



Professional Risk Opinion

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CREDIT ANALYSIS AND RESEARCH LIMITED

Q2 & H1 FY2014 Results

- H1 FY2014 Total Income grows 18.0% YoY
- H1 FY2014 EBITDA higher by 16.9%; Net profit up 19.0% YoY
- 2nd Interim Dividend of Rs. 6 per share declared
- Cumulative Debt rated in H1 FY14 at Rs. 52.7 lakh crore

Mumbai (India), November 12, 2013: Credit Analysis and Research Limited, the second largest full service rating Company in India*, announced its results for the quarter and half year ended 30 September 2013.

Financial Highlights

H1 FY2014 performance overview (Compared with H1 FY2013)


- Total income increased by 18.0% to INR 121.0 crore as compared to INR 102.5 crore
- EBITDA improved by 16.9% INR 83.9 crore as compared to INR 71.8 crore
- Net profit grew by 19.0% to INR 59.4 crore as compared to INR 49.9 crore
- EPS higher by 18.9% at INR 20.78 per share as compared to INR 17.48 per share

Q2 FY2014 performance overview (Compared with Q2 FY2013)

- Total income increased by 6.3 % to INR 70.7 crore as compared to INR 66.5 crore
- EBITDA improved by 4.9% INR 53.0 crore as compared to INR 50.5 crore
- Net profit grew by 6.0% to INR 35.1 crore as compared to INR 33.1 crore
- EPS higher by 5.9% at INR 12.27 as compared to INR 11.59 per share

Performance Review

- Rating income in Q2FY14 grew by 4.4%. This was aided by an increase in the number of new bank facilities rated from 1,494 in Q2 FY13 to 1,863 in Q2 FY14 and number of new long term debt instruments from 71 in Q2 FY13 to 85 in Q2 FY14 along with ongoing surveillances of ratings. The total number of new assignments grew by 16.6% to 2,188 in Q2 FY14 as against 1,876 in Q2 FY13.
- Other Income which also includes income from investments increased from Rs 4.2 crore in Q2 FY13 to Rs 5.5 crore in Q2 FY14.
- PAT margins maintained at 49.6% in Q2FY14.

 * In terms of FY13 rating income



Commenting on the performance of Q2 & H1 FY2014, D.R. Dogra, Managing Director & CEO Credit Analysis and Research Limited said,

"Given the rather subdued performance of the Indian economy, volatility in forex markets necessitating affirmative action from the policy makers and resulting subdued credit and debt markets, our performance has been fairly stable with steady growth in income and maintenance of growth in profit and profit margins. We do expect conditions to improve in the economy in the coming months, based on a revival in consumer and investment demand, which should hopefully help us scale up our business lines. Meanwhile we continue to focus on all the three targets segments: debt, bank loans and SMEs, to remain ahead of the curve.

As a Company, we are always looking to introduce new services to our portfolio that add value to the marketplace we operate in. During the quarter, we launched ratings for Infrastructure Debt Funds, which are becoming progressively more vibrant in the market and grading of renewable energy companies/projects. We remain focused on the SME segment which is part of our strategy of growing business.

In Q2 FY2014, we continued to create value for our shareholders. I am pleased to share that the Board has declared an interim dividend of Rs. 6 per share. This amounts to a total dividend of Rs. 12 per share for H1 FY2014, translating to a strong payout ratio of 68.1%.

Our superior business model, growing brand equity, human capital efficiencies, expansive distribution network and strong financial position has placed us on a firm footing to capture emerging sector prospects. We will continue to work through the economic challenges. We do hope that the economic environment improves with credit offtake picking and debt markets improving."

Financial Review

CARE's performance was satisfactory despite the challenging economic environment which was typified by subdued GDP growth in Q1 of just 4.4%. Also there was virtually no growth in industry during the first 5 months of the year. The overall debt raised in the capital market in Q2-FY14 was lower than that in the same period of last year. These developments were contemporaneous with high inflation and resulting hawkish RBI policy stance and considerable volatility in the forex market. Notwithstanding these difficult economic conditions, the company has fared well during the first half of the year.

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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 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 where 47 industries are covered under its research services and 116 sectors under CARE Industry Risk Metrics (CIRM). 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 entered into a JV to form 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, Maldives.

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** In terms of FY13 rating income*