

CREDIT ANALYSIS & RESEARCH LIMITED

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CIN-L67190MH1993PLC071691

Mumbai, February 3rd, 2017

Press Release for Q3 -FY17 and 9M-FY17 Results

The Board of Directors has approved the Q3-FY17 and 9M-FY17 results in the Board Meeting held on Friday the 3rd of February 2017.

Highlights for 9M-FY17

- Rating income increases by 7.8%.
- Total expenses contracted by 7.3%.
- Operating profit up by 16.9%, Operating profit margin improves from 61.83% to 67.14%.
- EBITDA and PAT grow by 29.71% and 37.62%, respectively.
- EBITDA and PAT margins improve from 64.55% to 71.70% and 41.97% to 49.46% respectively.
- Addition of 2,646 new clients in the 9M period.
- Total number of active clients at 14,575 as of December 2016.
- 3rd Interim dividend of Rs. 6/- per share declared.

Highlights for Q3-FY17

- Rating income increases by 5.1%.
- Total expenses contracted by 4.9%.
- Operating profit up by 10.6%, Operating profit margin at 66.02% (62.55% last year).
- EBITDA and PAT grow by 46.7% and 68.4%, respectively.
- EBITDA and PAT margins improve from 64.60% to 73.68% and 41.94% to 54.90% respectively.
- Total volume of debt rated recorded an increase of 19.07% to Rs 2.74 lakh crore in Q3-FY17 as against Rs 2.30 lakh crore in Q3-FY16.
- Total number of instruments rated during Q3 FY17 stood at 2,361.
- Addition of 1,087 new clients during the quarter.

In the third quarter of FY17, economy was affected by demonetization which had a varied impact on various sectors including banking business. CARE Ratings has posted positive growth in rating income and other income which has resulted in higher growth in profit and an improvement in profit margins.

Total Income increased by 16.77% from Rs.195.75 crore in 9M-FY16 to Rs.228.58 crore in 9M-FY17. Higher growth of 7.81% in rating income was on account of an increase in both the volume of fresh debt rated and surveillance exercises carried out during 9M-FY17. Total volume of new debt rated increased from Rs.7.37 lakh crore to Rs.9.43 lakh crore with increases being

witnessed in both the corporate debt and bank loans rating. Other income which is primarily investment income, increased by 298.66% from Rs. 6.14 crore in 9M-FY16 to Rs. 24.48 crore in 9M-FY17 mainly due to gains booked on maturity of certain investments made for a longer tenure.

Total expenses declined by 7.33% in 9M-FY17. The employee cost which accounts for around three quarter of the total cost, came down by 5.51% from Rs. 52.53 crore to Rs. 49.63 crore mainly due to charge for ESOP included 9M FY16.

Increase in income and decline in expenses led to an increase in EBITDA by 29.71%. While tax expense increased by 17.55%, profit after tax (PAT) witnessed increase of 37.62%. Consequently, the EBITDA margin improved from 64.55% to 71.70% while PAT margin increased from 41.97% to 49.46%. Basic EPS was at Rs.38.43 per share (Rs.28.33 per share in 9M FY16). The board has announced an interim dividend of Rs.6/- per share.

Commenting on the results, Mr. Rajesh Mokashi, MD & CEO, said: 'This particular quarter has been challenging for the economy as a bold decision was taken towards demonetization. Operations of companies that were based on cash were affected as were banking operations. Against this background, CARE has done reasonably well in furthering business volumes. We are sanguine that as the economy moves towards normalcy the investment cycle as well as debt and credit markets will witness a revival.'

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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 23 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 is part of a global venture, which is a JV with 4 other global CRAs, 'ARC Ratings' and has also a subsidiary CARE (Ratings) Africa Private Limited (CRAF) in Mauritius, CARE Advisory Research and Training Limited (CART) and CARE Kalypto Risk Solutions & Advisory Services Private Limited (CARE Kalypto) in Mumbai.*

The Company has its registered office in Mumbai, and branches in Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune. The subsidiary CRAF has an office in Mauritius & CART and CARE Kalypto have offices in Mumbai.

*** In terms of rating income FY16**