Act, 1961 | Income tax | AY 2011-12 | | 2,89,670 |
| The Income Tax Act, 1961 | Income tax | AY 2012-13 | | 2,06,53,290 |
| The Income Tax Act, 1961 | Income tax | AY 2012-13 | Commissioner of Income-Tax (Appeals) – XIV | 82,183 |
| The Income Tax Act, 1961 | Penalty on concealed income | AY 2007-08 | Commissioner of Income-Tax - XX | 76,86,010 |
| The Income Tax Act, 1961 | Penalty u/s 271(1)(c) | AY 2009-10 | Commissioner of Income-Tax (Appeals) | 6,72,097 |

CONSOLIDATED BALANCE SHEET

as at March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | Note | As at March 31, 2015 | As at March 31, 2014 |
|---|------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 28,99,91,220 | 28,99,91,220 |
| Reserves and Surplus | 3 | 329,94,45,854 | 456,36,88,261 |
| Minority Interest | | - | 91,56,786 |
| Non Current Liabilities | | | |
| Deferred Tax Liability (Net) | 4 | 2,94,14,579 | 3,92,94,813 |
| Long Term Provisions | 5 | 5,30,48,162 | 4,07,93,337 |
| Current Liabilities | | | |
| Short Term Provisions | 6 | 39,26,59,432 | 43,82,01,372 |
| Other Current Liabilities | 7 | 39,03,68,394 | 42,99,06,657 |
| Total | | 445,49,27,641 | 581,10,32,446 |
| Assets | | | |
| Non Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 8 | 56,51,95,843 | 51,62,81,844 |
| Intangible Assets | 8 | 20,41,006 | - |
| Goodwill on consolidation | | 7,95,03,151 | 7,22,74,963 |
| Non Current Investments | 9 | 185,85,71,032 | 191,14,07,520 |
| Long Term Loans and Advances | 10 | 11,39,27,525 | 12,31,51,718 |
| Current Assets | | | |
| Current Investments | 11 | 148,83,56,157 | 267,61,60,437 |
| Trade Receivables | 12 | 15,74,03,413 | 14,79,52,633 |
| Cash and Bank Balances | 13 | 14,80,80,180 | 28,67,25,758 |
| Short Term Loans and Advances | 14 | 2,34,86,324 | 2,45,88,536 |
| Other Current Assets | 15 | 1,83,63,010 | 5,24,89,037 |
| Total | | 445,49,27,641 | 581,10,32,446 |

Significant Accounting Policies **1**

Other Notes to Accounts **21 to 33**

The notes are an integral part of the financial statements

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants

FRN : 105146 W

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 12, 2015

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Anil Kumar Bansal
Chairman
DIN No. 06752578

Chandresh M Shah
Chief Financial Officer

D R Dogra
Managing Director & CEO
DIN No. 00226775

Navin K Jain
Company Secretary
ACS 10703

Rajesh Mokashi
Deputy Managing Director
DIN No.02781355

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | Note | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|-----------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| Revenue From Operations | 16 | 260,54,98,270 | 235,58,87,161 |
| Other Income | 17 | 43,69,24,349 | 35,78,55,824 |
| Total Income | | 304,24,22,619 | 271,37,42,985 |
| Expenditure | | | |
| Employee Benefits Expense | 18 | 74,71,00,345 | 63,24,41,971 |
| Finance Cost | 19 | 1,29,91,760 | - |
| Depreciation | 8 | 5,09,13,260 | 2,92,13,846 |
| Other Expenses | 20 | 26,27,59,959 | 24,63,73,363 |
| Total Expenses | | 107,37,65,324 | 90,80,29,180 |
| Profit before Tax | | 196,86,57,295 | 180,57,13,805 |
| Current Tax | | 58,78,19,092 | 50,85,26,546 |
| Deferred Tax Expense | | (62,38,535) | 2,45,062 |
| MAT Credit Utilised | | - | 4,39,718 |
| Income tax adjustment for earlier years | | 88,79,268 | - |
| Total Tax Expense | | 59,04,59,825 | 50,92,11,326 |
| Profit after Tax | | 137,81,97,470 | 129,65,02,479 |
| Profit after Tax attributable to | | | |
| Owners of parent | | - | 129,40,70,958 |
| Minority Interest | | - | 24,31,521 |
| Profit after Tax | | 137,81,97,470 | 129,65,02,479 |
| Earning Per Share (Face Value Rs.10/-) | 23 | | |
| - Basic | | 47.53 | 44.96 |
| - Diluted | | 47.08 | 44.94 |

Significant Accounting Policies **1**

Other Notes to Accounts **21 to 33**

The notes are an integral part of the financial statements

As per our attached Report of even date

For Khimji Kunverji & Co.

Chartered Accountants

FRN : 105146 W

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 12, 2015

For and on behalf of the Board of Directors

Credit Analysis & Research Limited

Anil Kumar Bansal
Chairman
DIN No. 06752578

Chandresh M Shah
Chief Financial Officer

D R Dogra
Managing Director & CEO
DIN No. 00226775

Navin K Jain
Company Secretary
ACS 10703

Rajesh Mokashi
Deputy Managing Director
DIN No.02781355

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--|--|
| Cash Flows from Operating Activities | | |
| Profit before tax (after Minority interest) | 196,86,57,295 | 180,32,82,284 |
| Adjustments for | | |
| Interest on investments | (43,41,15,032) | (35,69,59,718) |
| Interest on loan | 1,29,91,760 | - |
| Deferred Employee Stock Option | 5,29,31,954 | 1,42,86,874 |
| Unrealised Foreign Exchange (Gain) / Loss | (1,74,482) | 2,51,668 |
| Provision for Compensated Absence | 1,43,59,648 | 46,89,801 |
| Provision for Gratuity | 45,13,302 | (17,82,982) |
| Provision for Bad Debts | 4,15,64,855 | 1,34,90,447 |
| Profit on sale of fixed assets | (1,93,778) | - |
| Loss on Sale of Fixed Assets | 2,80,944 | 4,76,585 |
| Depreciation | 5,09,13,259 | 2,92,13,846 |
| Operating Profit before working capital changes | 171,17,29,725 | 150,69,48,805 |
| Movements in working capital | | |
| Decrease/(Increase) in Trade Receivables | (5,10,15,635) | 6,10,42,218 |
| Decrease/(Increase) in Deposits | 18,575 | (74,16,314) |
| Decrease/(Increase) in Advances and Other Current Assets | 1,27,84,469 | (1,28,94,474) |
| Increase/(Decrease) in Unearned Revenue | 87,68,912 | 2,76,18,978 |
| Increase/(Decrease) in Sundry Creditors for Expenses | - | (38,18,040) |
| Increase/(Decrease) in Advances from customer | - | (35,22,281) |
| Increase/(Decrease) in Other Liabilities | (2,60,13,913) | 1,91,03,377 |
| Cash generated from Operations | (5,54,57,592) | 8,01,13,464 |
| Taxes paid | (58,37,84,122) | (51,80,38,336) |
| Net cash from Operating Activities | 107,24,88,011 | 106,90,23,933 |
| Cash flows from Financing Activities | | |
| Proceeds from issue of equity shares | - | 25,00,00,547 |
| Amounts borrowed | 72,85,26,267 | - |
| Amounts repaid | (72,85,26,267) | - |
| Interest on loan | (1,29,91,760) | - |
| Change in Minority Interest | - | 24,31,521 |
| Dividend and Dividend Tax paid | (6,00,53,941) | 7,20,32,329 |
| Interim Dividend and Dividend Tax paid | (268,80,75,406) | (94,68,37,677) |
| Net Cash from Financing Activities | (276,11,21,107) | (62,23,73,280) |
| Cash flows from Investing Activities | | |
| Income from investments | 45,39,70,413 | 36,16,07,359 |
| Investment in a company | (9,76,56,032) | (5,67,97,432) |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2015

| <i>(All amounts in Rupees, unless otherwise stated)</i> | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--|--|
| Sale of fixed assets | 6,15,941 | 7,66,642 |
| Purchase of fixed assets | (11,37,03,246) | (3,37,66,868) |
| Purchase of investments | (625,91,89,426) | (490,76,15,885) |
| Sale of investments | 758,10,99,137 | 417,64,88,699 |
| Net Cash from Investing Activities | 156,51,36,787 | (45,93,17,485) |
| Net increase / (decrease) in cash and cash equivalents | (12,34,96,309) | (1,26,66,834) |
| Effects of unrealised exchange gain on cash & cash equivalents | (81,593) | (2,33,163) |
| Cash and Cash Equivalents at The Beginning | 25,37,12,572 | 26,66,12,569 |
| Cash and Cash Equivalents at The End | 13,01,34,670 | 25,37,12,572 |
| Cash and cash equivalents comprise of: | | |
| Cash on hand | 1,33,583 | 2,30,218 |
| Cheques in hand | - | - |
| Other Bank balances | | |
| On Current Account | 6,54,88,607 | 7,66,34,276 |
| Deposit Accounts | 6,45,12,480 | 17,68,48,078 |
| Total | 13,01,34,670 | 25,37,12,572 |

As per our attached Report of even date

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

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 12, 2015

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

Anil Kumar Bansal
Chairman
DIN No. 06752578

Chandresh M Shah
Chief Financial Officer

D R Dogra
Managing Director & CEO
DIN No. 00226775

Navin K Jain
Company Secretary
ACS 10703

Rajesh Mokashi
Deputy Managing Director
DIN No.02781355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

1. Summary of Significant Accounting Policies

a. Principles of Consolidation

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

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

Name of the Company: **Care Kalypto Risk Technologies and Advisory Services Pvt. Ltd. (“CARE KRTPL”)**

Country of Incorporation: **India**

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

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

Name of the Company: **CARE Ratings (Africa) Private Limited (“CRAF”)**

Country of Incorporation: **Mauritius**

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

b. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on the

accrual basis of accounting and comply with the Accounting Standard notified under section 133 of the Companies Act, 2013 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs to the extent applicable. The accounting policies have been consistently followed by the Group.

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

c. Use of Estimates

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

d. Change in Accounting Estimates

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. Effective from 1st April, 2014, the Group has provided depreciation on fixed assets based on useful lives as provided in Schedule II of the Companies Act, 2013 or as re-assessed by the Group. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

Based on transitional provision given in Schedule II to the Companies Act, 2013, the carrying value of assets whose useful lives are already exhausted amounting to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

Rs.72,96,425/- (net of deferred tax of Rs.36,41,670/-) has been charged to opening balance of retained earnings. Had there been no change in useful lives of fixed assets, the charge to the Statement of Profit & Loss would have been lower by Rs. 2,51,49,452/-.

e. 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 twelve months surveillance period which commences one year after the date of assigning a rating.

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

As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection.

CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd

Revenue from fixed-price contracts includes following:

License fees, implementation and customization fees:

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

'Unbilled revenue' represents revenues in excess of amounts billed. These amounts are billed after the milestones specified are achieved as per the terms of the contract. 'Advance billing' represents billing in excess of revenues

recognized. Warranty costs on sale of services are accrued based on management's estimates and historical data at the time related revenue are recorded.

Consultancy Fee:

Income from consulting services is recognised on accrual basis.

Annual maintenance contracts:

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

Other Income

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

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

f. Fixed Assets

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

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

Tangible fixed assets are recorded at the cost including expenses up to commissioning / putting the asset into use are followed in our subsidiary company.

g. Depreciation

Credit Analysis and Research Limited

Depreciation is provided based on useful lives as provided in Schedule II of the Companies Act, 2013.

CARE Kalypto Risk Technologies and Advisory Services Pvt Ltd

Depreciation / amortisation is provided on all fixed assets on written down value method, at rates at which 95% of the cost of the assets is written over the balance useful life of the assets specified in Schedule II of the Companies Act, 2013 except for leasehold improvements which are written off over the lease period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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.

h. 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.

i. 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 are stated at carrying cost.

j. 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.

k. Retirement Benefits

- i) The Group provides retirement benefits to its employees in the form of Provident fund, Superannuation and Gratuity.
- ii) Contribution to the Provident Fund is made at the prescribed rates to the Provident Fund Trust /

Commissioner. Contribution to Provident Fund is charged to Statement of Profit & Loss.

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

l. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

m. Impairment of Assets

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

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

n. Earnings per share ('EPS)

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

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

o. Provisions and Contingent Liabilities

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

p. Employee Stock Options

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

2. Share Capital

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | Amount Rs. | Number | Amount Rs. |
| Authorised | | | | |
| Equity Shares of Rs.10 each | 3,00,00,000 | 30,00,00,000 | 3,00,00,000 | 30,00,00,000 |
| Issued, subscribed and fully paid up | | | | |
| Equity Shares of Rs.10 each | 2,89,99,122 | 28,99,91,220 | 2,89,99,122 | 28,99,91,220 |
| Total issued, subscribed and fully paid up share capital | 2,89,99,122 | 28,99,91,220 | 2,89,99,122 | 28,99,91,220 |

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

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | Amount Rs. | Number | Amount Rs. |
| Equity Shares | | | | |
| At the beginning of the year | 2,89,99,122 | 28,99,91,220 | 2,85,52,812 | 28,55,28,120 |
| Issued during the year - Preferential Allotment | - | - | 4,46,310 | 44,63,100 |
| Outstanding at the end of the year | 2,89,99,122 | 28,99,91,220 | 2,89,99,122 | 28,99,91,220 |

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, 2015, an amount of Rs.6 per share (March 31,2014 :Rs 18 per share) interim dividend, and Rs 65 per share (March 31, 2014: Nil) of special dividend was distributed to equity shareholders and the Board of Directors has recommended a final dividend of Rs.8 per share. (March 31, 2014: Rs. 10 per share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

| Equity Shares | As at March 31, 2015 Number | As at March 31, 2014 Number |
|--|--------------------------------|--------------------------------|
| Equity Shares allotted as fully paid up bonus shares (issued in FY13) | 2,04,85,869 | 2,04,85,869 |
| Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash | Nil | Nil |
| Equity Shares bought back by the company | Nil | Nil |
| Equity Shares allotted as fully paid up in exercise of options granted under the ESOP (issued in FY10) | 2,91,943 | 2,91,943 |

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

| Equity Shares of Rs. 10 each fully paid | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|------------------------|----------------------|------------------------|
| | Number | % holding in the class | Number | % holding in the class |
| Life Insurance Corporation of India | 28,82,136 | 9.94% | - | - |
| Canara Bank | 28,70,018 | 9.90% | 43,42,400 | 14.97% |
| IDBI Bank Limited | 18,00,773 | 6.21% | 48,18,292 | 16.62% |
| State Bank of India | 13,58,791 | 4.69% | 17,51,755 | 6.04% |
| Bajaj Holdings and Investment Limited | 10,02,615 | 3.46% | 17,07,615 | 5.89% |

e. Shares reserved for issue under options and contracts, including the terms and amounts:

For details of Shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company refer Note: 29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

3. Reserves and Surplus

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| a. Capital Redemption Reserve | 22,50,000 | 22,50,000 |
| b. Securities Premium Account | | |
| Opening Balance | 26,56,44,194 | 2,01,06,747 |
| Add : | | |
| Premium on preferential allotment of shares | - | 24,55,37,447 |
| Closing Balance | 26,56,44,194 | 26,56,44,194 |
| c. Employees Stock Options Outstanding | | |
| Opening Balance as per last audited Financial Statement | 11,42,95,000 | - |
| Add : | | |
| Options granted during the year | - | 11,42,95,000 |
| Less: | | |
| Options exercised during the year | - | - |
| Options lapsed during the year | (67,44,784) | - |
| Closing Balance | 10,75,50,216 | 11,42,95,000 |
| Less: Deferred Employees Compensation | | |
| Opening Balance as per last audited Financial Statement | (10,00,08,126) | - |
| Add : | | |
| Options granted during the year | - | (11,42,95,000) |
| Less: | | |
| Options lapsed during the year | 67,44,784 | - |
| Amortization of deferred employees compensation | 5,29,31,954 | 1,42,86,874 |
| Closing Balance | (4,03,31,388) | (10,00,08,126) |
| | 6,72,18,828 | 1,42,86,874 |
| d. General Reserve | | |
| Opening Balance | 135,48,31,844 | 120,48,31,844 |
| Add: | | |
| Transfer from surplus in the statment of profit and loss | 15,00,00,000 | 15,00,00,000 |
| Less: | | |
| Transitional provision of schedule II impact (net of deferred tax amounting to Rs. 36,41,670/-) Refer note 1 (d) | 72,96,425 | - |
| Closing Balance | 149,75,35,419 | 135,48,31,844 |
| e. Surplus / (deficit) in the statement of profit and loss | | |
| Opening balance | 292,66,75,349 | 272,94,42,068 |
| Add: | | |
| Net Profit for the current year | 137,81,97,470 | 129,40,70,958 |
| Less : | | |
| Proposed Dividend | 23,19,92,976 | 28,99,91,220 |
| Interim Dividend | 205,89,37,662 | 51,93,06,336 |
| Tax on Proposed Dividend | 4,72,28,311 | 4,92,84,008 |
| Tax on Interim Dividend | 34,99,16,457 | 8,82,56,113 |
| Transfer to Reserves | 15,00,00,000 | 15,00,00,000 |
| Closing Balance | 146,67,97,413 | 292,66,75,349 |
| Total Reserves and Surplus | 329,94,45,854 | 456,36,88,261 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

4. Deferred Tax Liabilities (Net)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|------------------------------------|-------------------------|-------------------------|
| Deferred Tax Liability | | |
| Depreciation on Fixed Assets | 6,20,58,422 | 6,38,96,731 |
| Less : Deferred Tax Assets | 3,26,43,843 | 2,46,01,918 |
| Provision for Compensated Absence | 2,28,65,736 | 1,75,75,277 |
| Provision for Gratuity | 12,59,204 | - |
| Provision for Doubtful Debts | 70,77,446 | 70,26,641 |
| Expenses Disallowed | 3,72,750 | - |
| Rent for Straight Lining Provision | 10,68,707 | - |
| Total | 2,94,14,579 | 3,92,94,813 |

Note : Deferred tax assets have not been recognised in the financials statements of CARE KRTPL on account of prudence

5. Long Term Provisions

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for Compensated Absence | 5,18,63,525 | 3,90,53,662 |
| Provision for Gratuity | 11,84,637 | 17,39,675 |
| Total | 5,30,48,162 | 4,07,93,337 |

6. Short Term Provisions

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for Salary, Performance Related Pay & Commission | 7,65,65,754 | 6,81,59,076 |
| Provision for Compensated Absence | 1,42,03,323 | 1,26,53,538 |
| Provision for Gratuity | 37,32,130 | 1,37,451 |
| Provision for Leave Travel Allowance | 1,89,36,938 | 1,79,76,079 |
| Others | | |
| Proposed Dividend | 23,19,92,976 | 28,99,91,220 |
| Provision for Dividend Distribution Tax | 4,72,28,311 | 4,92,84,008 |
| Total | 39,26,59,432 | 43,82,01,372 |

7. Other Current Liabilities

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Sundry Creditors for Expenses | 1,91,89,536 | 1,37,71,299 |
| Unearned Revenue | 27,45,33,376 | 22,16,99,353 |
| Advance from customers | 8,77,18,621 | 15,67,56,069 |
| Other Liabilities | 8,48,138 | 3,61,564 |
| Statutory Dues | 50,43,213 | 1,09,18,707 |
| Unclaimed Dividend | 30,35,510 | 26,51,694 |
| Advance received from selling shareholders (net)# | - | 2,37,47,971 |
| Total | 39,03,68,394 | 42,99,06,657 |

Refer note 27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

8. Fixed Assets for the year ended March 31, 2015

| Description of Assets | Gross Block | | | | Impairment | | Depreciation | | | | Net Block | | |
|------------------------------------|---------------------|---------------------------|----------------------------|---|----------------------|---------------------|-----------------|----------------------|---------------------|--------------------|------------------|--|---|
| | As at April 1, 2014 | Additions during the year | Deductions during the year | Addition / deletion on account of consolidation | As at March 31, 2015 | As at April 1, 2014 | During the year | As at March 31, 2015 | Upto April 1, 2014 | For the year | | On deletions / disposals during the year | Depreciation adjusted against General Reserve -Refer note 1 (d) |
| Tangible Assets | | | | | | | | | | | | | |
| Furniture & Fixtures | 4,46,08,068 | 34,30,933 | 24,48,593 | - | 4,55,90,408 | - | - | - | 1,95,16,686 | 83,58,773 | 21,87,969 | 3,09,020 | 2,59,96,510 |
| Office Equipments | 5,51,95,635 | 23,51,693 | 8,57,090 | - | 5,66,90,238 | - | - | - | 81,02,033 | 1,51,14,670 | 7,42,417 | 52,63,153 | 2,77,37,439 |
| Computers | 6,69,21,449 | 59,21,332 | 71,600 | - | 7,27,71,181 | - | - | - | 3,29,96,947 | 1,73,77,023 | 71,600 | 53,65,922 | 5,56,68,292 |
| Vehicles | 71,52,565 | - | 10,09,822 | - | 61,42,743 | - | - | - | 16,73,657 | 9,27,284 | 4,88,204 | - | 21,12,737 |
| Electrical Installations | 74,90,507 | 12,89,775 | 6,65,225 | - | 81,15,057 | - | - | - | 28,93,064 | 13,26,876 | 6,65,255 | - | 35,54,685 |
| Buildings | 43,67,42,697 | 9,73,22,134 | - | - | 53,40,64,831 | 22,57,525 | - | 22,57,525 | 3,43,89,165 | 74,55,214 | - | - | 4,18,44,379 |
| Leasehold improvements | 4,00,137 | 10,76,250 | 4,00,137 | - | 10,76,250 | - | - | - | 4,00,137 | 83,298 | 4,00,137 | - | 83,298 |
| Total Tangible Assets (A) | 61,85,11,058 | 11,13,92,117 | 54,52,467 | - | 72,44,50,708 | 22,57,525 | - | 22,57,525 | 9,99,71,689 | 5,06,43,138 | 45,55,582 | 1,09,38,095 | 15,69,97,340 |
| Intangible Assets | | | | | | | | | | | | | |
| Computer Software | 6,31,89,409 | 23,11,128 | - | - | 6,55,00,537 | - | - | - | 6,31,89,409 | 2,70,122 | - | - | 6,34,59,531 |
| Total Intangible Assets (B) | 6,31,89,409 | 23,11,128 | - | - | 6,55,00,537 | - | - | - | 6,31,89,409 | 2,70,122 | - | - | 6,34,59,531 |
| Total Assets (A+B) | 68,17,00,467 | 11,37,03,245 | 54,52,467 | - | 78,99,51,245 | 22,57,525 | - | 22,57,525 | 16,31,61,098 | 5,09,13,260 | 45,55,582 | 1,09,38,095 | 22,04,56,871 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

8. Fixed Assets for the year ended March 31, 2014

| Description of Assets | Gross Block | | | | Impairment | | | Depreciation | | | Net Block As at March 31, 2014 | | |
|------------------------------------|------------------------|---------------------------------|----------------------------------|--|-------------------------|------------------------|--------------------|----------------------------|-----------------------|--------------------|--------------------------------------|--|------------------------|
| | As at April 1, 2013 | Additions during the year | Deductions during the year | Addition / deletion on account of consolidation | As at March 31, 2014 | As at April 1, 2013 | During the year | As at March 31, 2014 | Upto April 1, 2013 | For the year | | On deletions / disposals during the year | Upto March 31, 2014 |
| Tangible Assets | | | | | | | | | | | | | |
| Furniture & Fixtures | 4,45,47,218 | 60,850 | - | - | 4,46,08,068 | - | - | - | 1,69,23,496 | 25,93,190 | - | 1,95,16,686 | 2,50,91,382 |
| Office Equipments | 5,38,99,442 | 20,17,785 | 56,367 | - | 5,58,60,860 | - | - | - | 59,67,956 | 26,24,304 | 24,126 | 85,68,134 | 4,72,92,726 |
| Computers | 5,58,40,283 | 1,21,15,537 | 10,34,371 | - | 6,69,21,449 | - | - | - | 2,48,93,547 | 89,51,708 | 8,48,308 | 3,29,96,947 | 3,39,24,502 |
| Vehicles | 78,54,856 | 11,32,921 | 18,35,212 | - | 71,52,565 | - | - | - | 17,15,360 | 7,68,587 | 8,10,289 | 16,73,658 | 54,78,907 |
| Electrical Installations | 68,25,282 | - | - | - | 68,25,282 | - | - | - | 19,45,441 | 4,81,521 | - | 24,26,962 | 43,98,320 |
| Buildings | 42,48,26,827 | 1,19,15,870 | - | - | 43,67,42,697 | 22,57,525 | - | 22,57,525 | 2,74,83,725 | 69,05,440 | - | 3,43,89,165 | 40,00,96,007 |
| Leasehold improvements | 4,00,137 | - | - | - | 4,00,137 | - | - | - | 4,00,137 | - | - | 4,00,137 | - |
| Total Tangible Assets (A) | 59,41,94,045 | 2,72,42,963 | 29,25,950 | - | 61,85,11,058 | 22,57,525 | - | 22,57,525 | 7,93,29,662 | 2,23,24,750 | 16,82,723 | 9,99,71,689 | 51,62,81,844 |
| Intangible Assets | | | | | | | | | | | | | |
| Computer Software | 5,63,00,314 | 68,89,095 | - | - | 6,31,89,409 | - | - | - | 5,63,00,314 | 68,89,095 | - | 6,31,89,409 | - |
| Total Intangible Assets (B) | 5,63,00,314 | 68,89,095 | - | - | 6,31,89,409 | - | - | - | 5,63,00,314 | 68,89,095 | - | 6,31,89,409 | - |
| Total Assets (A+B) | 65,04,94,359 | 3,41,32,058 | 29,25,950 | - | 68,17,00,467 | 22,57,525 | - | 22,57,525 | 13,56,29,976 | 2,92,13,845 | 16,82,723 | 16,31,61,098 | 51,62,81,844 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| Trade Investment | | | | |
| UNQUOTED (valued at cost) | | | | |
| 1) Investment in Companies | | | | |
| 53,000 Ordinary Shares of USD 10 each fully paid up (PY 53,000) ARC Ratings Holdings PTE Limited | | 3,06,80,300 | | 3,06,80,300 |
| 20,00,000 ordinary shares of RM 1 each fully paid up (PY 4,00,000) in Malaysian Rating Corporation Berhad | | 10,73,88,087 | | 2,61,17,132 |
| Other Investments (valued at cost, unless stated otherwise) | | | | |
| A) QUOTED | | | | |
| 1) Investment in Bonds of PSUs | | | | |
| 50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of National Highway Authority of India (Maturing on June 25, 2022) | | 5,32,83,100 | | 5,32,83,100 |
| 300 Bonds FV. Rs.1,00,000/- (PY 300 Bonds) 6.32% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on December 20, 2017) | | 3,00,00,000 | | 3,00,00,000 |
| NIL Bonds (PY 92,718 Bonds) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2022) | | - | | 9,48,50,514 |
| NIL Bonds (PY 1,00,000) of 8.10% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 22, 2027) | | - | | 10,56,48,400 |
| NIL Bonds (PY 20,000) of 7.34% Tax Free Bonds of India Infrastructure Finance Co. Ltd. (Maturing on February 19, 2028) | | - | | 2,00,00,000 |
| NIL Bonds (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027) | | - | | 4,86,00,000 |
| 1,30,000 Bonds FV. Rs.1,000/- (PY 1,30,000) of 8.10% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2022) | | 13,41,34,000 | | 13,41,34,000 |
| 50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.20% Tax Free Bonds of Housing and Urban Development Corporation (Maturing on March 05, 2027) | | 5,29,75,000 | | 5,29,75,000 |
| NIL Bonds (PY 20,000) of 8.68% Tax Free Bonds of National Housing Bank (Maturing on March 24, 2029) | | - | | 10,12,70,400 |
| 50,000 Bonds FV. Rs.1,000/- (PY 50,000) of 8.12% Tax Free Bonds of Rural Electrification Corporation (Maturing on March 24, 2029) | | 5,36,59,400 | | 5,36,59,400 |
| 80,000 Bonds FV. Rs.1,000/- (PY 80,000) of 8.20% Tax Free Bonds of Power Finance Corporation (Maturing on February 01, 2027) | | 8,58,16,000 | | 8,58,16,000 |
| | | 40,98,67,500 | | 78,02,36,814 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|-------------|----------------------|-------------|
| 2. Investment in Gold ETF | | | | |
| 14,807 Units (PY 14,807 Units) UTI MF Gold Traded Mutual Fund | 3,75,38,398 | | 3,75,38,398 | |
| 5,247 Units (PY 5,247 Units) IDBI MF- Gold Exchange Traded Fund Open Ended | 1,50,07,017 | | 1,50,07,017 | |
| 5,279 Units (PY 5,279 Units) Kotak MF- Gold Exchange Traded Fund | 1,50,13,259 | | 1,50,13,259 | |
| 11,80,689 Units (PY 11,80,689 Units) SBI Gold Fund | 1,19,99,998 | | 1,19,99,998 | |
| 6,881 Units (PY 6,881) Goldman Sachs MF - Gold Benchmark Exchange Traded Scheme - Units | 2,00,23,229 | | 2,00,23,229 | |
| | | 9,95,81,901 | | 9,95,81,901 |
| 3. Investment in G-Sec | | | | |
| NIL units (PY Rs 5,00,00,000) G-Sec 8.79% Government of India 2021 (Maturing on 08 November 2021) | | - | | 5,05,65,000 |
| 4. Investment in various Fixed Maturity Plans of Debt Mutual Funds | | | | |
| NIL units (PY 58,41,848) of IDFC Fixed Term Plan Series 23 - Growth | - | | 5,84,18,478 | |
| NIL units (PY 55,00,000) of SBIMF SDFS 16 Months - 1 - Growth | - | | 5,50,00,000 | |
| NIL units (PY 30,00,000) of Principal PNB FMP Series B-10 | - | | 3,00,00,000 | |
| NIL units (PY 27,50,000) of Birla Sun Life Fixed Term Plan - Series IU - Growth | - | | 2,75,00,000 | |
| NIL units (PY 50,00,000) of Kotak FMP Series 133 - 524 Day-G | - | | 5,00,00,000 | |
| NIL units (PY 20,00,000) of IDBI FMP- Series - IV- 542 Day (Feb-14) F (Direct) | - | | 2,00,00,000 | |
| NIL units (PY 12,50,000) of LIC Nomura MF FMP Series 76 -382 Days - G | - | | 1,25,00,000 | |
| NIL units (PY 60,32,567) of Baroda Pioneer FMP - Series M - 394 Days | - | | 6,03,25,670 | |
| 50,00,000 units (PY NIL) of BIRLA SUNLIFE FMP Series IL 1098 Days DP G | 5,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of BIRLA SUNLIFE FMP Series IO 1097 Days DP G | 5,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of Birla Sun Life FTP Series JA - 1098 Days | 5,00,00,000 | | - | |
| 38,12,795 units (PY NIL) of HDFC FMP 370D October 2013 (5) | 3,81,27,950 | | - | |
| 20,00,000 units (PY NIL) of IDFC FIXED TERM PLAN - SERIES 40- DP -G | 2,00,00,000 | | - | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| 75,00,000 units (PY NIL) of Religare Invesco FMP Series XXI - Plan E | 7,50,00,000 | | - | |
| 1,08,29,300 units (PY NIL) of SBI SDFS - 366 Days Series 44 DP-Growth | 10,82,93,000 | | - | |
| 54,26,150 units (PY NIL) of SBI MFSDFS - 366 Days - Series 47 | 5,42,61,500 | | - | |
| 22,50,000 units (PY NIL) of HDFC FMP 1100D April 2014(1) - 1100Days (DP) - Gr option | 2,25,00,000 | | - | |
| 60,00,000 units (PY NIL) of HDFC FMP 747D -June 2014 (1) (Direct)- G Option | 6,00,00,000 | | - | |
| 57,50,000 units (PY NIL) of Kotak FMP Series 105 - Growth | 5,75,00,000 | | - | |
| 70,00,000 units (PY NIL) of LIC nomura MF FMP series 85 - 730 days - G | 7,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of SBI MF -SDFS-Series A 36 Months DP -G | 5,00,00,000 | | - | |
| 32,50,000 units (PY NIL) of DSP Blackrock Fmp Series 144-12 M (Direct)- Growth | 3,25,00,000 | | - | |
| 32,50,000 units (PY NIL) of Kotak FMP Series 136 - 376 Days Direct | 3,25,00,000 | | - | |
| 25,00,000 units (PY NIL) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G | 2,50,00,000 | | - | |
| 20,00,000 units (PY NIL) of Religare Invesco FMP -Series 25 - Plan C Growth -D | 2,00,00,000 | | - | |
| 20,00,000 units (PY NIL) of Tata FMP Series 46 -Scheme S 366 Day -Direct - Growth | 2,00,00,000 | | - | |
| 35,04,924 units (PY NIL) of SBIMF SDF Series A-9-366 D (Direct)- Growth | 3,50,49,244 | | - | |
| 15,00,000 units (PY NIL) of Religare Invesco FMP -Series 25 - Plan F-DP | 1,50,00,000 | | - | |
| 35,00,000 units (PY NIL) of ICICI Prudential Fixed Maturity Plan - Series 76 - 1100 Days - Plan T | 3,50,00,000 | | - | |
| NIL units (PY 35,00,000) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth | - | | 3,50,00,000 | |
| | | 92,07,31,694 | | 34,87,44,148 |
| B. UNQUOTED | | | | |
| 1. Investment in various Equity and Debt Mutual Fund Schemes | | | | |
| NIL units (PY 19,77,824) IDFC Arbitrage Fund | - | | 2,50,00,000 | |
| NIL units (PY 23,23,590) Kotak Equity Arbitrage Fund | - | | 2,50,00,000 | |
| NIL units (PY 34,69,187) IDFC Dynamic Bond Fund - Growth | - | | 5,00,00,000 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

9. Non Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|----------------------|----------------------|----------------------|
| NIL units (PY 14,12,756) Birla Sun Life G Sec Fund - LT - Growth | - | | 5,00,00,000 | |
| NIL units (PY 6,20,818) DSP Blackrock Top 100 Equity Fund - Direct Plan | - | | 7,19,99,998 | |
| NIL units (PY 3,33,710) DSP Blackrock Top 100 Equity Fund Regular G | - | | 3,41,56,704 | |
| NIL units (PY 28,58,469) Franklin India Bluechip Fund Dividend Re-investment | - | | 10,02,80,640 | |
| NIL units (PY 1,69,322) HDFC Top 200 | - | | 3,48,37,204 | |
| NIL units (PY 3,08,299) HDFC Top 200 - Direct Plan | - | | 7,49,99,998 | |
| NIL units (PY 78,00,974) ICICI Prudential Top 100 Fund Dividend | - | | 10,92,07,681 | |
| 21,05,817 Units (PY NIL) HDFC Gilt Fund -Long Term Plan - Direct (G) | 6,00,00,000 | | - | |
| 4,48,640 units (PY NIL) ICICI Prudential Income Fund -DP-Growth | 2,00,00,000 | | - | |
| 17,843 Units (PY NIL) Religare Invesco Gilt Fund-Long Term Duration- D-G | 2,74,66,750 | | - | |
| 29,14,753 units (PY NIL) BNP paribas medium term income fund | 3,28,54,800 | | - | |
| 2,22,544 units (PY NIL) DSP Blackrock Top 100 Equity Fund - Direct Plan | 3,75,00,000 | | - | |
| 8,73,000 units (PY NIL) Franklin India Bluechip Fund - Direct Plan -(Divi) | 3,75,00,000 | | - | |
| 1,03,853 Units (PY NIL) HDFC Top 200 - Direct Plan | 3,75,00,000 | | - | |
| 15,90,698 units (PY NIL) ICICI Prudential Top 100 Fund Div. - Direct Plan | 3,75,00,000 | | - | |
| | | 29,03,21,550 | | 57,54,82,225 |
| Grand Total | | 185,85,71,032 | | 191,14,07,520 |
| Aggregate amount of quoted investments (Market value: CY Rs.153,32,58,788, PY Rs. 123,75,70,398) | | 143,01,81,095 | | 127,91,27,863 |
| Aggregate amount of unquoted investments | | 42,83,89,937 | | 63,22,79,657 |
| Aggregate provision for diminution in value of investments | | - | | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

10. Long Term Loans and Advances (Unsecured, considered good)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Capital Advances | 95,506 | - |
| Security Deposits | 2,82,59,279 | 2,74,51,094 |
| Loan to Employees | 57,01,189 | 24,27,225 |
| Accrued Interest on Loans to Employees | 4,47,742 | 4,49,831 |
| Other Loans and Advances | | |
| Prepaid Expenses | 8,74,782 | 13,60,300 |
| Advance payment of taxes (Net of Provision for Tax Rs. 303,35,83,374 (PY Rs. 243,68,85,013)) | 7,85,49,027 | 9,14,63,268 |
| Total | 11,39,27,525 | 12,31,51,718 |

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|---|----------------------|--------------|
| A) QUOTED (valued at cost, unless stated otherwise) | | | | |
| Current maturity of Non Current Investment | | | | |
| 1) Investment in Bonds of PSUs | | | | |
| NIL Units (PY 1,000 Bonds) of 6.00% Tax Free Bonds of Indian Railway Finance Corporation (Maturing on March 8, 2015) | | - | | 10,00,00,000 |
| 2) Investment in various Fixed Maturity Plans of Debt Mutual Funds | | | | |
| 20,00,000 units (PY NIL) of IDBI FMP- Series - IV- 542 Day (Feb-14) F (Direct) | 2,00,00,000 | | - | |
| 60,32,567 units (PY NIL) of Baroda Pioneer FMP - Series M - 394 Days | 6,03,25,670 | | - | |
| 30,00,000 units (PY NIL) of Principal PNB FMP Series B-17 | 3,00,00,000 | | - | |
| 30,00,000 units (PY NIL) of Principal PNB FMP Series B-10 | 3,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of Kotak FMP Series 133 - 524 Day-G | 5,00,00,000 | | - | |
| 55,00,000 units (PY NIL) of SBIMF SDFS 16 Months - 1 - Growth | 5,50,00,000 | | - | |
| 12,50,000 units (PY NIL) of LIC Nomura MF FMP Series 76 -382 Days - G | 1,25,00,000 | | - | |
| 5,598,761 units (PY NIL) of UTI Fixed Term Income Fund Series XIX - IV - 366 Days | 5,59,87,612 | | - | |
| 75,00,000 units (PY NIL) of UTI Fixed Term Income Fund Series XIX - III - 368 Days | 7,50,00,000 | | - | |
| 50,00,000 units (PY NIL) of UTI Fixed Term Income Fund Series XIX - I 369 Days | 5,00,00,000 | | - | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|--|----------------------|--|
| 79,68,043 units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - VII (368 Days) | 7,96,80,431 | | - | |
| 40,00,000 units (PY NIL) of UTI Fixed Term Income Fund Series XVIII - XIII (366 Days) | 4,00,00,000 | | - | |
| 20,00,000 units (PY NIL) of Tata FMP series 474 Sch E - 371 Days | 2,00,00,000 | | - | |
| 50,00,000 units (PY NIL) of Tata FMP series 47 Sch J-368 Days | 5,00,00,000 | | - | |
| 32,50,000 units (PY NIL) of Religare Invesco FMP series 23 - Plan H - 370 Days | 3,25,00,000 | | - | |
| 57,06,503.13 units (PY NIL) of Reliance Annual Interval Fund - Series I - 367 Days - DP - Gr | 7,50,00,000 | | - | |
| 33,42,186 units (PY NIL) of Kotak FMP Series 156 - 370 Days | 3,34,21,860 | | - | |
| 58,41,848 units (PY NIL) of IDFC Fixed Term Plan Series 23 - Growth | 5,84,18,478 | | - | |
| 60,00,000 units (PY NIL) of ICICI Prudential Fixed Maturity Plan - Series 74 - 369 Days - Plan F | 6,00,00,000 | | - | |
| 35,00,000 units (PY NIL) of ICICI Prudential FMP-Series 64-3 Years Plan I - Growth | 3,50,00,000 | | - | |
| 32,52,900 units (PY NIL) of HDFC FMP - 367D - May 14(2) - Growth | 3,25,29,000 | | - | |
| 42,20,400 units (PY NIL) of HDFC FMP 370D April 2014(2) - DP | 4,22,04,000 | | - | |
| 54,34,700 units (PY NIL) of HDFC FMP 369D April 2014 (2) | 5,43,47,000 | | - | |
| 15,00,000 units (PY NIL) of Birla Sun Life FTP Series LK - 369 (DP) - Growth | 1,50,00,000 | | - | |
| 32,60,310 units (PY NIL) of Birla Sun Life FTP Series LC - 369 (DP) - Growth | 3,26,03,100 | | - | |
| 27,50,000 units (PY NIL) of Birla Sun Life Fixed Term Plan - Series IU - Growth | 2,75,00,000 | | - | |
| NIL units (PY 50,00,000) of HDFC FMP 372 D-Jan2014(1) Direct Plan | - | | 5,00,00,000 | |
| NIL units (PY 50,00,000) of Sundaram FMP - Series DC - DP - 15 Months - Growth | - | | 5,00,00,000 | |
| NIL units (PY 45,20,516) of Baroda Pioneer FMP 378 Days Plan - Series B - Growth | - | | 4,52,05,163 | |
| NIL units (PY 22,50,000) of Birla Fixed Term Plan Series GB - 541 Days - Growth | - | | 2,25,00,000 | |
| NIL units (PY 50,00,000) of JP Morgan India FMP - Series 12 -523 Days- Growth | - | | 5,00,00,000 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|--|----------------------|--|
| NIL units (PY 30,00,000) of Kotak FMP Series 98-465 Days- Growth | - | | 3,00,00,000 | |
| NIL units (PY 25,00,000) of Reliance Fixed Horizon Fund – XXII – Series 21- 739 Days | - | | 2,50,00,000 | |
| NIL units (PY 40,00,000) of DWS - FMP Series 23 - 15 Months Direct Plan - Growth | - | | 4,00,00,000 | |
| NIL units (PY 20,00,000) of HDFC FMP 462D January 2013 (1) Series 24 Growth | - | | 2,00,00,000 | |
| NIL units (PY 72,00,667) of UTI Fixed Term Plan Income Fund Series XIV -IV Growth | - | | 7,20,06,679 | |
| NIL units (PY 30,00,000) of BNP MF Fix Term Fund Series 29 -B -Direct - G-368 | - | | 3,00,00,000 | |
| NIL units (PY 20,00,000) of Tata FMP Series 46 - 368 Day -Direct - Growth | - | | 2,00,00,000 | |
| NIL units (PY 15,00,000) of Religare Invesco FMP Series 23-Plan B-367 D-Direct | - | | 1,50,00,000 | |
| NIL units (PY 35,04,924 units) of SBIMF SDF Series A - 9 - 366 D (Direct)- Growth | - | | 3,50,49,244 | |
| NIL units (PY 25,00,000) of Tata FMP Series 46 -Scheme-P-366 Days-Direct-G | - | | 2,50,00,000 | |
| NIL units (PY 25,00,000) of Religare Invesco FMP Series 22 - Plan K (367 Days) | - | | 2,50,00,000 | |
| NIL units (PY 10,00,000) of IDBI FMP Series IV 368 Days Feb 2014 -C | - | | 1,00,00,000 | |
| NIL units (PY 32,50,000) of Kotak FMP Series 136 - 376 Days Direct | - | | 3,25,00,000 | |
| NIL units (PY 22,50,000) of Tata FMP Series 46 Scheme L - 366 Days | - | | 2,25,00,000 | |
| NIL units (PY 15,00,000) of Sundaram Fixed Term Plan EW 366 Day Direct | - | | 1,50,00,000 | |
| NIL units (PY 32,50,000) of DSP Blackrock FMP Series 144-12 M (Direct)- Growth | - | | 3,25,00,000 | |
| NIL units (PY 20,00,000) of IDFC FIXED TERM PLAN - SERIES 40- DP -G | - | | 2,00,00,000 | |
| NIL units (PY 50,00,000) of BIRLA SUNLIFE FMP Series IL 368 Days DP G | - | | 5,00,00,000 | |
| NIL units (PY 50,00,000) of BIRLA SUNLIFE FMP Series IO 368 Days DP G | - | | 5,00,00,000 | |
| NIL units (PY 1,08,20,000) of SBI SDFS - 366 Days Series 44 DP-Growth | - | | 10,82,93,000 | |
| NIL units (PY 75,00,000) of L&T FMP Series IX - Plan G - 366 Days | - | | 7,50,00,000 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|--|----------------------|--|
| NIL units (PY 75,00,000) of Religare Invesco FMP Series XXI - Plan E | - | | 7,50,00,000 | |
| NIL units (PY 54,26,150) of SBI MFSDFS - 366 Days - Series 47 | - | | 5,42,61,500 | |
| NIL units (PY 50,00,000) of Birla Sun Life FTP Series JA - 366 Days | - | | 5,00,00,000 | |
| NIL units (PY 38,12,795) of HDFC FMP 370D October 2013 (5) | - | | 3,81,27,950 | |
| NIL units (PY 37,50,000) of IDFC Fixed Term Plan Series 59 - Growth | - | | 3,75,00,000 | |
| NIL units (PY 30,00,000) of Birla Sun Life FTP - Series GT -DP - Growth | - | | 3,00,00,000 | |
| NIL units (PY 50,00,000) of DSP Blackrock FMP Series 104 - 12 M - Growth | - | | 5,00,00,000 | |
| NIL units (PY 50,00,000) of HDFC FMP 370D April 2013 (1) (370 Days) DP - Growth | - | | 5,00,00,000 | |
| NIL units (PY 30,00,000) of HDFC FMP - 370D - May 13(1) - Growth | - | | 3,00,00,000 | |
| NIL units (PY 60,00,000) of ICICI Prudential Fixed Maturity Plan - Series 68 - 368 Days - Plan G | - | | 6,00,00,000 | |
| NIL units (PY 20,00,000) of ICICI Prudential Fixed Maturity Plan - Series 69 - 372 Days - Plan K | - | | 2,00,00,000 | |
| NIL units (PY 30,00,000) of Kotak FMP Series 104 | - | | 3,00,00,000 | |
| NIL units (PY 57,50,000) of Kotak FMP Series 105 - Growth | - | | 5,75,00,000 | |
| NIL units (PY 35,00,000) of Kotak FMP Series 117 DP Growth | - | | 3,50,00,000 | |
| NIL units (PY 60,00,000) of L&T FMP Series VIII – Plan J - 368 Days - DP | - | | 6,00,00,000 | |
| NIL units (PY 1,03,12,850) of Reliance Interval Fund - Annual Interval Fund - Series 1 (370 days) | - | | 12,50,00,000 | |
| NIL units (PY 54,18,163) of Reliance Yearly Interval Fund - Series 8 - Growth | - | | 5,41,81,629 | |
| NIL units (PY 20,00,000) of Religare FMP Series XIX Plan A 367Days - DP -G | - | | 2,00,00,000 | |
| NIL units (PY 76,78,529) of UTI Fixed Term Income Fund Series XV - V - Growth | - | | 7,67,85,295 | |
| NIL units (PY 35,00,000) of UTI FTI Fund Series XV - 368Days - G -DP | - | | 3,50,00,000 | |
| NIL units (PY 64,99,505) of UTI FTI FUND SERIES XV - II (367 DAYS) - DP-G | - | | 6,49,95,047 | |
| 40,00,000 units (PY 40,00,000) of HDFC FMP 478 D -Jan 2014 (1) (Direct)- G Option | 4,00,00,000 | | 4,00,00,000 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

11. Current Investments

Amount Rs.

| | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| NIL units (PY 25,00,000 units) of Tata FMP Series 42 - Scheme G - 419 days - G | - | | 2,50,00,000 | |
| NIL units (PY 3,50,000) of JP Morgan India FMP Series 18 Direct Plan - Growth 373Days | - | | 3,50,00,000 | |
| | | 1,16,70,17,151 | | 2,12,39,05,507 |
| B. UNQUOTED | | | | |
| Investment in various open-ended Debt Mutual Funds | | | | |
| 1,23,412 Units (PY 15,002) of IDBI Liquid Fund - DDR - DP | 12,35,37,878 | | 1,50,10,466 | |
| 4,50,757 Units (PY NIL Units) of ICICI Prudential Liquid Plan - Direct Plan - DDR | 4,51,01,137 | | - | |
| 25,002 Units (PY NIL Units) of L&T Liquid Fund -DP-DDR | 2,53,02,769 | | - | |
| 15,413 Units (PY NIL Units) of Principal Cash Magagement Fund -DDR | 1,54,18,924 | | - | |
| 49,808 Units (PY NIL Units) of Tata Money Market Fund -DP-DDR | 4,98,83,303 | | - | |
| 44,976 Units (PY NIL Units) of IDFC Cash Fund-Direct Plan -DDR | 4,56,08,727 | | - | |
| 16,473 Units (PY NIL Units) of Religare Invesco Liquid Fund -DP-DDR | 1,64,86,268 | | - | |
| NIL Units (PY 43,636) of IDFC Cash Fund-Direct Plan -DDR | - | | 4,36,51,068 | |
| | | 32,13,39,006 | | 5,86,61,534 |
| 2. Investment in Commercial Paper (valued at carrying cost) | | | | |
| NIL Units (PY 200 Units) Commercial Paper - Fullerton India Credit Company Limited 31-05-2013 (Maturing on May 30, 2014) 365 Days | - | | 9,86,32,329 | |
| NIL Units (PY 200 Units) Commercial Paper - Reliance Capital Ltd. 31-05-2013 (Maturing on May 30, 2014) 366 Days | - | | 9,86,53,311 | |
| NIL Units (PY 400 Units) Commercial Paper - Simplex Infrastructure Ltd. 12-06-2013 (Maturing on June 12, 2014) 366 Days | - | | 19,63,07,756 | |
| | | | | 39,35,93,396 |
| Total | | 148,83,56,157 | | 267,61,60,437 |
| Aggregate amount of quoted investments (Market value: Rs. 128,45,31,883, PY Rs.234,64,23,488) | | 116,70,17,151 | | 222,39,05,507 |
| Aggregate amount of unquoted investments | | 32,13,39,006 | | 45,22,54,930 |
| Aggregate provision for diminution in value of investments | | - | | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

12. Trade Receivables (Unsecured)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Considered Good | | |
| - Debts outstanding for a period exceeding six months | 6,44,02,498 | 5,18,62,216 |
| - Other Debts | 9,30,00,915 | 9,60,90,417 |
| Total (Considered Good) | 15,74,03,413 | 14,79,52,633 |
| Considered Doubtful | | |
| - Debts o/s for a period exceeding six months | 2,26,46,420 | 1,74,32,913 |
| - Other Debts | - | 53,80,758 |
| Total Debtors (Considered Doubtful) | 2,26,46,420 | 2,28,13,671 |
| Total Debtors | 18,00,49,833 | 17,07,66,304 |
| Less: Provision for doubtful debts | 2,26,46,420 | 2,28,13,671 |
| Total | 15,74,03,413 | 14,79,52,633 |

13. Cash and Bank Balances

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 1,33,583 | 2,30,218 |
| Balances with Banks | | |
| - On Current Account | 6,54,88,607 | 7,66,34,276 |
| Other Bank balances | | |
| - Deposit Accounts | 6,45,12,480 | 17,68,48,078 |
| - Unclaimed Dividend Account | 30,35,510 | 26,51,694 |
| - Lienmarked Deposit | 1,49,10,000 | 3,03,61,492 |
| Total | 14,80,80,180 | 28,67,25,758 |
| <i>Deposit accounts with more than 12 months maturity</i> | - | - |

14. Short Term Loans and Advances (Unsecured, considered good)

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Loans to Employees. | 26,24,208 | 10,32,011 |
| Security Deposit | 3,63,240 | 11,87,805 |
| Prepaid Expense | 1,09,26,851 | 1,04,19,110 |
| Advances recoverable in cash or in kind or for value to be received | | |
| Service Tax, VAT, Other taxes and Statutory Deposits | 86,67,427 | 1,06,25,948 |
| Advance to Suppliers | 35,869 | 9,01,428 |
| Other Advances | 8,68,729 | 4,22,234 |
| Total | 2,34,86,324 | 2,45,88,536 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

15. Other Current Assets

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Interest Accrued on Investments | 1,03,62,931 | 3,07,03,437 |
| Interest Accrued on Loans to Employees | 97,741 | 95,587 |
| Other Receivables | 31,41,628 | 30,10,581 |
| Unbilled revenue | 47,60,710 | 1,86,79,432 |
| Total | 1,83,63,010 | 5,24,89,037 |

16. Revenue From Operations

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Sale of Services | | |
| Rating Income (including Surveillance) | 254,92,10,361 | 226,90,98,113 |
| Sale of Publications / Information Services | 2,28,71,397 | 2,55,47,454 |
| Licence and implementation fees | 3,00,52,062 | 6,00,14,274 |
| Advisory services | 33,64,450 | 12,27,320 |
| Total | 260,54,98,270 | 235,58,87,161 |

17. Other Income

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Interest on Investments | | |
| On long term investment | 6,51,96,915 | 6,82,59,027 |
| On short term investment | 77,14,592 | 5,29,92,542 |
| Dividend on Investments | | |
| On long term investments | 2,65,00,646 | 2,38,00,811 |
| On short term investments | 1,79,613 | 1,03,82,533 |
| Other Interest Income | 47,62,421 | 1,75,30,748 |
| Profit on Redemption / Sale of investments (Net) | 32,97,60,845 | 18,43,05,330 |
| Exchange Gain / (Loss) (Net) | 1,99,639 | - |
| Miscellaneous Income | 26,09,678 | 5,84,833 |
| Total | 43,69,24,349 | 35,78,55,824 |

18. Employee Benefits Expense

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Salaries and Other Allowances | 63,88,36,772 | 56,42,58,857 |
| Contribution to Provident, Gratuity & Other Funds | 3,95,45,375 | 3,03,32,817 |
| Expense on Employee Stock Option Scheme (Refer Note 29) | 5,29,31,954 | 1,42,86,874 |
| Staff Welfare Expenses | 1,57,86,244 | 2,35,63,423 |
| Total | 74,71,00,345 | 63,24,41,971 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

19. Finance Cost

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--------------|--------------------------------------|--------------------------------------|
| Finance Cost | 1,29,91,760 | - |
| Total | 1,29,91,760 | - |

20. Other Expenses

Amount Rs.

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Electricity Charges | 1,36,35,191 | 1,35,39,456 |
| Postage & Telephone Charges | 1,33,41,349 | 1,41,78,869 |
| Rent | 4,76,16,452 | 3,63,45,895 |
| Travelling & Conveyance Expenses | 2,83,39,924 | 3,42,10,865 |
| Commission on Sales | 10,57,540 | - |
| Commission & Brokerage | 2,18,750 | - |
| Directors' Sitting Fees | 21,11,000 | 12,50,000 |
| Sitting Fees to Rating Committee | 55,80,000 | 40,18,000 |
| Insurance Premium | 6,51,785 | 5,43,346 |
| Legal/Professional Fee | 4,47,22,736 | 2,37,98,554 |
| Rates & Taxes | 33,27,374 | 14,75,442 |
| Repairs & Maintenance | | |
| - Buildings | 69,00,600 | 71,75,337 |
| - Others | 1,67,84,344 | 1,69,52,730 |
| Loss on Sale of Fixed Assets | 2,80,944 | 4,76,585 |
| Advertisement and Sponsorship Expenses | 16,92,071 | 56,14,288 |
| Office Supplies | 75,10,560 | 96,36,547 |
| Provision for Bad and Doubtful Debts/ Bad debts written off | 4,15,64,855 | 3,90,13,836 |
| Auditors Remuneration | 22,47,211 | 20,79,055 |
| Expenditure on Corporate Social Responsibility | 50,00,000 | - |
| Miscellaneous Expenses | 2,01,77,273 | 3,60,64,558 |
| Total | 26,27,59,959 | 24,63,73,363 |

21. Contingent Liability & Capital Commitment

Amount Rs.

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Contingent Liability on account of Income Tax | 90,42,215 | 1,88,47,699 |
| For Claims against the company not acknowledged as Debt | 1,50,00,000 | - |
| Bank Guarantees issued | 1,49,10,000 | 9,10,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

(a) Contribution to provident funds

Defined contribution plan

Contribution to defined contribution plan, recognised as expense as at March 31, 2015 are as under:

Employer's contribution to provident fund Rs. 2,24,27,358 (PY: Rs. 2,04,40,037)

(b) Superannuation

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

(c) Gratuity

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

(d) Compensated Absences

Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates.

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

Amount Rs.

| | Gratuity | | Compensated Leave absence | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | Apr 14 to Mar 15 | Apr 13 to Mar 14 | Apr 14 to Mar 15 | Apr 13 to Mar 14 |
| A. Assumptions | | | | |
| Discount Rate Previous | 8.78% - 9.31% | 8% - 8.25% | 9.31% | 8.00% |
| Rate of Return on Plan Assets Previous | 8.70% | 8.70% | NA | NA |
| Salary Escalation Previous | 5% - 6% | 5% - 6% | 5.00% | 5.00% |
| Attrition Rate Previous Year | 2% - 5% | 2% - 5% | 2.00% | 2.00% |
| Discount Rate Current | 7.81% - 8.05% | 8.78% - 9.31% | 8.05% | 9.31% |
| Rate of Return on Plan Assets Current | 8.05% | 8.70% | NA | NA |
| Salary Escalation Current | 5% - 6% | 5% - 6% | 5.00% | 5.00% |
| Attrition Rate Current Year | 2% - 5% | 2% - 5% | 2.00% | 2.00% |
| Method of Valuation | "Project Unit Credit Method" | "Project Unit Credit Method" | "Project Unit Credit Method" | "Project Unit Credit Method" |

B. Table showing changes in Benefit Obligation

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Liability at the beginning of the year | 2,73,14,063 | 2,72,80,965 | 5,17,07,200 | 4,70,17,398 |
| Interest Cost | 24,57,236 | 21,94,424 | 48,13,940 | 37,61,392 |
| Current Service Cost | 62,64,043 | 83,18,652 | 50,74,605 | 39,26,071 |
| Cost on account of Transitional Liability incurred during the period | - | - | - | - |
| Past Service Cost (Non Vested Benefit) | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

| | Gratuity | | Compensated Leave absence | |
|---|------------------|------------------|---------------------------|------------------|
| | Apr 14 to Mar 15 | Apr 13 to Mar 14 | Apr 14 to Mar 15 | Apr 13 to Mar 14 |
| Past Service Cost (Vested Benefit) | - | - | - | - |
| Settlement | - | - | - | - |
| Liability Transfer in | - | - | - | - |
| (Liability Transfer out) | - | - | - | - |
| Benefit paid in the normal course | (51,54,591) | (14,39,920) | (3,18,16,177) | (2,48,11,506) |
| Actuarial (gain)/loss on obligations-Due to change in Financial Assumptions | 82,97,522 | (90,40,058) | 72,46,833 | 2,18,13,845 |
| Actuarial (gain)/loss on obligations- Due to Experience | (9,36,225) | - | 2,90,40,446 | - |
| Liability at the end of the year | 3,82,42,048 | 2,73,14,063 | 6,60,66,847 | 5,17,07,200 |

C. Table showing fair value of plan assets

| | | | | |
|---|-------------|-------------|---|---|
| Fair value of plan assets at beginning of year | 2,91,02,010 | 2,36,20,857 | - | - |
| Expected Return on Plan Assets | 25,31,875 | 20,55,015 | - | - |
| Contributions | 69,73,661 | 45,87,977 | - | - |
| Transfer from other company | - | - | - | - |
| Transfer to other company | - | - | - | - |
| Benefit paid in the normal course | (51,54,591) | (14,39,920) | - | - |
| Actuarial (gain)/loss on obligations -Due to experience | (1,27,674) | 2,78,081 | - | - |
| Fair value of Plan Assets at the end of year | 3,33,25,281 | 2,91,02,010 | - | - |
| Liability at the end of the year | - | - | - | - |

D. Recognition of Actuarial Gains / Losses

| | | | | |
|--|-----------|-------------|-------------|-------------|
| Actuarial (gain)/loss on obligations for the period. | 73,61,297 | (90,40,058) | 3,62,87,279 | 2,18,13,845 |
| Actuarial (gain)/loss on asset for the period. | 1,27,674 | (2,78,081) | - | - |
| Actuarial (gain)/loss recognized in statement of Profit & Loss | 74,88,971 | (93,18,139) | 3,62,87,279 | 2,18,13,845 |

E. Actual Return on Plan Assets

| | | | | |
|--|------------|-----------|---|---|
| Expected Return on Plan Assets | 25,31,875 | 20,55,015 | - | - |
| Actuarial gain / (loss) on Plan Assets | (1,27,674) | 2,78,081 | - | - |
| Actual Return on Plan Assets | 24,04,201 | 23,33,096 | - | - |

F. Amount recognized in the Balance Sheet

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Fair Value of Plan Assets at the end of the year | 3,33,25,281 | 2,91,02,010 | - | - |
| Present Value of Benefit Obligation at the end of the year | (3,82,42,048) | (2,73,14,063) | (6,60,66,847) | (5,17,07,200) |
| Difference | - | - | - | - |
| Funded Status Surplus/(Deficit) | (49,16,767) | 17,87,947 | (6,60,66,847) | (5,17,07,200) |
| Unrecognized Past Service Cost | - | - | - | - |
| Unrecognized Transition Liability | - | - | - | - |
| Amount recognized in the Balance Sheet | (49,16,767) | 17,87,947 | (6,60,66,847) | (5,17,07,200) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

| | Gratuity | | Compensated Leave absence | |
|---|------------------|------------------|---------------------------|------------------|
| | Apr 14 to Mar 15 | Apr 13 to Mar 14 | Apr 14 to Mar 15 | Apr 13 to Mar 14 |
| G. Amount recognized in the Income Statement | | | | |
| Current Service cost | 62,64,043 | 83,18,652 | 50,74,605 | 39,26,071 |
| Interest Cost | 24,57,236 | 21,94,424 | 48,13,940 | 37,61,392 |
| Expected return on Plan Assets | (25,31,875) | (20,55,015) | - | - |
| Actuarial (gain)/loss | 74,88,971 | (93,18,139) | 3,62,87,279 | 2,18,13,845 |
| Past Service Cost (Non Vested Benefit) Recognized | - | - | - | - |
| Past Service Cost (Vested Benefit) Recognized | - | - | - | - |
| Recognition of Transition Liability | - | - | - | - |
| Expense Recognized in statement of Profit & Loss | 1,36,78,375 | (8,60,078) | 4,61,75,824 | 2,95,01,308 |

H. Balance Sheet Reconciliation

| | | | | |
|--|-------------|-------------|---------------|---------------|
| Opening Net Liability | (17,87,947) | 36,60,108 | 5,17,07,200 | 4,70,17,398 |
| Expense Recognized in statement of Profit & Loss | 1,36,78,375 | (8,60,078) | 4,61,75,824 | 2,95,01,308 |
| Transfer from other company | - | - | - | - |
| Transfer to other company | - | - | - | - |
| Employer's Contribution | (55,00,000) | (45,87,977) | - | - |
| Benefits paid in the normal course | - | - | (3,18,16,177) | (2,48,11,506) |
| Benefits paid on account of Settlements | (14,73,661) | - | - | - |
| Amount Recognized in Balance Sheet | 49,16,767 | (17,87,947) | 6,60,66,847 | 5,17,07,200 |

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

Gratuity

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|-------------|-------------|-------------|-------------|-------------|
| Present Value of Defined Benefit Obligation | 3,82,42,048 | 2,73,14,073 | 2,72,80,965 | 1,38,86,754 | 1,65,81,009 |
| Fair Value of Plan Assets | 3,33,25,281 | 2,91,02,010 | 2,36,20,857 | 1,68,76,936 | 95,56,856 |
| Surplus or (Deficit) in plan | (49,16,767) | 17,87,937 | (36,60,108) | 29,90,182 | (70,24,153) |

Experience adjustments arising on

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|------------------|-------------|-------------|-----------|-------------|----------|
| Plan Liabilities | (10,30,089) | (44,62,418) | 15,63,739 | (52,74,795) | 9,16,242 |
| Plan Assets | (1,27,674) | 2,78,081 | 5,34,075 | 7,19,655 | 2,94,921 |

Compensated Leave absences

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---------------|---------------|---------------|---------------|---------------|
| Present Value of Defined Benefit Obligation | 6,60,66,847 | 5,17,07,200 | 4,70,17,398 | 3,67,09,471 | 2,73,73,182 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Surplus or (Deficit) in plan | (6,60,66,847) | (5,17,07,200) | (4,70,17,398) | (3,67,09,471) | (2,73,73,182) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

Experience adjustments arising on

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|------------------|-------------|-------------|-------------|-------------|-----------|
| Plan Liabilities | 2,90,40,446 | 2,88,71,284 | 1,54,78,815 | 1,72,70,112 | 51,52,342 |
| Plan Assets | - | - | - | - | - |

23. Earnings Per Share

Amount Rs.

| | As at March 31, 2015 | As at March 31, 2014 |
|--|-------------------------|-------------------------|
| Net Profit After Tax (A) | 137,81,97,470 | 129,40,70,958 |
| Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (B) | 2,89,99,122 | 2,87,80,247 |
| Basic / Diluted Earnings Per Share (A/B) | 47.53 | 44.96 |
| Weighted average number for shares for computation of Basic / Diluted Earnings Per Share (B) | 2,92,74,736 | 2,87,95,937 |
| Diluted Earnings Per Share (A/C) | 47.08 | 44.94 |

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

| Parties | Relationship | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---------------------------------|---|--------------------------------------|--------------------------------------|
| Key Management Personnel | | | |
| Mr. D.R. Dogra | Managing Director & CEO, CARE | 1,86,13,289 | 1,66,97,359 |
| Mr. Rajesh Mokashi | Deputy Managing Director, CARE | 1,67,31,130 | 1,36,31,484 |
| Mr. P D Baburaj | Whole time Director and CEO in CARE KRTPL | 9,46,177 | 16,17,300 |
| Mr. Shirish Atre | Whole time Director in CARE KRTPL | 15,05,816 | 23,10,034 |
| Mr. Puneet Talwar | CEO in CARE KRTPL w.e.f. 26th September, 2014 | 32,45,613 | - |

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

25. Segment Reporting

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.

26. Operating Lease

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

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

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

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Rent recognized in statement of Profit & Loss | 4,76,16,452 | 3,63,45,895 |
| Not later than one year | 3,90,93,036 | 3,70,52,392 |
| Later than one year and not later than five years | 1,26,47,074 | 11,49,06,999 |
| More than five years | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

27. The Company has completed its Initial Public Offer (IPO) through an Offer for Sale of 71,99,700 equity shares at a price of Rs. 750 per share (including a share premium of Rs. 740 per equity share) on December 26, 2012. Since this was an offer for sale, all the share issue expenses relating to IPO are recovered / recoverable from selling shareholders.

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

29. Disclosure under Employee Stock Options Scheme

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

(A) Employees Stock Option Scheme:

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

(B) Movement of Options granted:

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Options Outstanding at beginning of the year | 5,00,000 | 5,00,000 |
| Granted during the year | - | - |
| Exercised during the year | - | - |
| Lapsed during the year | 29,507 | - |
| Options Outstanding at the end of the year | 4,70,493 | 5,00,000 |
| Options unvested at the end of year | - | - |
| Options exercisable at the end of the year | 4,70,493 | 5,00,000 |
| Weighted Average exercise price | Rs 617/- per share | Rs 617/- per share |

The ESOP compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly Rs.5,29,31,954 (Previous year Rs. 1,42,86,874) has been charged to the current year Statement of Profit and Loss.

The weighted average remaining contractual life for the stock options outstanding as at 31st March 2015 is 2.76 years (Previous Year: 3.76 year)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

(C) Fair Valuation:

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black - Scholes Merton Formula . The key assumptions and the Fair Value are as under:

| Particular | On the date of Grant |
|--|----------------------|
| Risk Free Interest Rate (%) | 8.744% |
| Option Life (Years) | 3 years |
| Expected Volatility | 31.340% |
| Expected Dividend Yield (%) | 3.290% |
| Weighted Average Fair Value per Option | Rs. 228.59 |

30. Foreseeable Losses

The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

31. Note on pending litigations

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

32. Additional Information Pursuant to Schedule III of Companies Act, 2013 for Consolidated Financial Statement for the year ended on March 31, 2015

| Name of the Entity | Net Assets | | Share in Profit & Loss | |
|--|------------------------------|---------------|---------------------------------|---------------|
| | % of Consolidated Net Assets | Amount | % of Consolidated Profit & Loss | Amount |
| Holding Company | | | | |
| Credit Analysis and Research Limited | 100.41% | 360,42,26,319 | 101.82% | 140,33,00,810 |
| Subsidiary Company | | | | |
| Indian : | | | | |
| Care Kalypto Risk Technology and Advisory Services Pvt Ltd | -0.41% | (1,47,89,245) | -1.82% | (2,51,03,339) |
| Minority Interest | - | - | - | - |
| Foreign : | | | | |
| CARE RATINGS (AFRICA) Pvt Ltd | - | - | - | - |

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

As per our attached Report of even date

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

Gautam V Shah
Partner (F-117348)

Mumbai
Date: May 12, 2015

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

Anil Kumar Bansal
Chairman
DIN No. 06752578

Chandresh M Shah
Chief Financial Officer

D R Dogra
Managing Director & CEO
DIN No. 00226775

Navin K Jain
Company Secretary
ACS 10703

Rajesh Mokashi
Deputy Managing Director
DIN No.02781355

Particulars of Subsidiaries/ Associate companies/ Joint Ventures**FORM AOC-1**

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

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

Reporting period: April to March

Amount Rs.

| | As on March 31, 2015 | As on March 31, 2014 |
|--|----------------------|----------------------|
| Share Capital | 8,01,35,000 | 8,01,35,000 |
| Reserves and Surplus | (6,86,43,740) | (4,33,16,333) |
| Total Assets (Non-Current Assets + Current Assets) | 5,13,06,722 | 5,20,56,025 |
| Total Liabilities (Non-Current Liabilities + Current Liabilities) | 3,98,15,463 | 1,52,37,358 |
| Details of Investments (excluding investments in subsidiary company) | - | - |
| Revenue from Operations | 3,34,16,512 | 6,12,41,595 |
| Profit/(Loss) before Tax | (2,51,03,336) | 1,16,66,927 |
| Tax Expenses | - | 18,90,000 |
| Profit/(Loss) for the Year | (2,51,03,336) | 97,76,927 |
| Proposed / Interim Dividend (including Dividend Tax) | - | - |
| % of shareholding | 100 | - |

| | |
|------------------------|---------------------------------------|
| Name of the Subsidiary | CARE RATINGS (AFRICA) PRIVATE Limited |
| Reporting period | Janaury to December |
| Reporting Currency | MUR |
| Share Capital | Rs. 36,36,100 |

Notes

Names of the Subsidiaries which are yet to commence operations: CARE RATINGS (AFRICA) PRIVATE LIMITED

Part "B" : Associates and Joint Venttures

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

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

NOTES:

Credit Analysis and Research Limited

CIN: L67190MH1993PLC071691

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

ATTENDANCE SLIP

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

I hereby record my presence at the **22nd ANNUAL GENERAL MEETING** of the company, Credit Analysis and Research Limited at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 4.00 p.m. on Tuesday, September 29, 2015. (Contact: Leo Francis - 9969367590)

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

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

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

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

-Tear Here -

Credit Analysis and Research Limited

CIN: L67190MH1993PLC071691

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

Form No. MGT - II

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s).....E-mail:.....

Registered Address:.....

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

**Applicable for investors holding shares in electronic form.*

I / We, being the Member(s) of..... Equity Shares of Rs. 10/- each Credit Analysis and Research Limited, hereby appoint

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

Address.....

..... or failing him

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

Address.....

..... or failing him

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

Address.....

Tear Here

Tear Here

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **22nd ANNUAL GENERAL MEETING** of Credit Analysis and Research Limited at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 at 4.00 p.m. on Tuesday, September 29, 2015 and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

| No | Description of Resolution | For | Against | Abstain |
|----|---|--------------------------|--------------------------|--------------------------|
| 1 | Ordinary Business To consider and adopt the audited financial statements and the audited consolidated financial statements of the company for the financial year ended March 31, 2015, together with the reports of the Directors and the Auditors thereon. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | To confirm and ratify the declaration and payment of one interim dividend and one special (interim) dividend aggregating to Rs. 71/- per equity share and to declare final dividend of Rs. 8/- per Equity Shares for the financial year ended March 31, 2015 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | To ratify the appointment of M/s. Khimji Kunverji & Co., Chartered Accountant as Auditors of the Company. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | To appoint a director in place of Mr. Rajesh Mokashi, who retires by rotation and being eligible offers himself for reappointment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Special Business Appointment of Mr. S. B. Mainak who was appointed as an Additional Director as an Independent Director of the Company. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Re-appointment of Mr. D. R. Dogra as Managing Director & Chief Executive Officer for a further period of one year. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signed this..... day of..... 2015

Signature of Member.....

1) Signature of Proxy holder..... 2) Signature of Proxy holder..... 3) Signature of Proxy holder.....

Affix
Revenue
Stamp

NOTES:

- Please put a in the Box in the appropriate column against the respective resolutions. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- This Form in order to be effective should be duly stamp, signed completed and deposited at the Registered Office of the Company at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022, not less than 48 hours before the commencement of the Meeting.
- Those Members who have multiple folios with different joint holders may use copies of this Proxy.
- Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting right, then such proxy shall not act as a proxy for any other person or member.

22nd Annual General Meeting Venue Route Map



**Sri Shanmukhananda Chandrasekarendra Saraswathi Auditorium,
Plot No 292, Comrade Harbanslal Marg, Sion East, Mumbai 400019**

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

NOTES:



Credit Analysis and Research Limited

(CIN: L67190MH1993PLC071691)

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

NOTICE

To the Members,

Notice is hereby given that the Twenty Second Annual General Meeting of Credit Analysis and Research Limited (the "Company") will be held on Tuesday, September 29, 2015 at 4.00 p.m. at Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022 to transact the following business:

ORDINARY BUSINESS

1) Adoption of Financial Statements

To consider and adopt the audited financial statements and the audited consolidated financial statements of the Company for the financial year ended March 31, 2015 together with the Reports of the Directors and the Auditors thereon.

2) Declaration of Dividend

To confirm and ratify the declaration and payment of one interim dividend and one special (interim) dividend aggregating to Rs. 71/- per equity share and to declare final dividend of Rs. 8/- per equity share for the financial year ended March 31, 2015.

3) Appointment of Auditors

To ratify the appointment of auditors for the financial year 2015-16 and in this regard, to consider and if thought fit to pass the following resolution:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendation of the Audit Committee of the Board of Directors, and pursuant to the resolution passed by the members at the Annual General Meeting held on September 29, 2014, the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (FRN 105146W) as the Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting be and is hereby ratified and confirmed."

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

SPECIAL BUSINESS

5) Appointment of Mr. S. B. Mainak (DIN: 02531129) who was appointed as an Additional Director as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013

as amended from time to time, Mr. S. B. Mainak (DIN 02531129), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and who has been appointed as an Additional Director in terms of the provisions of section 161 of the Companies Act, 2013, whose term of office expires at the Annual General Meeting and in respect of whom the company has received a notice in writing in accordance with the provisions of Section 160 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from September 29, 2015 to September 28, 2020.

6) **Re-appointment of Mr. D. R. Dogra (DIN 00226775) as Managing Director & Chief Executive Officer**

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, SEBI regulations for Credit Rating Agencies, 1999 and subject to the requisite approval of the Central Government, if necessary the consent of the Company be and is hereby accorded to the re-appointment of Mr. D. R. Dogra (DIN 00226775) Managing Director & Chief Executive Officer of the Company for a period of one year effective from August 22, 2015 to August 21, 2016, on the following terms and conditions.

Terms of appointment

I. Period

The appointment of Mr. D.R. Dogra as Managing Director & Chief Executive Officer (MD) will be for a period of one year with effect from August 22, 2015.

II. The MD will be entitled to CTC of Rs. 1,72,99,806/- p.a. inclusive of perquisites such as LTA, accommodation, interest subsidy on housing loan etc. and Performance Linked Variable pay of Rs. 18,00,000/-.

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

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

V. Other benefits

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

2. Gratuity as per rules of the Company and shall not to be counted for the purpose of perquisite.

3. Cost of Car and Telephone for personal use (Cost of car and mobile phone for office work will be covered by the Company and not to be counted for the purpose of perquisite).

4. MD shall be entitled for reimbursement of medical expenses on actual basis. This will not be counted as perquisite for the purpose of calculating CTC.

5. Leave

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

6. Entertainment expenses

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

7. General

Such other benefits as are made available by the Company to other members of the staff from time to time.

VI. Minimum remuneration

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

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

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

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

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

Navin K. Jain
Company Secretary

Place: Mumbai

Date: August 26, 2015

Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.** A person can act as a proxy on behalf of not more than fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 2) All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during office hours on all days except Saturdays, Sundays and public holidays, up to the date of this 22nd AGM.
- 3) An explanatory statement pursuant to Section 102 of the Companies Act, 2013, as amended (the "Companies Act") with respect to Item Nos. 5 & 6 of the notice set out above is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, September 23, 2015 to Tuesday, September 29, 2015 (both days inclusive) for ascertaining the names of the Members to whom the dividend, if declared at the AGM, is payable.

Notice of 22nd AGM

- 5) The dividend, if declared at the AGM, will be paid as follows:
 - a. For shares held in physical form – to those Members whose names appear in the Register of Members on the close of the day on Tuesday, September 22, 2015; and
 - b. For shares held in dematerialized form - to those beneficiaries, whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners on the close of the day on Tuesday, September 22, 2015.
- 6) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Karvy.
- 7) The details of the directors seeking appointment/re-appointment under item nos. 4 to 6 of this Notice, as stipulated under Clause 49 of the Listing Agreement, is annexed.
- 8) Corporate Members intending to attend the AGM through their authorized representatives are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
- 9) Members desirous of asking any questions at the 22nd AGM are requested to send in their questions so as to reach the Company's Registered Office at least 7 days before the date of the AGM, so that the same can be suitably replied to.
- 10) Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, Karvy Computershare Private Limited, Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500008 ("Karvy").
- 11) Members wishing to claim dividends, which had remained unpaid are requested to contact the Registrar and Share Transfer Agent, Karvy Computershare Private Limited. Members are requested to note that the amount of dividend which remains unclaimed for a period of 7 years from the date of such transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund.
- 12) The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs, Government of India, has permitted companies to send official documents to their Members electronically as part of its green initiatives in corporate governance.

To support the green initiative of the Ministry of Corporate Affairs, the Notice convening the AGM, Financial Statements, Directors' Report, Auditors' Report, etc, is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. Members who have not registered their email addresses so far are requested to register their email address with their Depository Participant only, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- 13) Members/Proxies should bring the Attendance Slip duly filled in, for attending the meeting and also their copy of the Annual Report. Members who have received the notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit the duly filled in Attendance Slip at the registration counter to attend the AGM.

- 14) In compliance with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has considered September 22, 2015 to determine the eligibility of Members to vote by electronic means or through physical ballot at the AGM (Cut off date). The persons whose names appear on the Register of Members/List of Beneficial Owners as on the Cut off date would be entitled to vote through electronic means or through physical ballot at the AGM.
- 15) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
- 16) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 17) In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the Company is providing the facility to its Members, being eligible to vote, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice. The persons who have become the Members of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/List of Beneficial owners as on the Cut off date may contact the Registrars & Share Transfer Agent to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. If a Member is already registered with Karvy e-voting Platform then he can use his existing user ID and Password for casting the vote through remote e-voting. Details of the process and manner of remote e-voting along with the User ID and Password is being sent to all the Members along with the Notice.

The Company has engaged the services of Karvy to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting facility will be available during the following Period:

Commencement of remote e-voting: From 9.00 a.m. on Friday, September 25, 2015

Conclusion of remote e-voting: At 5.00 p.m. on Monday, September 28, 2015

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

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

(a) Members receiving an email from Karvy:

- (i) Open the email which contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the URL: <https://evoting.karvy.com>
- (iii) Enter the login credentials (i.e. User ID and password mentioned above/ in the Attendance Slip, as the case may be). Your Folio No./DP ID - Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (iv) After entering these details appropriately, click on "LOGIN".

Notice of 22nd AGM

- (v) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (vi) You need to login again with the new credentials.
- (vii) On successful login, the system will prompt you to select the E-Voting Event Number for Credit Analysis and Research Limited.
- (viii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date, as mentioned above. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
- (x) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (xi) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xii) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- (xiii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

(b) Members receiving physical copy of the Notice of AGM and Attendance Slip:

- (i) Initial Password is provided, as follows, at the bottom of the Attendance Slip.

| EVEN (E-Voting Event Number) | USER ID | PASSWORD |
|------------------------------|---------|----------|
| - | - | - |

- (ii) Please follow all the steps from Sr. No (ii) to (xiii) above, to cast vote.

(c) Common Instructions:

- (i) Remote e-voting shall not be allowed beyond 5.00 p.m. on September 28, 2015. During the remote e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Cut off date, may cast their vote electronically. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.
- (ii) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website [https:// evoting.karvy.com](https://evoting.karvy.com)
- (iii) The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on cut off date.

- (iv) The Board of Directors has appointed Mr. Ashish Jain (FCS 6058), a Practicing Company Secretary as Scrutinizer to scrutinize the e-voting process and voting at the AGM in a fair and transparent manner.
- (v) In case of Members who are entitled to vote but have not exercised their right to vote by remote e-voting, the Chairman will offer an opportunity to such Members to vote at the AGM for all businesses specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercised their right to vote by remote e-voting shall not be entitled to vote at the AGM, but shall be entitled to attend the meeting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid.
- (vi) The Results of e-voting and poll voting at the meeting on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the Resolutions.
- (vii) The scrutinizer, after scrutinising the votes cast at the AGM and through remote e-voting, will not later than 3 days of conclusion of the AGM make a consolidated scrutinizers report to the Chairman or Managing Director. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.careratings.com) and on Karvy's website (<https://evoting.karvy.com>) immediately after the declaration of the results and the same will be communicated to BSE Limited and National Stock Exchange of India Limited.

18) Appointment of Directors:

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

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

Mr. Rajesh Mokashi shall continue to hold his office of Deputy Managing Director, and the re-appointment as such director shall not be deemed to constitute a break in his office of Deputy Managing Director.

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

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

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 26, 2015

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

AGENDA ITEM NO. 5

Mr. S. B. Mainak was appointed as an Additional Director of the Company on August 17, 2015 as per the provisions of section 161 of the Companies Act, 2013. He has been a Non-Executive Director of the Company since August 17, 2015.

Mr. S. B. Mainak is a Chartered Accountant and has been with Life Insurance Corporation of India (LIC) since 1983. As Executive Director (Investment Operations) he managed LIC's funds of more than Rs 14 lakh crore. He also had a stint in National Insurance Academy (NIA), Pune as Professor (Life Insurance) and Head of Finance Department.

He is also Chairman of LIC Nomura Mutual Fund Trustee Co. Pvt. Ltd. and on the Board of Mahindra & Mahindra Limited, ITC Limited, LIC Cards Services Limited and LIC (Nepal) Limited. He is also Director on LIC Housing Finance Ltd and LIC HFL AMC Limited. He is also Deputy President of Insurance Institute of India and Member of Governing Board of National Insurance Academy, Pune.

He was also appointed by the Government of India on the Board of Satyam Computer Services Ltd. as Independent Director for restructuring the company. He held directorship in many companies including Stock Holding Corporation of India Limited, National Stock Exchange of India Ltd. etc.

In 2009 he was conferred the awards of: NDTV Profit Business Leadership Award, CNN-IBN Indian of the Year Award and Dataquest IT Persons of the Year.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force with effect from 1st April, 2014, an Independent Director can hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. S. B. Mainak has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. A notice has been received from a member proposing Mr. S. B. Mainak as a candidate for the office of Director of the Company along with a deposit of Rs. 100,000/-.

In the opinion of the Board, Mr. S. B. Mainak fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management. The Board recommends his appointment as Independent Director upto September 28, 2020. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Mr. S. B. Mainak as an Independent Director is now being placed before the Members in General Meeting for their approval.

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

None of the directors and/or key managerial personnel of your Company and their relatives, except Mr. S. B. Mainak are concerned or interested, financially or otherwise, in the above Resolutions. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

AGENDA ITEM NO. 6

Mr. D.R. Dogra has been associated with the Company since 1993 and was appointed on the Board as Whole time Director, designated as Dy. Managing Director (DMD) of the Company w.e.f. June 30, 2008. At the 16th Annual General Meeting of the Company held on September 29, 2009, Mr. D. R. Dogra was appointed as the Managing Director & Chief Executive Officer of the Company for a period of 5 years w.e.f. August 22, 2009. The Company under the leadership of Mr. Dogra has achieved good performance and emerged as a strong enterprise. Prior to becoming DMD, he was the Executive Director of the Company.

Further at the 21st Annual General Meeting of the Company held on September 29, 2014, Mr. D. R. Dogra was re-appointed for a period of one year w.e.f. August 22, 2014. The tenure of Mr. D. R. Dogra as Managing Director & Chief Executive Officer came to an end on August 21, 2015. The Nomination and Remuneration Committee recommended to the Board the re-appointment of Mr. D. R. Dogra as Managing Director & Chief Executive Officer of the Company. The Board accepted the recommendation of the Nomination and Remuneration Committee and at its meeting held on August 17, 2015 decided to extend his tenure by one year upto August 21, 2016 on existing terms.

Mr. D.R. Dogra holds a Bachelor's and a Master's degree in agriculture from Himachal Pradesh University and a Master's degree in business administration (FMS), from University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has more than 37 years of experience in the financial sector and in credit administration. Prior to joining our Company, he was associated with Dena Bank.

He is also Director on the Board of Association of Credit Rating Agencies in Asia, Manila, Philippines. He is Chairman of ARC Ratings, Portugal. He is a Public Interest Director (approved by SEBI) of Metropolitan Stock Exchange of India Ltd. He is also the Chairman on the Board of CARE Kalypto Risk Technologies & Advisory Services Pvt. Ltd. and Director on CARE Ratings (Africa) Private Limited, Mauritius. He is also on the Governing Board of Golden Maharashtra Development Council. He is a Member - FICCI Maharashtra State Council and member of WR Economic Affairs Sub-Committee of CII. He is Expert Member of the Academic Advisory Committee in Finance Area, Birla Institute of Management Technology and a member on the Board of Governance of Universal Business School, Mumbai. He has recently joined as the Member of the Task Force for Development of Common Rating Mechanism for MSMEs, set up by the Govt. of India.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

None of the directors and/or key managerial personnel of your Company and their relatives, except Mr. D. R. Dogra are concerned or interested, financially or otherwise, in the above Resolutions. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

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

Navin K. Jain
Company Secretary

Place: Mumbai
Date: August 26, 2015

Notice of 22nd AGM

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges & as per Secretarial Standards, the following information is furnished about the Directors proposed to be re-appointed / appointed.

| Name of the Director | Mr. Rajesh Mokashi | Mr. S. B. Mainak | Mr. D. R. Dogra |
|--|--|---|--|
| Director Identification Number | 02781355 | 02531129 | 00226775 |
| Date of Birth | 01.09.1961 | 09.02.1956 | 21.09.1954 |
| Nationality | Indian | Indian | Indian |
| Date of appointment on the Board | 22.08.2009 | 17.08.2015 | 30.06.2008 |
| Number of equity shares held in the Company | 46,818 shares | NIL | 46,818 shares |
| Qualifications | CFA from CFA Institute, USA MMS (Operations & Finance) from Mumbai University B E (Mech) from V.J.T.I. Mumbai, Mumbai University | CA from The Institute of Chartered Accountants of India | CAIIB from Indian Institute of Bankers MBA (Finance) from Faculty of Management Studies, Delhi University Bachelor's and Master's degree in Agriculture from Himachal Pradesh University |
| Expertise in functional area | He has more than 29 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. | Has a wide range of experience of about 15 years in Finance Accounts and Marketing assignment as Sr/Branch Manager, Divisional Manager in L.I.C. of India. He has wide experience of fund management of LIC for more than 15 years. He has in depth knowledge of financial markets. He has been appointed by the Government on the Board of Satyam Computer Services Limited for re-structuring of the company after financial crisis/ fraud. He also has exposure in Academics during a stint in National Insurance Academy (NIA), Pune as Professor (Life Insurance) and Head of Finance Department of NIA. He has been associated on the Boards of National Stock Exchange of India Ltd, Stock holding Corporation of India Ltd and other prominent companies of the country for about 5 to 6 years. | He has more than 37 years of experience in the financial sector and in credit administration. He is Expert Member of the Academic Advisory Committee in Finance Area, Birla Institute of Management Technology and a member on the Board of Governance of Universal Business School, Mumbai. He has recently joined as the Member of the Task Force for Development of Common Rating Mechanism for MSMEs, set up by the Govt. of India. |
| List of Directorship held in other companies | 1) CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. 2) CARE Ratings (Africa) Pvt. Ltd. | 1) LIC of India 2) Mahindra & Mahindra Ltd. 3) ITC Limited 4) LIC Nomura Mutual Fund Trustee Co. Pvt. Ltd. 5) LIC Cards Services Ltd. 6) LIC Housing Finance Ltd. 7) LIC HFL AMC Ltd. 8) LIC (Nepal) Ltd. 9) Kenindia Assurance Co. Ltd. (Alternate Director) | 1) CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd. 2) ARC Ratings Holdings Pte. Ltd., Singapore 3) Metropolitan Stock Exchange of India Limited 4) ARC Ratings, SA, Portugal 5) CARE Ratings (Africa) Pvt. Ltd. |

| | | | |
|--|---|--|---|
| <p>Chairman / Member of the Committees of the Boards of other companies in which he is director as on 31.03.2015</p> | <p><u>CARE Kalypto Risk Technologies and Advisory Services Pvt. Ltd.</u> Audit Committee - Member</p> | <p><u>LIC of India</u> Investment Committee - Member Executive Committee - Member <u>LIC (Nepal) Ltd.</u> Audit Committee – Chairman Risk Committee – Member <u>LIC Housing Finance Ltd.</u> Executive Committee – Chairman Nomination and Remuneration Committee – Member Debenture Allotment Committee – Chairman Corporate Social Responsibility Committee – Chairman <u>ITC Ltd.</u> Corporate Social Responsibility and Sustainability Committee - Member</p> | <p><u>Metropolitan Stock Exchange of India Limited</u> Stakeholders Relationship Committee - Member</p> |
| <p>Inter-se relationship with other Directors</p> | <p>NIL</p> | <p>NIL</p> | <p>NIL</p> |
| <p>Last drawn remuneration</p> | <p>Rs. 1,67,31,130</p> | <p>N.A.</p> | <p>Rs.1,86,13,289</p> |



Credit Analysis & Research Ltd.

Registered & Head Office

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

Tel: +91-22-6754 3456 | Fax: +91-22- 6754 3457 | E-mail: care@careratings.com | CIN - L67190MH1993PLC071691

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069.

Tel.: +91-22-6144 3456; Fax: +91-22-6144 3556

www.careratings.com

REGIONAL OFFICES

AHMEDABAD

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015.

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: +91-80-46625555 / 46625544

Telefax: +91-80-41514599

CHANDIGARH

2nd Floor, S.C.O. 196-197,
Sector 34-A, Chandigarh - 160022
Tel: +91-172-5171100

CHENNAI

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Tel : +91-44-2849 7812/2849 0811

Fax: +91-44-28490876

COIMBATORE

T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

HYDERABAD

401, Ashoka Scintilla, 3-6-520,
Himayat Nagar, Hyderabad - 500 029.

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 Bldg),
10A, Shakespeare Sarani, Kolkata - 700 071.

Tel: +91-33- 40181600 / 02

Fax: +91-33-40181603

NEW DELHI

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension,

New Delhi - 110055

Tel: +91-11-45333200

Fax: +91-11-45333238

PUNE


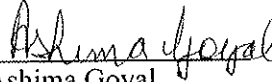
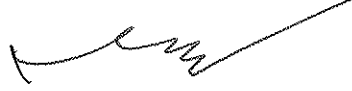
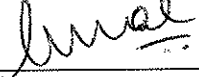
9th Floor, Pride Kumar Senate, Plot No. 970,
Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411015.

Tel:+91-20-40009000

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CREDIT ANALYSIS AND RESEARCH LIMITED

FORM A

| | | |
|----|--|--|
| 1. | Name of the Company: | CREDIT ANALYSIS AND RESEARCH LIMITED |
| 2. | Annual financial statements for the year ended | 31 st March, 2015 |
| 3. | Type of Audit observation | Unqualified – Consolidated Financial Statement Unqualified – Standalone Financials Statement |
| 4. | Frequency of observation | ----- |
| 5. | For Credit Analysis and Research Ltd. | For Credit Analysis and Research Ltd. |
| |  Chandresh Shah Chief Financial Officer (Membership No. 105055) Place: Mumbai Date: May 12, 2015 |  Ashima Goyal Chairperson – Audit Committee (DIN:00233635) Place: Mumbai Date: May 12, 2015 |
| | For Credit Analysis and Research Ltd.  D. R. Dogra Managing Director & CEO (DIN: 00226775) Place: Mumbai Date: May 12, 2015 | For Khimji Kunverji & Co. Chartered Accountants ICAI Firm Registration Number: 105146W  Gauham Shah Partner (F – 117348) Place: Mumbai Date: May 12, 2015 |