

CREDIT ANALYSIS AND RESEARCH LIMITED

Q3 & 9M FY2014 Results

- **9M FY2014 Total Income improves 16.4% YoY**
- **9M FY2014 EBITDA increases by 11.3%; Net profit better by 12.4% YoY**
- **3rd Interim Dividend of Rs.6 per share declared**
- **Cumulative Debt rated at end of 9M FY14 at Rs. 54.7 lakh crore**

Mumbai (India), January 19, 2014: Credit Analysis and Research Limited, the second largest full service rating Company in India*, announced its results for the quarter and nine months ended December 31, 2013.

Financial Highlights

9M FY2014 performance overview (Compared with 9M FY2013)

- Total income grew by 16.4% to INR 181.57 crore as compared to INR 156 crore
- EBITDA better by 11.3% to INR 123.15 crore as compared to INR 110.63 crore
- Net profit enhanced by 12.4% to INR 87.37 crore as compared to INR 77.72 crore
- EPS diluted improved by 11.8% at INR 30.43 as compared to INR 27.22

Q3 FY2014 performance overview (Compared with Q3 FY2013)

- Total income grew by 13.3% to INR 60.55 crore as compared to INR 53.46 crore
- EBITDA better by 1% to INR 39.18 crore as compared to INR 38.78 crore
- Net profit enhanced by 0.7% to INR 28.02 crore as compared to INR 27.82 crore
- EPS diluted lowered by 0.8% at INR 9.66 as compared to INR 9.74

Performance Review

- During 9m FY14, rating income improved by 12.9%. The growth was driven by expansion in the number of bank facilities rated from 3,838 in 9m FY13 to 4,414 in 9m FY14 and number of debt instruments from 221 in 9m FY13 to 236 in 9m FY14. The volume of debt rated increased from Rs. 4.80 lakh crore to Rs. 6.45 lakh crore during 9m FY14, growth of 34.4%. The total number of assignments increased by 13.6% to 5,444 in 9m FY14 as against 4,790 in 9m FY13.

- The other component of total income, 'other income' which also includes income from investments made in fixed maturity plans (FMPs) increased from Rs 20.53 crore in 9m FY13 to Rs 27.77 crore in 9m FY14
- PAT margins lowered to 48.1% in 9m FY14 over 49.8% 9m in FY13.
- CARE's performance was affected by the overall macroeconomic conditions and capital market activity. Economic conditions have been subdued with the GDP growth in Q2 coming in at 4.8% and GDP in H1 FY14 growing at 4.6%. Industry growth has been deteriorating, with IIP registering a negative growth of 0.2% in April – November FY14 as against a positive growth of 0.9% in the corresponding period last year.

Debt market remained subdued in FY14. Total debt raised between April – December FY14 remained lower at Rs 196,440 crore as against Rs 264,045 crore in the same period FY13. Inflation numbers have been high since Q2 FY14, resulting in a hawkish RBI policy stance, however some relief was provided by the December inflation numbers. The exchange rate on the other hand has remained stable in the range of Rs 61.5/\$ to Rs 63.5/\$

Commenting on the performance of Q3 & 9M FY2014, D.R. Dogra, Managing Director & CEO of Credit Analysis and Research Limited said,

"We have achieved notable growth in our performance in what continued to be a very tough period for the Indian economy. Our financial and operational parameters continue to strengthen showcasing the proficiency of our business model and increasing brand salience. Concerted expansion of business development team and unwavering confidence in CARE's risk opinions continues to aid volume trajectory.

A significant development was the launch of ARC Ratings our international CRA. This is a significant milestone towards growing our business and brand footprint in the global arena. ARC offers a more comprehensive and pragmatic view on credit risk; and is registered with ESMA (European Securities and Markets Authority), thus complying with strict regulation standards.

Distributing value to our shareholders is a corporate philosophy. Given the continuous generation of healthy free cash flows, this would be the fifth consecutive quarter where the Board has declared an interim dividend. The Rs.6 per share dividend declared in Q3 FY14 adds to a total dividend of Rs. 18 per share for 9M FY2014, amounting to a strong payout ratio of 69.5%.

In the coming quarters, we expect subdued macros impacting industrial activity and the credit rating sector resultantly. However, we continue to be comfortable about the future as we have built the foundations for a strong and lasting company that brings a distinctive approach to the credit rating sector. We are well poised to navigate through the economic headwinds and capitalize on the anticipated tailwinds. Our superior business model, growing brand equity, human capital efficiencies, expansive distribution network and strong financial position provides solid underpinnings for sustainable growth."

– ENDS –



ABOUT US

Credit Analysis and Research Limited (CARE Ratings) is the second largest full service rating Company in India. CARE Ratings offers a wide range of rating and grading services across a diverse range of instruments and has over 20 years of experience in the rating of debt instruments and related obligations covering wide range of sectors. The Company's list of clients includes banks and other financial institutions, private sector companies, central public sector undertakings, sub-sovereign entities, small and medium enterprises ("SMEs") and micro-finance institutions, among others. The Company also provides issuer ratings and corporate governance ratings and has rated innovative debt instruments, such as perpetual bonds.*

CARE Ratings is recognized for being knowledge based Company and has continued to work towards deepening the base. The Company provides industry research and economic research. Furthering the knowledge initiatives, the Company has tied up with Knowledge Academy, Ahmedabad to conduct a co-branded certification programme in credit risk assessment. Furthermore, the Company also provides Risk Solutions and Advisory Services through its subsidiary CARE Kalypto.

To enhance its scope of business CARE Ratings has been nurturing global opportunities and made forays in different forms: has a branch in Maldives and MoUs with CRAs in other countries. The Company has also launched a new international credit rating agency 'ARC Ratings' with 4 other CRAs from Brazil, Portugal, Malaysia and South Africa.

The Company has its registered office in Mumbai, and branches in New Delhi, Bengaluru, Chandigarh, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Jaipur and Maldives.

*** In terms of rating income FY13**

For further information, please contact:

D.R. Dogra
MD & CEO
CARE Ratings
Tel: +91 22 6754 3434
Fax: +91 22 6754 3457

Vikram Rajput / Anoop Poojari
CDR India
Tel: +91 22 6645 1223 / 1211
Fax: +91 22 6645 1213
Email: vikramr@cdr-india.com
anoop@cdr-india.com

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, economic developments, and many other factors that could cause the Company's actual results to differ materially from those contemplated by the relevant forward-looking statements. Credit Analysis and Research Ltd. will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.