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CREDIT ANALYSIS AND RESEARCH LIMITED

Q1 FY15 Results

- **Q1 FY15 Operating Income increases by 23.1%**
- **Q1 FY15 EBITDA increases by 12.9%; Net profit better by 9.4%**
- **Interim Dividend of Rs. 6 per share declared**

Mumbai (India), July 31, 2014: Credit Analysis and Research Limited, the second largest full service rating Company in India in terms of rating income in FY14, announced its results for the first quarter of FY15.

Financial Highlights

Q1 FY15 performance overview (Compared with Q1 FY14)

- Operating income grew by 23.1% from Rs. 34.7 crore to Rs. 42.7 crore
- Total income grew by 14.4% from Rs. 50.3 crore to Rs. 57.5 crore
- EBITDA increased by 12.9% from Rs. 30.9 crore to Rs. 34.9 crore
- Net profit increased by 9.4% to Rs. 26.6 crore compared with Rs. 24.3 crore
- EPS diluted improved by 7.3% at Rs. 9.13 compared with Rs. 8.51

Performance Review

- In Q1 FY15, rating income improved by 23.1%. Growth was driven by two factors: higher surveillance income as well as marginal increase in the total volume of debt rated which stood at Rs. 2.39 lakh crore.
- The other component of total income, 'other income' which also includes income from investments in instruments such as FMPs, tax free bonds etc. decreased by 4.9% from Rs. 15.6 crore in Q1 FY14 to Rs. 14.8 crore in Q1 FY15.
- Total expenditure increased by 20.7% mainly due to charge on account of the ESOS Scheme expense of Rs. 1.43 crore and revision in depreciation rates of certain assets as per the useful life specified in Schedule II of the Companies Act 2013 of Rs. 0.84 crore. Adjusted for these, expenditure increased by 9.3% only.
- Profit margins (without the effect of ESOS and revised depreciation charge in Q1 FY15) as defined by EBITDA and PAT are at 63.2% and 49.4%, respectively in Q1 FY15 as against 61.5% and 48.3%, respectively in Q1 FY14.



The volume of business of CARE was affected by low levels of activity in both the debt and credit markets. Overall debt raised through public issues and private placements was as Rs 52,313 crore which saw a decline of 52.5% from Rs 110,919 crore during the same period of FY14. Growth in bank credit was lower at 2.1% over April 2014 compared with 2.7% in June 2013. However, with a combination of higher debt volumes rated and surveillance assignments, rating income increased at a steady rate.

Acquisition of balance stake of CARE Kalypto Risk Technologies and Advisory Services Private Limited

During the quarter, consequent to the exercise of call option, the Company has acquired 1,992,960 equity shares representing 24.87% of the paid up equity share capital of its subsidiary CARE Kalypto Risk Technologies and Advisory Services Private Limited, thus making it a wholly owned subsidiary.

Commenting on the performance of Q1 FY15, D.R. Dogra, Managing Director & CEO Credit Analysis and Research Limited said,

“Given that the markets have continued to remain subdued in this quarter, our performance has been satisfactory. We have worked on both the volume of debt rated as well as surveillance assignments to enhance business income. As the economy appears to look stronger and posed to grow at a better rate in FY15 compared with FY14 we do hope that there will be a pick-up in the debt market; and hence our initial ratings business.

I am also pleased to announce that the Board of Directors has approved an interim dividend of Rs 6 per share for this quarter. The payout ratio this quarter would be 76.6%.”



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, which is a JV with 4 other global CRAs, 'ARC Ratings', has commenced operations.*

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

*** In terms of rating income FY14**

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