

Mumbai 10th February, 2015

Press Release

The Board of Directors of CARE Ratings approved the Q3-FY15 and 9M-FY15 results in the Board Meeting held on Tuesday, the 10th of February 2015.

In continuation of the growth posted by the company in the first half of the year, total revenue increased by 16.0% in Q3-FY15 thus bringing growth for the first 9 months to 16.6%. The higher rating income was on account of new assignments in bank loan ratings, capital market instruments and SME assignments in addition to surveillance income. There was a decline in other income from Rs 6.71 crore to Rs 2.84 crore during Q3-FY15 due to lower incidence of income booking. Total income hence increased at 7.8% in Q3-FY15 compared with cumulative growth of 21.0% in the 9M-FY15 period.

Total expenses for Q3-FY15 increased by 18.9% (23.1% increase for the 9M-FY15 period) on account of additional provisions being made for depreciation Rs. 0.49 crore (Rs. 2.02 crore for 9M-FY15), provision for ESOP expense Rs. 1.27 crore (Rs. 4.07 crore for 9M-FY15) and finance charge Rs. 1.10 crore (Rs. 1.29 crore for 9M-FY15).

There has been an increase in the Operating Profit of the Company (excluding additional provisions as above) of 22.9% for Q3-FY15 (20.3% for 9M-FY15) and the Operating Profit margins (excluding additional provisions as above) improved from 59.0% to 62.5% in Q3-FY15 (from 60.7% to 62.6% for 9M-FY15).

There has been an increase in PAT of the Company (excluding additional provisions as above) of 0.5% for Q3-FY15 (26.6% for 9M-FY15) and the PAT margins (excluding additional provisions as above) declined from 46.3% to 43.1% in Q3-FY15 (improved from 48.1% to 50.3% for 9M-FY15).

There has been an increase in the effective tax rate for the Company during Q3-FY15 as the proportion of tax free income has lowered during the period.

During the quarter 1,078 new clients were added and 2,034 instruments were rated. However, with overall economic conditions being less buoyant, the overall volume of debt rated was lower at Rs 1.98 lakh crore in Q3-FY15 vis-à-vis Rs 2.24 lakh crore during same period last year.

Cumulatively for 9M-FY15 period the company has added 2,349 clients and rated 4,774 instruments. The volume of debt rated for this period has marginally increased at Rs 6.50 lakh crore from Rs. 6.45 lakh crore during same period last year.

Commenting on the performance, Mr D.R. Dogra, MD & CEO, said: "While the economy has shown signs of turning around, we have yet to see a pick-up in bank credit which really reflects the state of industry. Our performance is driven a lot by new business which is dependent on growth in overall investment climate in the economy. Therefore, as one can see some positive results in our forays into the SME segment which is reflected in the higher number of SME assignments, the overall volume of rated debt is lower in Q3. While the market sentiment has turned positive, we feel the year could end on a subdued note."

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's global venture, along with 4 other global CRAs, 'ARC Ratings', has commenced operations.*

The Company has its corporate office in Mumbai, and offices in New Delhi, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Kolkata, Pune, Ahmedabad, Jaipur & Male in Republic of Maldives.

*** In terms of rating income FY14**

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