

DATE: MAY 21, 2014

The National Stock Exchange India Ltd.
Listing Department
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sir,

Please find attached the presentation to be made to Analyst with regard to Financial Results of Q4 & FY14.

We request you to kindly upload the same.

Thanking you,

Yours faithfully,
For Credit Analysis and Research Limited


Navin Kumar Jain
Company Secretary

Encl. : As above

Q4FY14 and FY14 Financial Results

D. R. Dogra
MD & CEO



Disclaimer

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.

Contents

- Highlights
- Economic Backdrop
- Financial and Business Performance
- Long Term Performance
- Future Prospects

Highlights

- **Positive financial indicators**
 - Total Income grows by 16.6% in FY14 over FY13
 - EBITDA margins at 68.8% and PAT margins at 48.5% in FY14
 - 3,323 new clients added during FY14
 - Final Dividend proposed of Rs. 10/- per share in Q4 FY14. Total dividend for FY14 - Rs. 28/- per share, amounting to a strong payout ratio of 73.6%.
 - Options equivalent to 500,000 equity shares granted to employees under CARE ESOS 2013

Highlights

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- **Business profile widens**
 - Highest Share:
 - Rated 364 of the 846 companies which had a rating in the BS top 1000 companies (43% share)
 - Rated 231 of the 438 rated companies in ET top 500 companies (53% share)
- No. of clients has increased from 5,263 in FY13 to 7,754 in FY14
- No. of assignments completed during the year increased from 7,439 in FY13 to 7,865 in FY14

Highlights

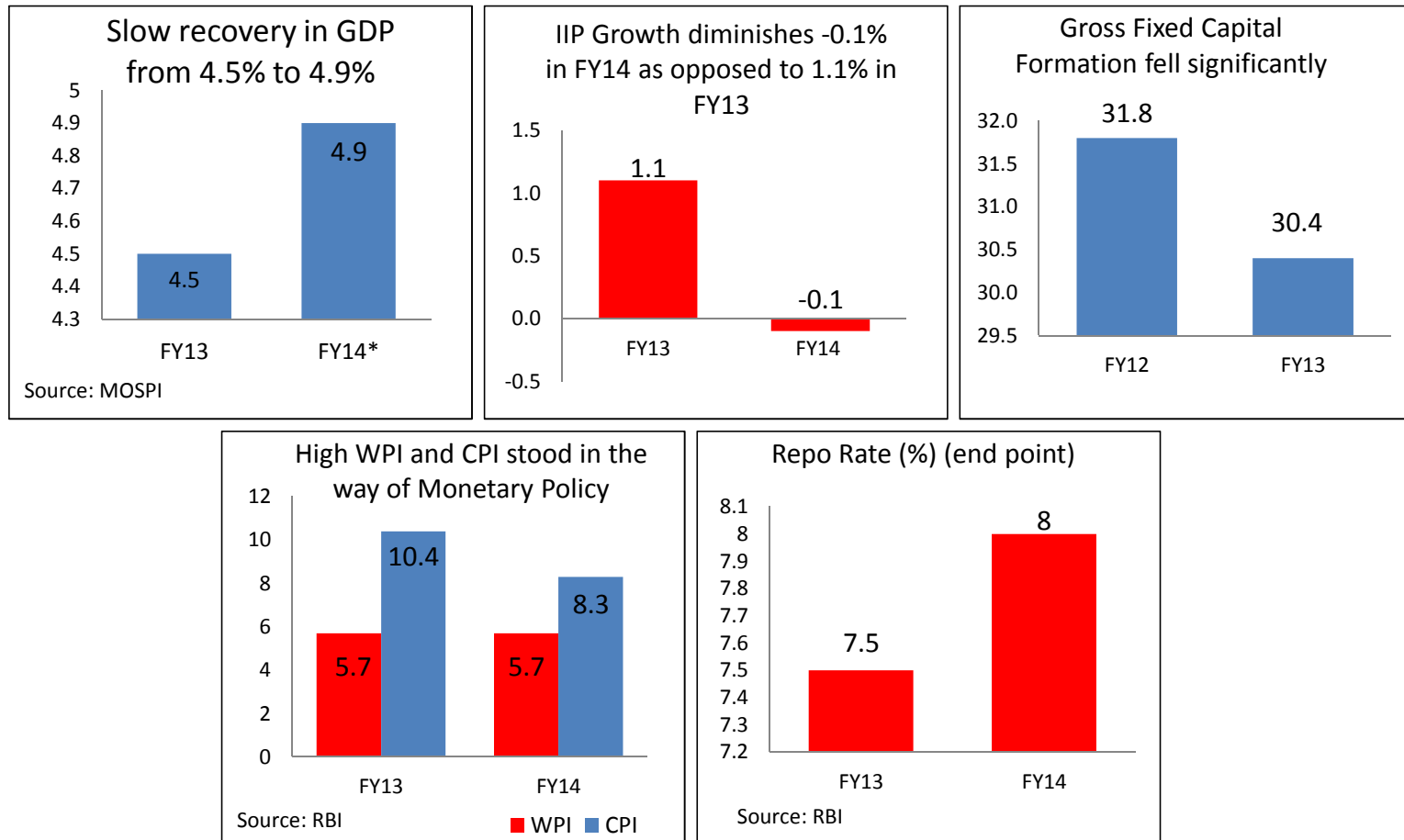
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- **Global**
 - ARC Ratings was launched in London on 16th January 2014
 - In process of setting up operations in Mauritius
- **Diversification**
 - Commenced operations in Advisory Services through our subsidiary company CARE Kalypto Risk and Advisory Services Private Limited

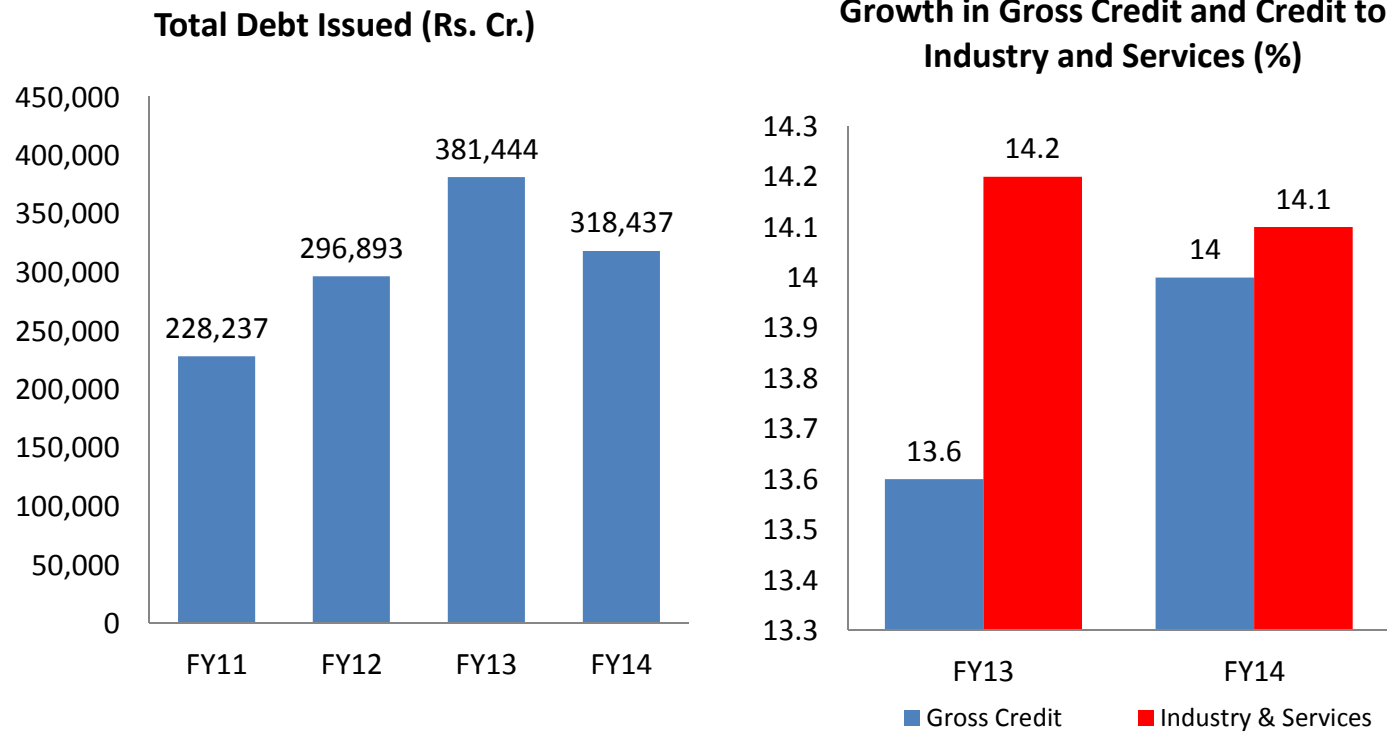
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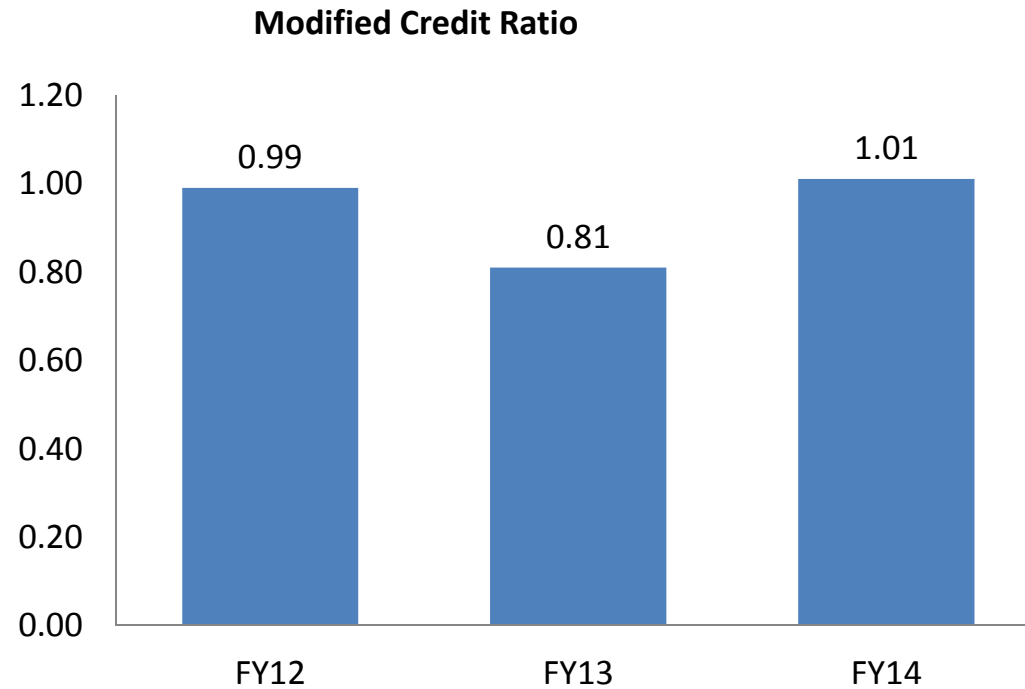
Economic Backdrop



Debt and Credit Market



Recovery in Credit Rating



Modified Credit Ratio has improved from 0.81 in FY13 to 1.01 in FY14

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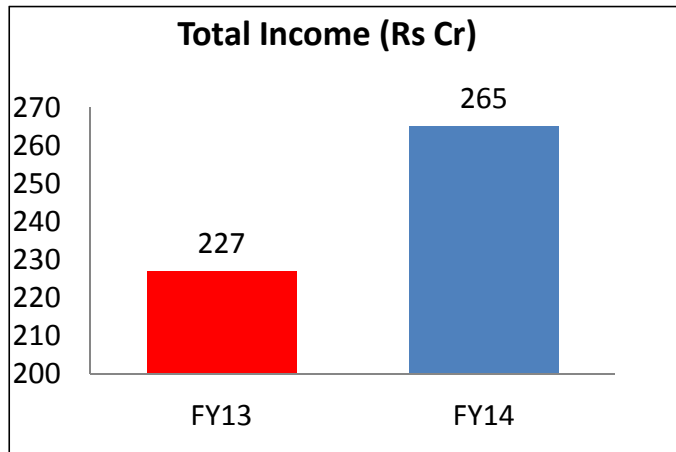
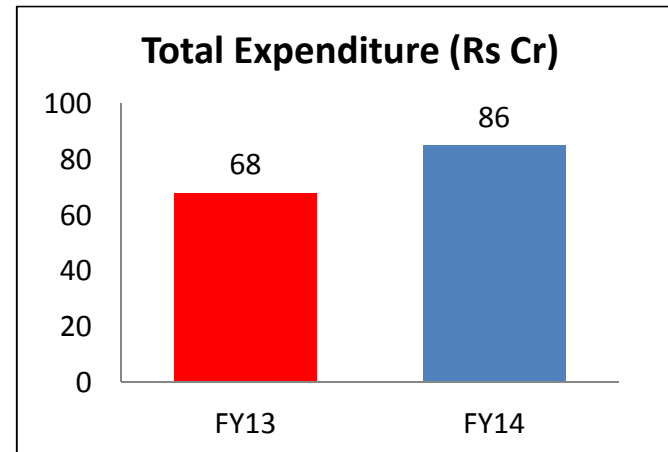
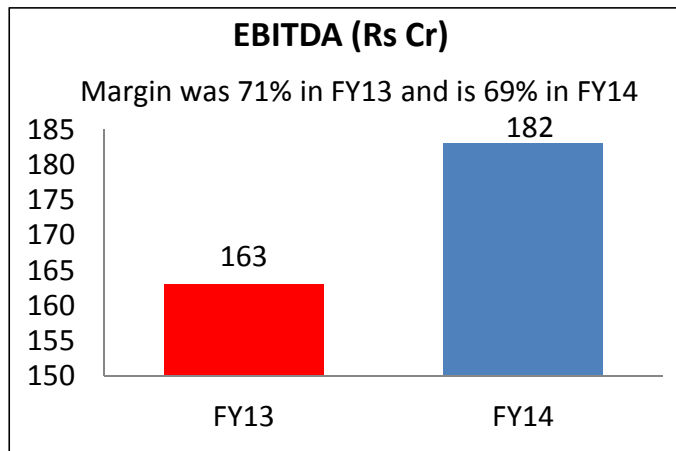
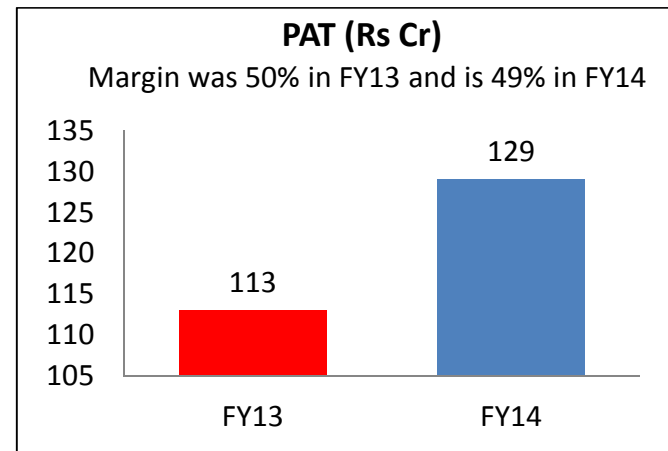
Financial Performance

Rs. Crore	Q4 FY13	Q4 FY14	Growth (%)	FY13	FY14	Growth(%)
Rating Revenue	62.14	74.37	19.68	197.27	226.91	15.03
Other Revenue	1.16	1.29	11.21	1.49	2.55	71.14
Total Revenue	63.30	75.66	19.53	198.76	229.46	15.45
Other Income	8.10	7.89	-2.59	28.63	35.66	24.55
Total Income	71.40	83.55	17.02	227.39	265.12	16.59
Employee cost	15.55	18.33	17.88	50.65	60.60	19.64
Other expenses	3.97	6.08	53.15	14.23	22.23	56.22
Depreciation	0.53	0.85	60.38	2.63	2.89	9.89
Total Expenses	20.05	25.26	25.99	67.51	85.72	26.97
EBITDA	51.88	59.14	13.99	162.51	182.29	12.17
PBT	51.35	58.29	13.52	159.88	179.40	12.21
PAT	35.61	41.30	15.98	113.33	128.67	13.54

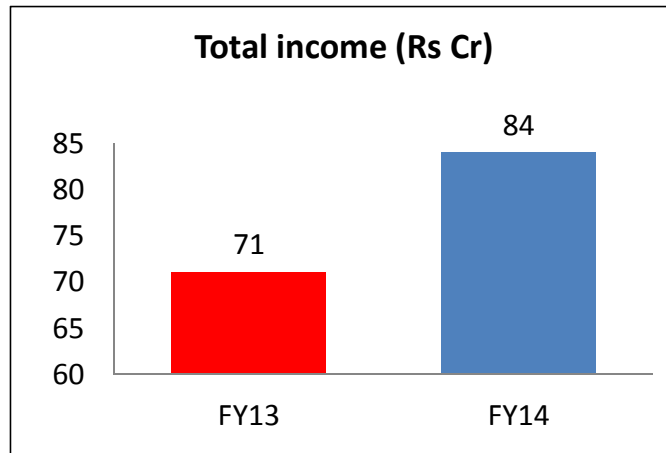
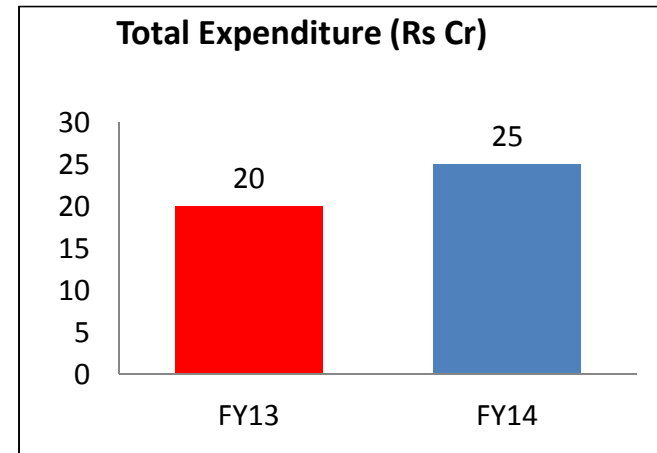
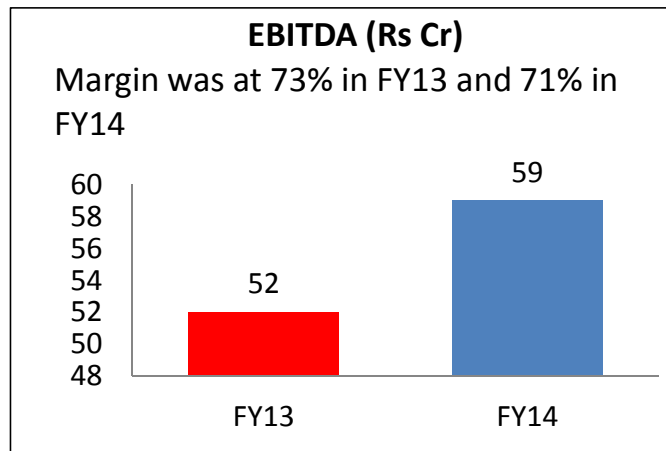
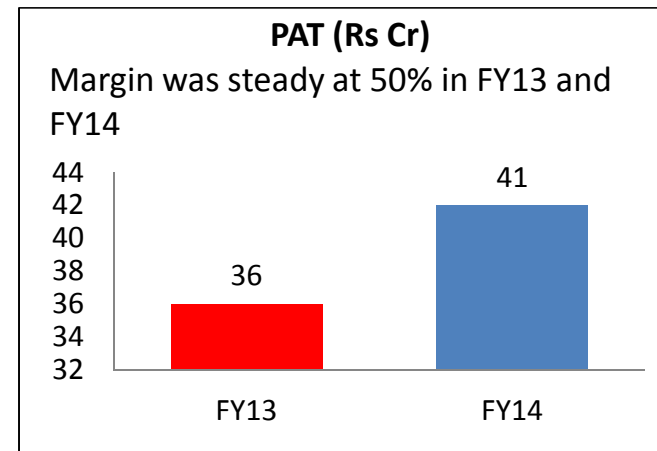
Financial Performance: Ratios

Ratios	FY13	FY14
Employee cost / Total Expenditure	75.03%	70.70%
Operating Profit Margin	67.36%	63.90%
EBITDA Margin	71.47%	68.76%
PBT Margin	70.31%	67.67%
PAT Margin	49.84%	48.53%

Financial Performance: FY13 vs FY14

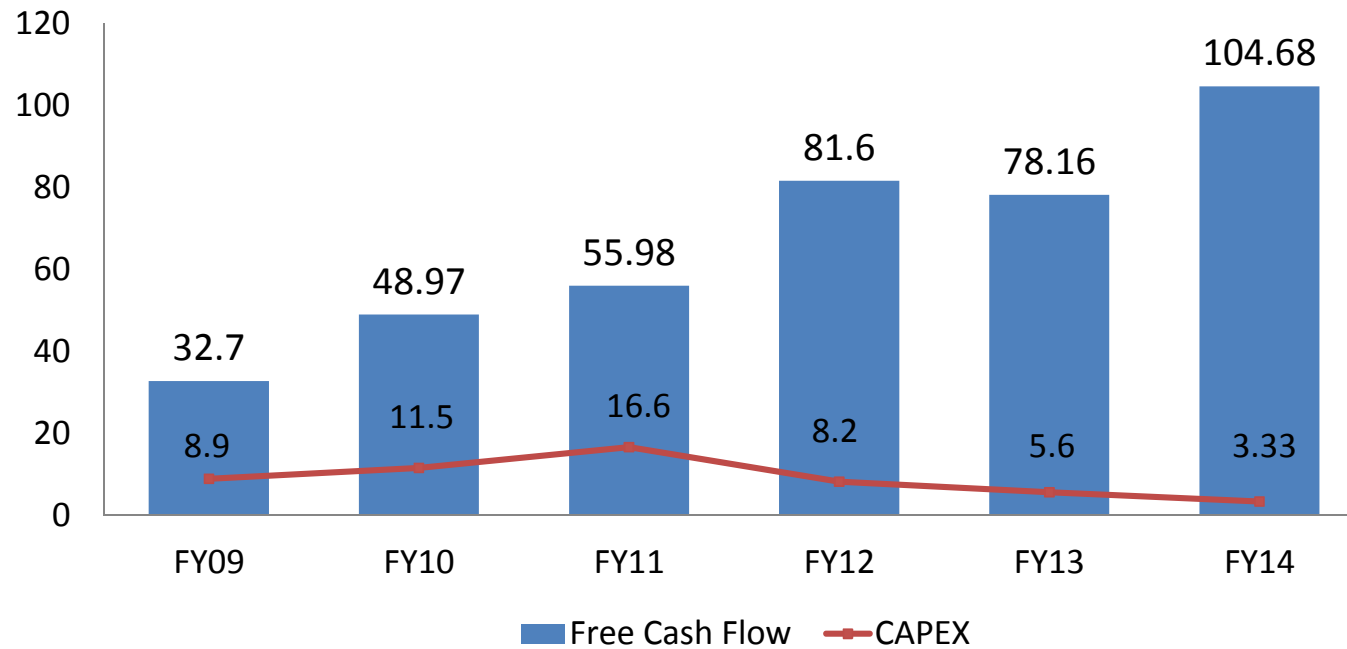


Financial Performance: Q4 FY13 vs Q4 FY14



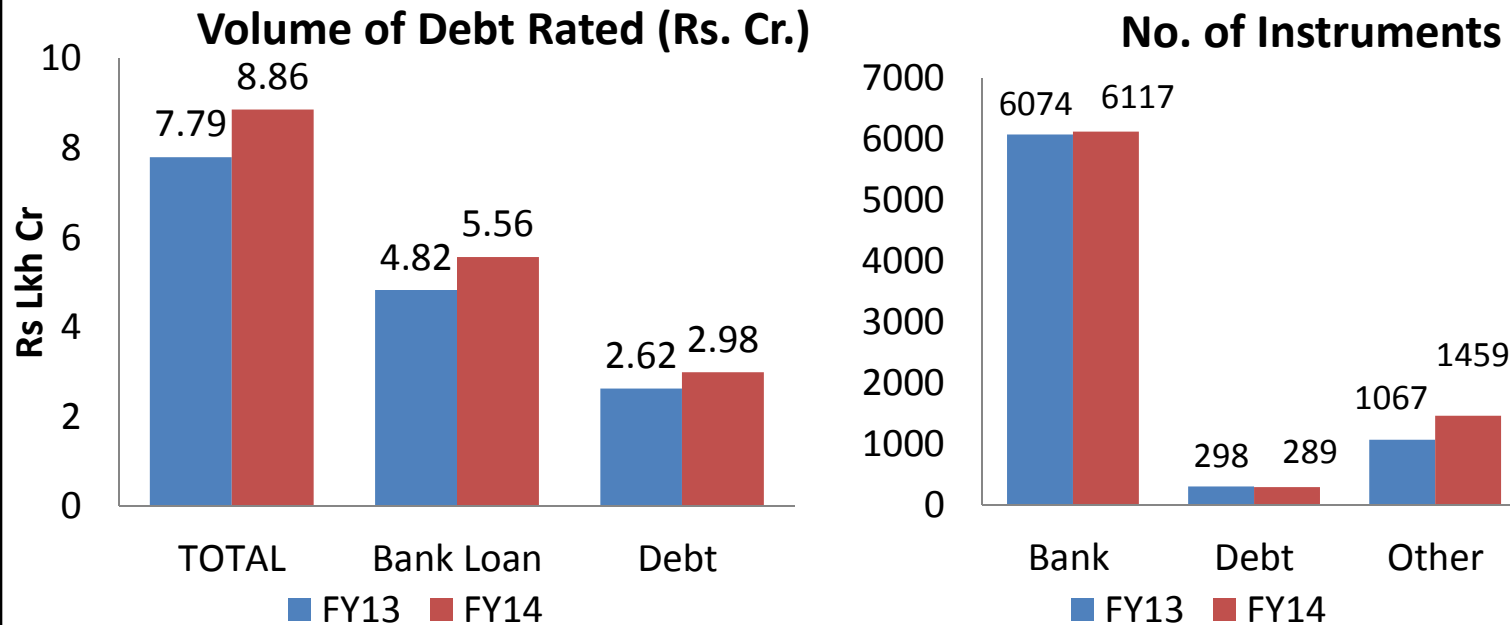
Strong Financial Position and Profitability

Strong cash flow generation with low CAPEX intensity supports a cash rich balance sheet
Cash flow CAGR FY09-FY14 is 26.2%



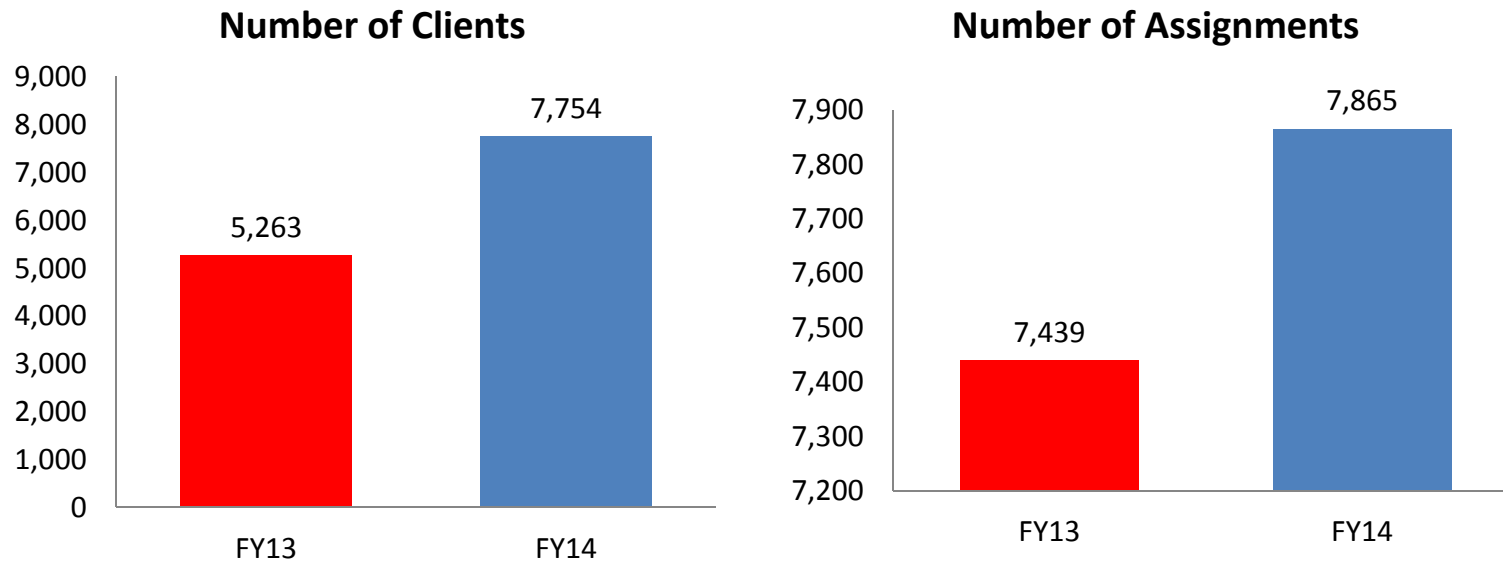
Business Performance

Volume of Debt and Bank loan rated in FY13 and FY14



- In FY14, volume of bank facilities and debenture/bond segments expanded due to concentrated efforts to capture fresh business.

Business Performance: Steady Increase in Clients



- Our client base has grown from 5,263 in FY13 to 7,754 in FY14
- In FY14, the total number of assignments increased by 5.7% Y-O-Y to 7,865
- No. of Bank Facilities rated grew by 0.7% while the number of debentures rated lowered by 3% in FY14 compared with the previous year.

Developments at CARE

- ARC Ratings launched on 16th Jan 2014 in London
- Rated India's First Securitization Transaction backed by Mortgage Guarantee
 - Rated an innovative MBS transaction backed by housing loans originated by Dewan Housing Finance Ltd and carrying the mortgage guarantee from India Mortgage Guarantee Corporation Private Limited (IMGIC)
- Completion of 20 years of CARE was celebrated across all branches of CARE
 - Mr. Pradip Shah, Chairman, Ind Asia Fund Advisors in Mumbai
 - Mr. R. K. Dubey, CMD, Canara Bank in Bangalore
 - Mr. M. Narendra, CMD, Indian Overseas Bank in Chennai
 - Mr. Bhagvantha Rao, MD, State Bank of Hyderabad in Hyderabad
 - Mrs. S. A. Panse, CMD, Allahabad Bank in Kolkata
 - Mr. Sunil Jain, Managing Editor, Financial Express and Mr. Anil Padmanabhan, Dy Managing Editor, Mint in Delhi

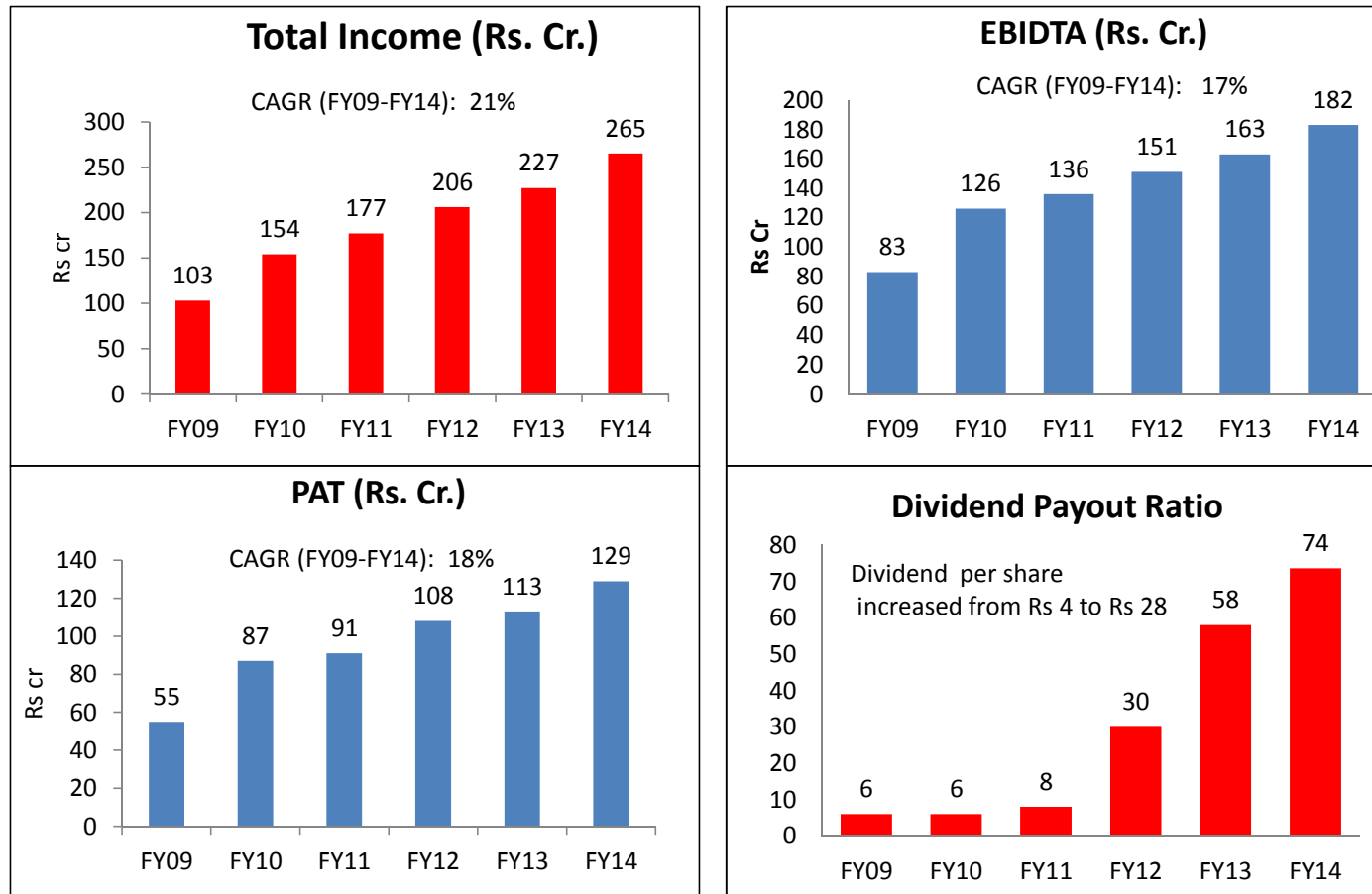
Developments at CARE

- In process of commencing operations in Mauritius
- Outreach activities were introduced across branches.
 - Knowledge Sharing Forums with clients
 - Webinars
 - SME News
 - Daily SME Newsletter
 - Quarterly SME Digest

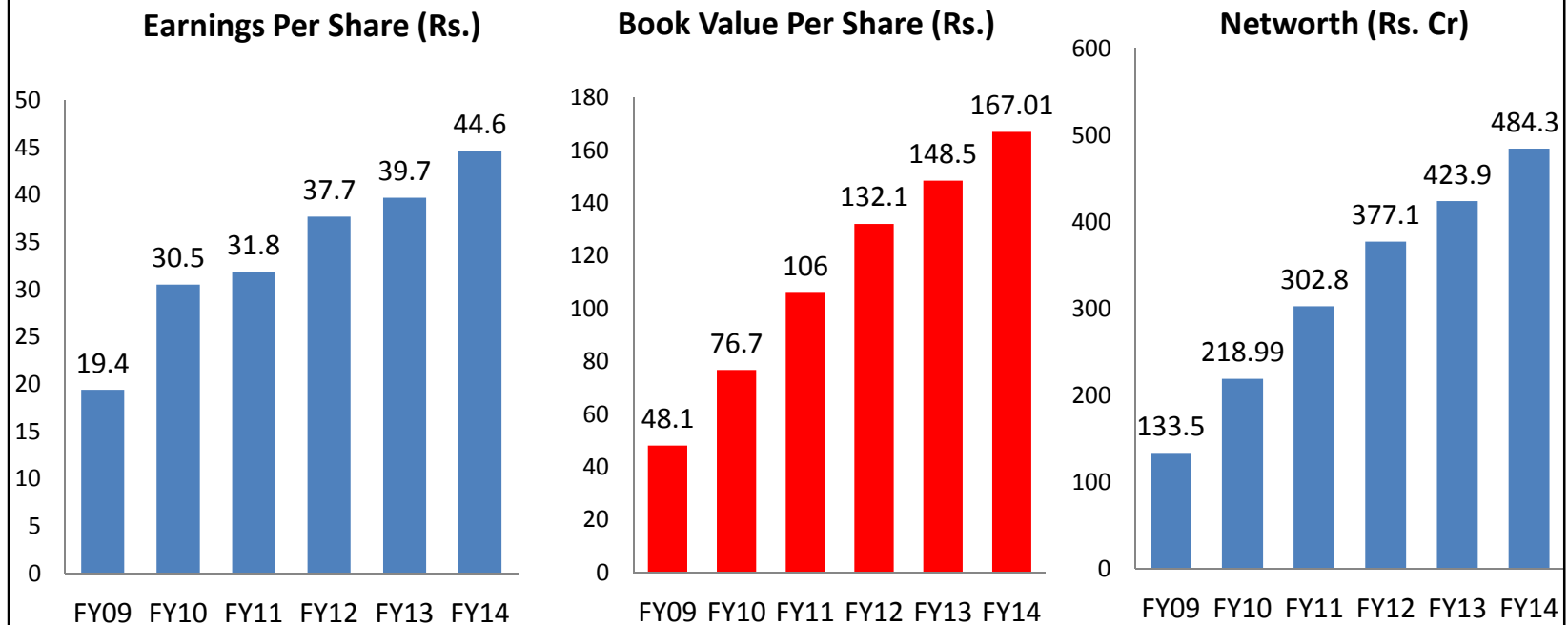
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Financial position continues to strengthen



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Value Drivers

Second Largest Ratings Company in India

- Best-in-class operating model and expansive distribution network
- Seasoned management with sound execution experience
- Parentage of marquee banks
- Strong origination capabilities and relationship management (over 7750 clients)

Driving Cost Efficiency and Productivity

- Strong discipline and governance around capital allocation and expenditure
- Cost efficient business model driven by CARE Knowledge Centre and Ci3 reduced overall employment costs.
- Higher employee productivity

Strong financial Profile

- FY09-FY14 Rating Revenue CAGR of 18.7%
- FY09-FY14 Basic EPS CAGR of 18%
- FY09-FY14 Free Cash flow CAGR of 26.2%
- Strong cash position of Rs. 4.9 bn supports multiple growth opportunities as on 31st March 2014.

Value Drivers

Driving towards value creation for Shareholders

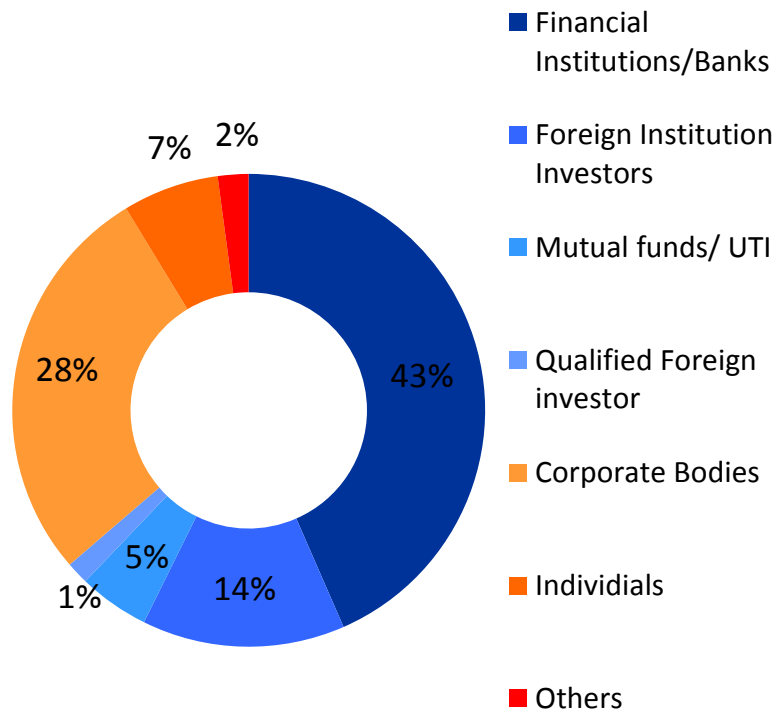
- Dividend friendly track record. Paying dividends since first full year of operations
- Final dividend for FY14 amounts to Rs 10/- per share proposed

Investing in Strategic opportunities- To Enable Robust Long Term Opportunities for Growth

- Best positioned to capture sector opportunities
- In process of implementing global strategic plan
- To drive penetration in SME segment
- Increase research capabilities
- Leverage brand to nurture risk solutions and advisory business
- Look at organic and inorganic value across accretive transactions

Shareholding Snapshot

100% Public Shareholding-
Professionally Managed



Name of the Shareholder	Shares as a percentage of total number of shares
IDBI Bank Limited	16.62
Canara Bank	14.97
State Bank of India	6.04
Bajaj Holdings And Investment Ltd	5.89
The Federal Bank Ltd	3.24
IL&FS Trust Company Ltd	3.44
Aditya Birla Private Equity Trust	2.82
Serum Institute of India Ltd	2.5
Franklin Templeton Investment Funds	3.62
The Wellington Trust	2.53
Russell Investments Limited	1.83
Unit Trust of India Investment Advisory Services Ltd- A/C Ascent India Fund –III	1.54
Franklin Templeton Mutual Fund	1.1
Kalimati Investment Company Limited	1.22

Future Growth Drivers: Debt Market

- Severely underpenetrated, below 5% to GDP
- To benefit from increased penetration by pension funds and insurance companies
- Multiple initiatives by Government of India to develop bond market
- Performance will depend on
 - Growth in infrastructure
 - How investment in projects are cleared by government fructify in new regime

Future Growth Drivers: Bank loan ratings

- Credit has witnessed a pickup which will provide some positive support for bank loan ratings
 - Slowdown however, in credit growth to industry.
 - Services and retail performing relatively better
- Ratings coverage of Bank Loans expected to continue growing
- New bank license
 - BLR business to be positively affected with a lag

Future Growth Drivers: SME

- Of the 1.5 million functional SME units around 1 lakh have been rated
- Given low level of penetration, scope for growth is high
- “Performance & Credit Rating Scheme” for MSEs, implemented by NSIC, expected to drive ratings
- Ratings to help them procure credit at a time when rates are particularly high for them
- Would continue to be the main focus of credit rating agencies

Risk factors

- Economic growth does not pick up
 - Industrial investment does not pick up
 - Infrastructure progress remains sluggish
- Bank credit growth does not improve
 - Interest rates remain elevated
 - Corporates continue to access ECB market
- Regulatory changes affecting business

Thank You