
Q3 and 9M FY16 Financial Results

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MD & CEO

Disclaimer

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Highlights: Q3-FY16

- **Financial Indicators**

- Growth in Operating Revenue of 0.81% in Q3-FY16 over Q3-FY15
- Rating Income increases by 1.01% in Q3-FY16 over Q3-FY15
- Total Expenses decrease by 10.24%
- EBITDA margins at 64.60% and PAT margins at 41.94% in Q3-FY16
- 660 new clients added during Q3-FY16

- **Business Profile**

- Total volume of new debt rated is Rs 2.3 lakh crore in Q3-FY16 as against Rs 1.98 lakh crore in Q3-FY15
- Total number of instruments rated were 1,751

Highlights: 9M-FY16

- **Financial Indicators**

- Growth in Operating Revenue of 5.71% in 9M-FY16 over 9M-FY15
- Rating Income increases by 5.45% in 9M-FY16 over 9M-FY15
- Total Expenses decrease by 2.76%
- EBITDA margins at 64.55% and PAT margins at 41.97% in 9M-FY16
- 2,126 new clients added during 9M-FY16

- **Business Profile**

- Total volume of new debt rated is Rs 7.36 lakh crore in 9M-FY16 as against Rs 6.49 lakh crore in 9M-FY15
- Total number of instruments rated were 5,002
- Employee count at 565 as on December 31, 2015

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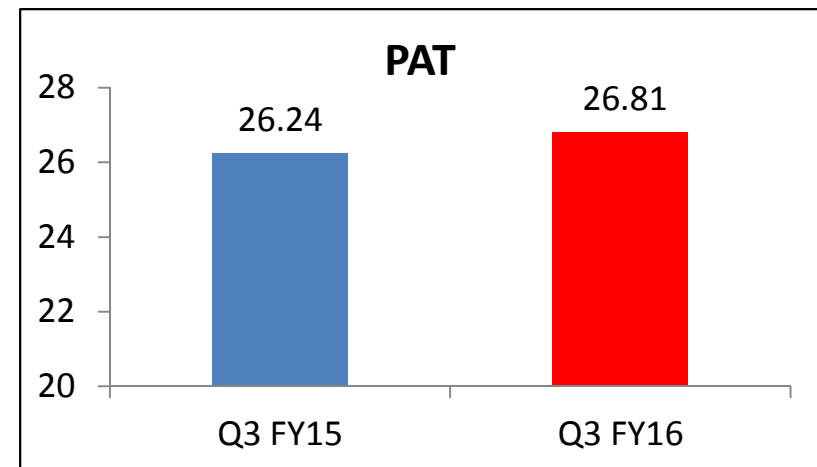
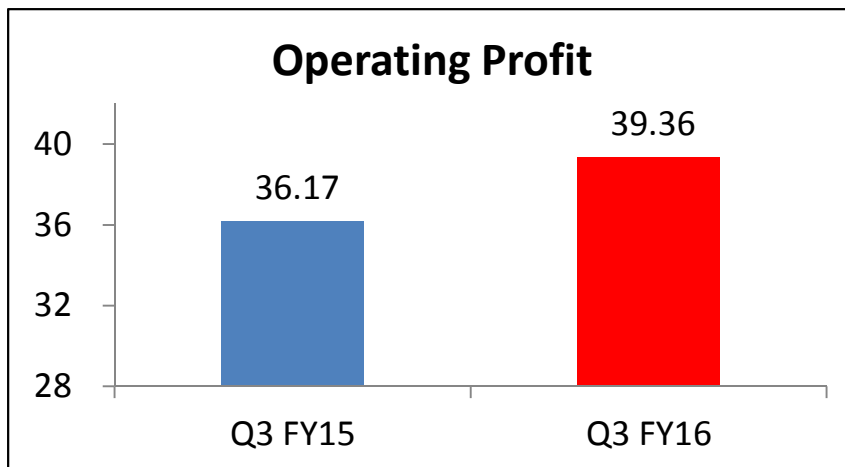
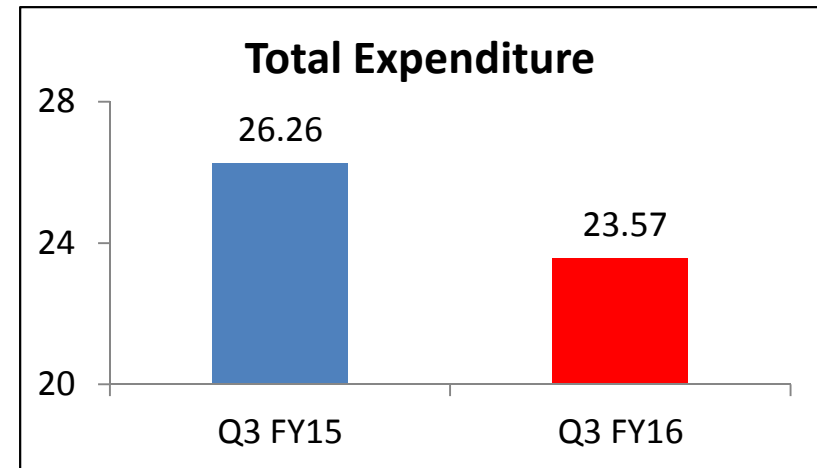
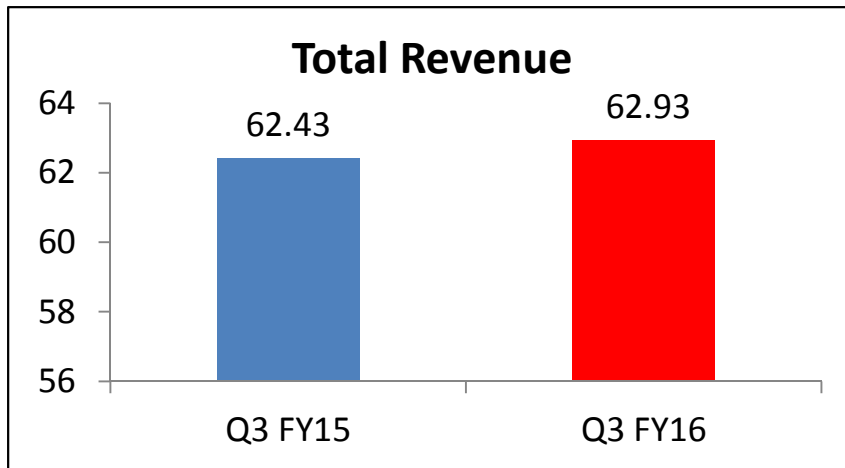
Financial Performance

Rs crore	Q3-FY15	Q3-FY16	Growth	9M-FY15	9M-FY16	Growth
Rating Revenue	61.69	62.32	1.01%	178.20	187.91	5.45%
Other Operating Revenue	0.73	0.62	-15.84%	1.16	1.69	45.90%
Total Revenue	62.43	62.93	0.81%	179.36	189.61	5.71%
Other Income	2.84	0.99	-65.04%	40.36	6.14	-84.78%
Total Income	65.26	63.93	-2.05	219.72	195.75	-10.91%
Total Expenses	26.26	23.57	-10.24%	74.44	72.38	-2.76%
EBIDTA	40.18	41.30	2.77%	149.14	126.35	-15.28%
Operating Profit	36.17	39.36	8.84%	104.93	117.23	11.72%
PAT	26.24	26.81	2.17%	105.24	82.16	-21.93%
EBIDTA margin	61.57%	64.60%		67.87%	64.55%	
Operating Profit margin	57.94%	62.55%		58.50%	61.83%	
PAT Margin	40.21%	41.94%		47.90%	41.97%	

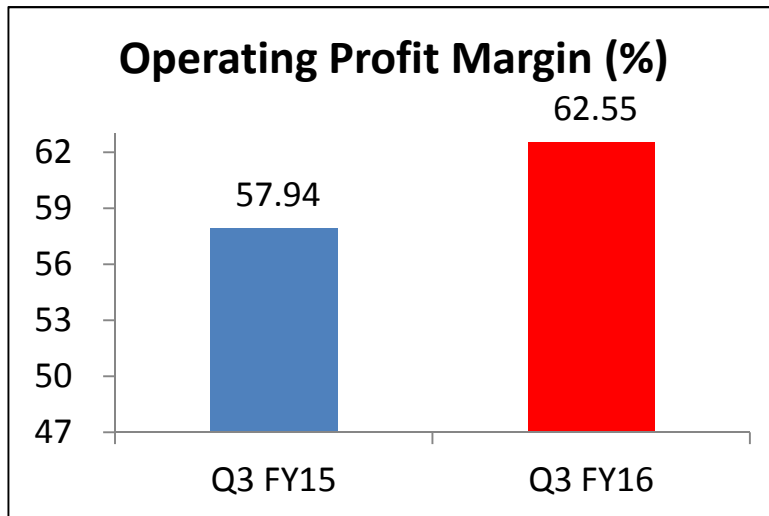
Explanation for Other Income

- The pool of investible surplus has come down after the special dividend payment in FY15 by almost Rs. 220 crores.
- The Company has stepped up dividend payout post listing.
- The Company follows a prudent practice of investing in Fixed Maturity Plans (where we need to stay invested for 3 years to lower our tax outgo), in Equity MFs, Duration Products, etc. income on which is booked only on redemption / maturity.
- There is no loss of income but only timing difference in recognition of income from these investments.

Financial Performance:Q3-FY16 (Rs. crore)

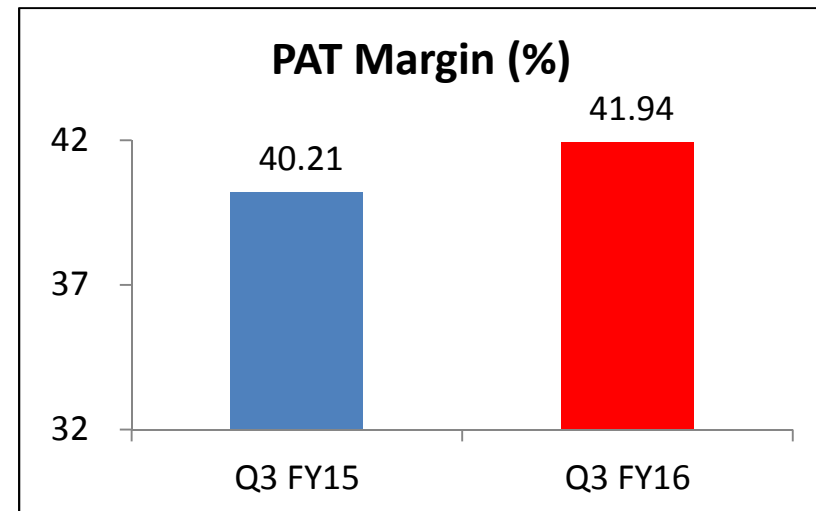


Financial Performance: Q3-FY16

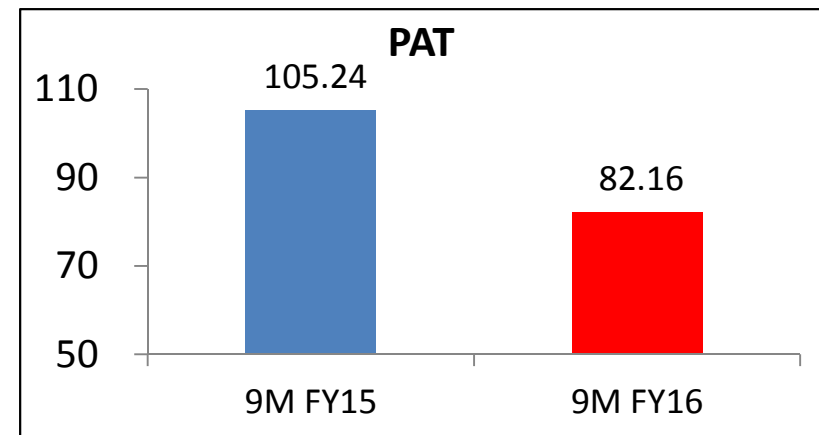
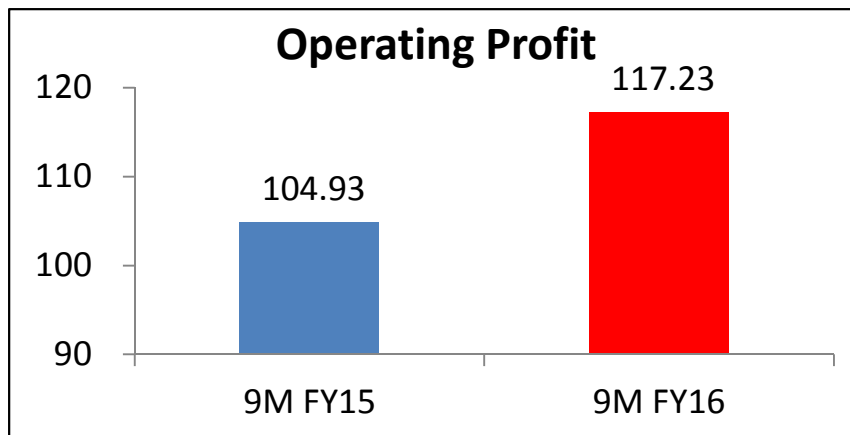
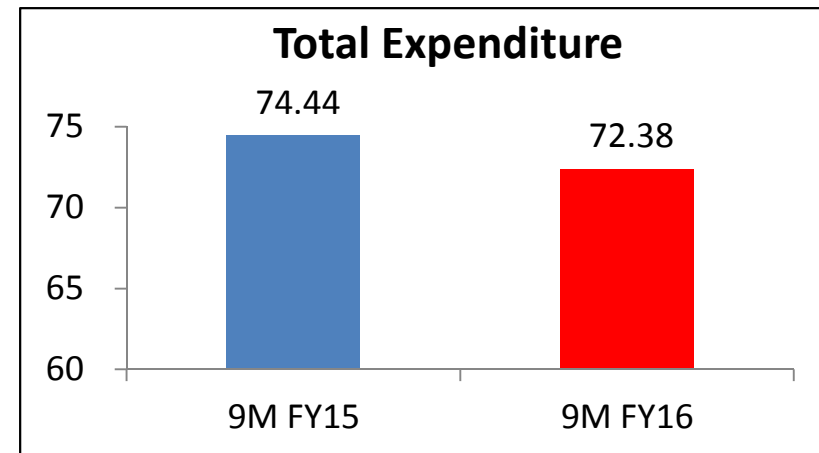
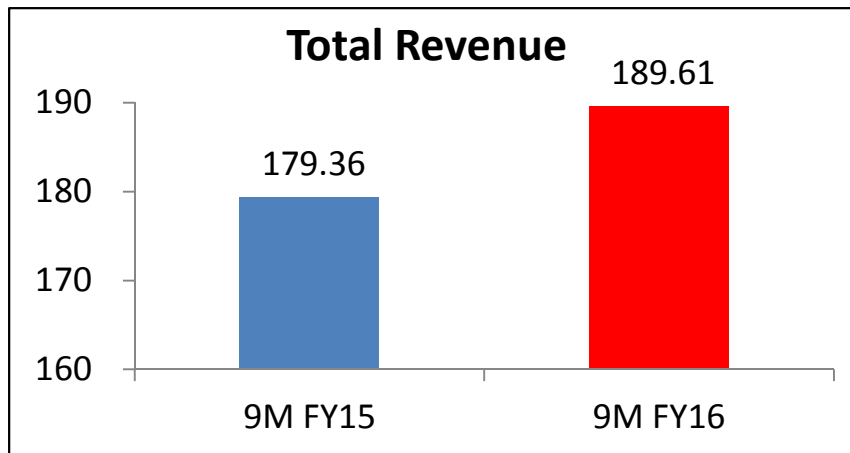


Q3 FY16 Operating profit margin increased to 62.55% mainly due to lower expenditure due to reduction in headcount and other cost control measures.

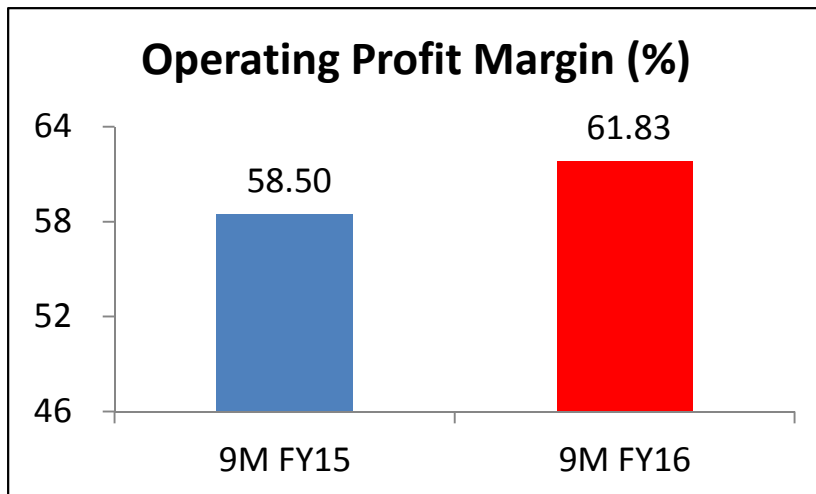
Q3 FY16 PAT margin stood at 41.94% mainly due to lower expenditure and Investment Income.



Financial Performance: 9M-FY16 (Rs. crore)

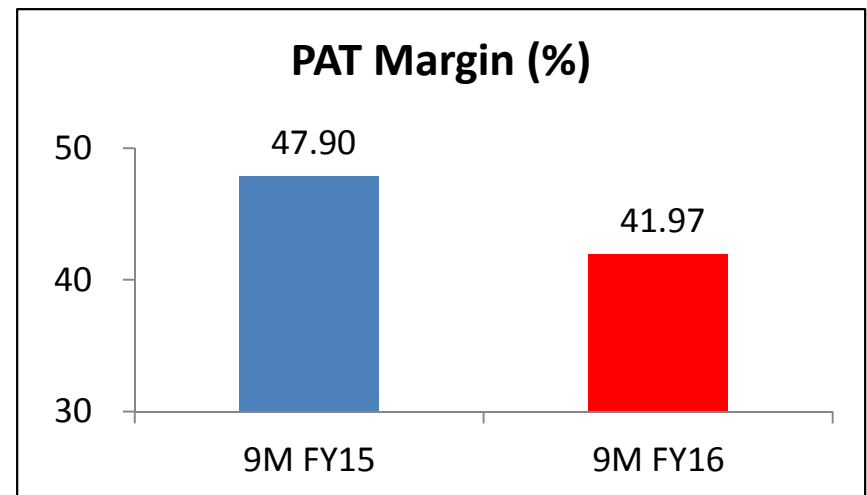


Financial Performance: 9M-FY16

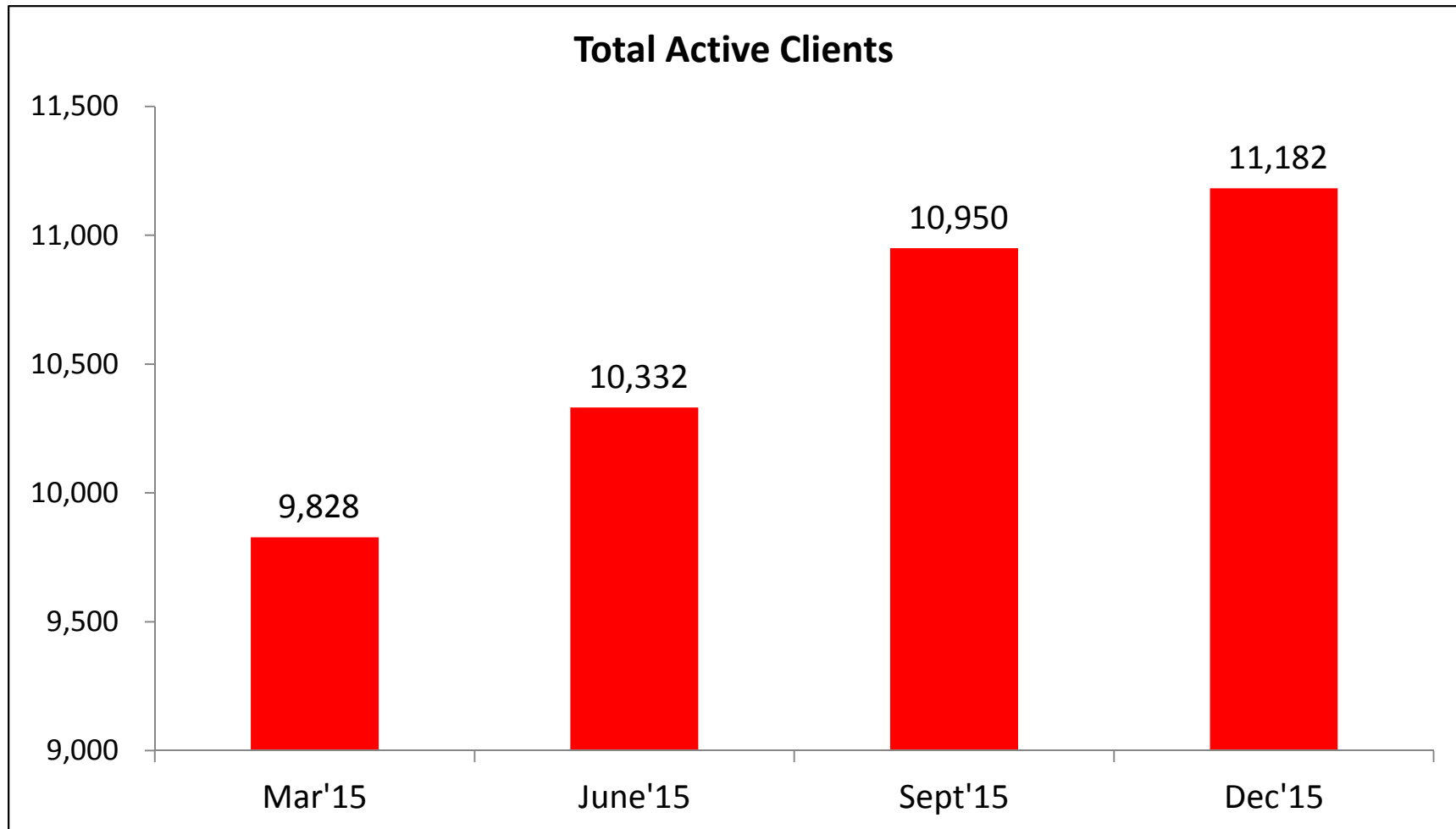


9M FY16 Operating profit margin increased to 61.83% mainly due to lower expenditure due to reduction in headcount and other cost control measures.

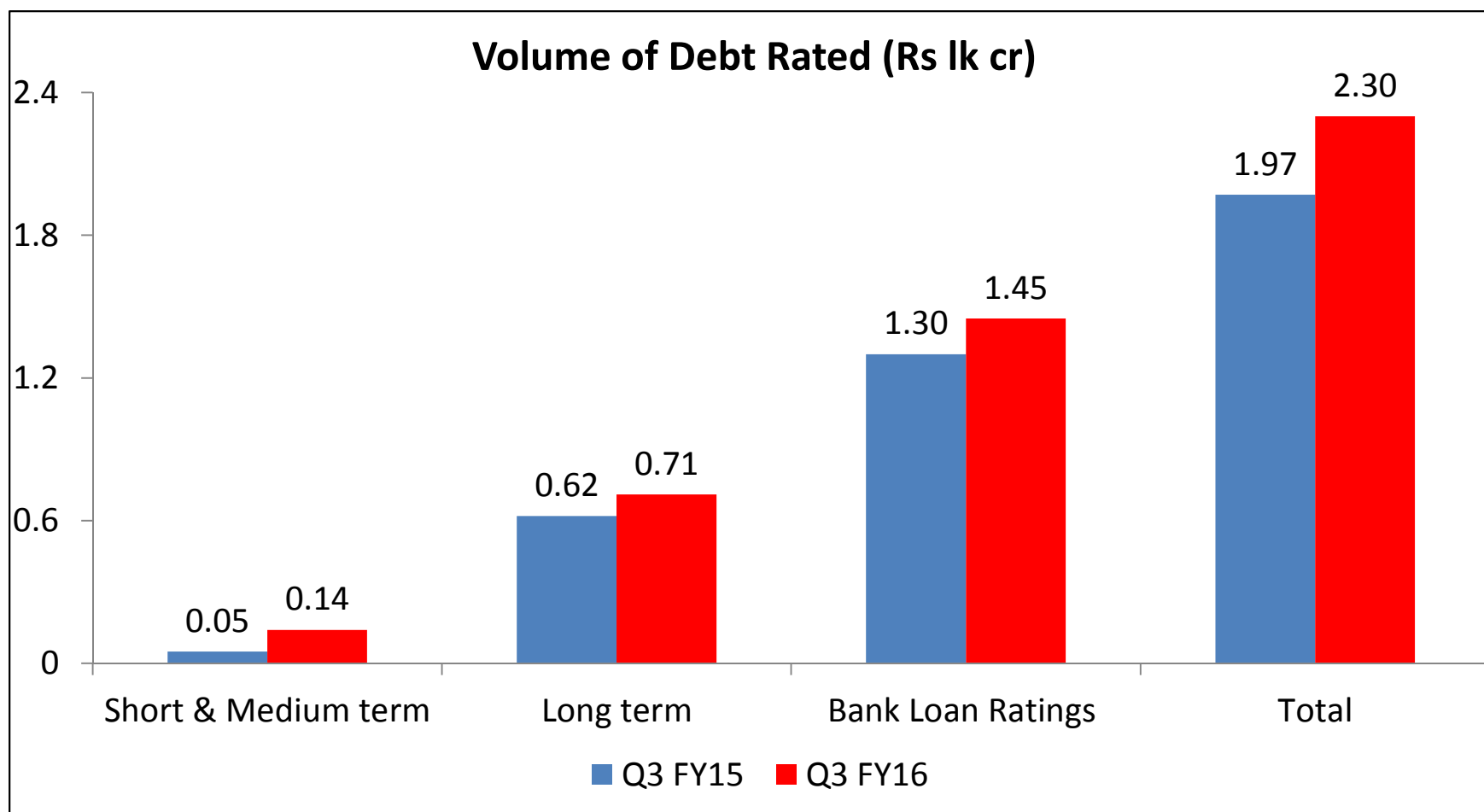
9M FY16 PAT margin reduced to 41.97% from 47.90% mainly due to lower expenditure and income from investments.



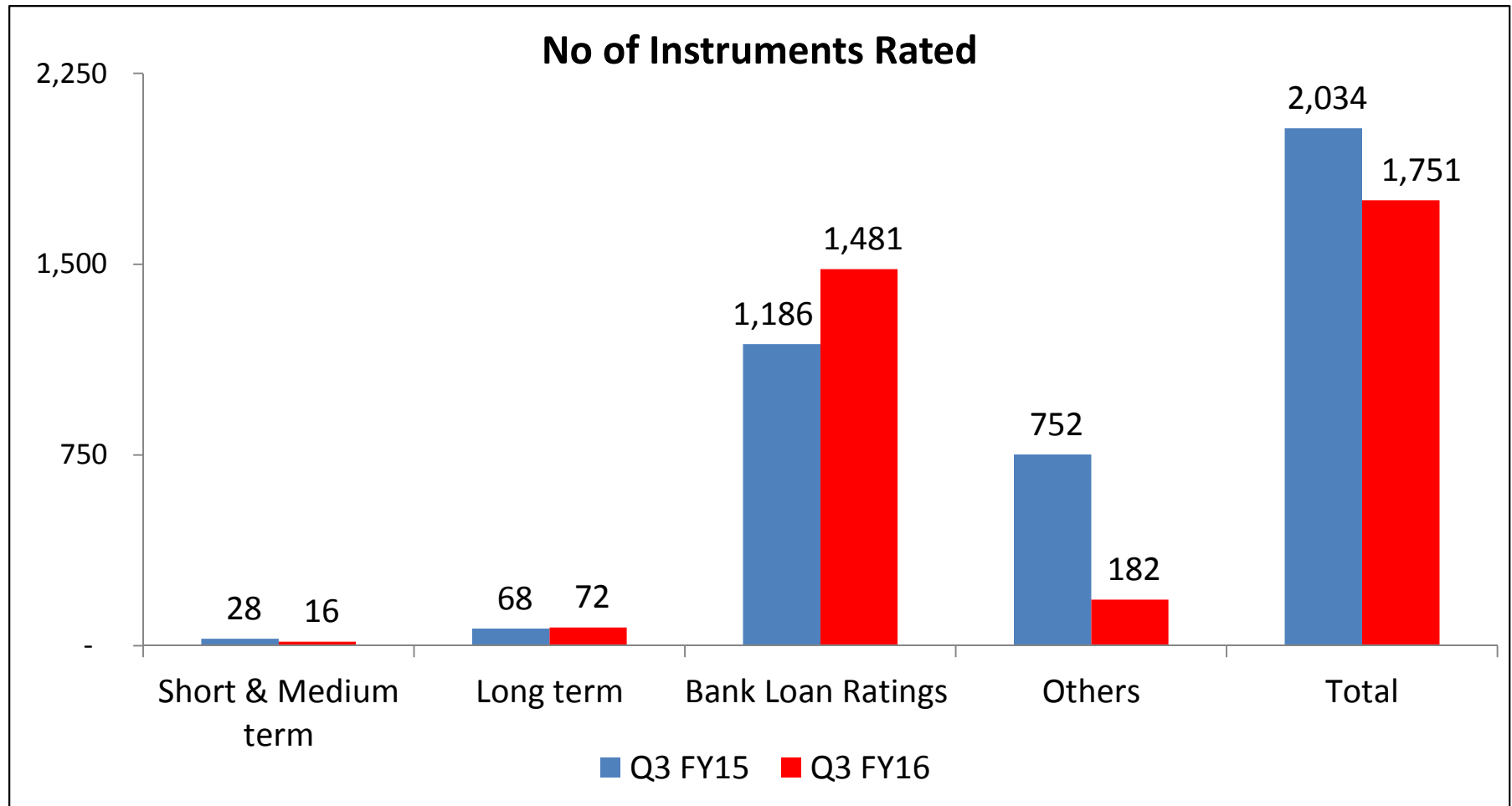
Business Performance



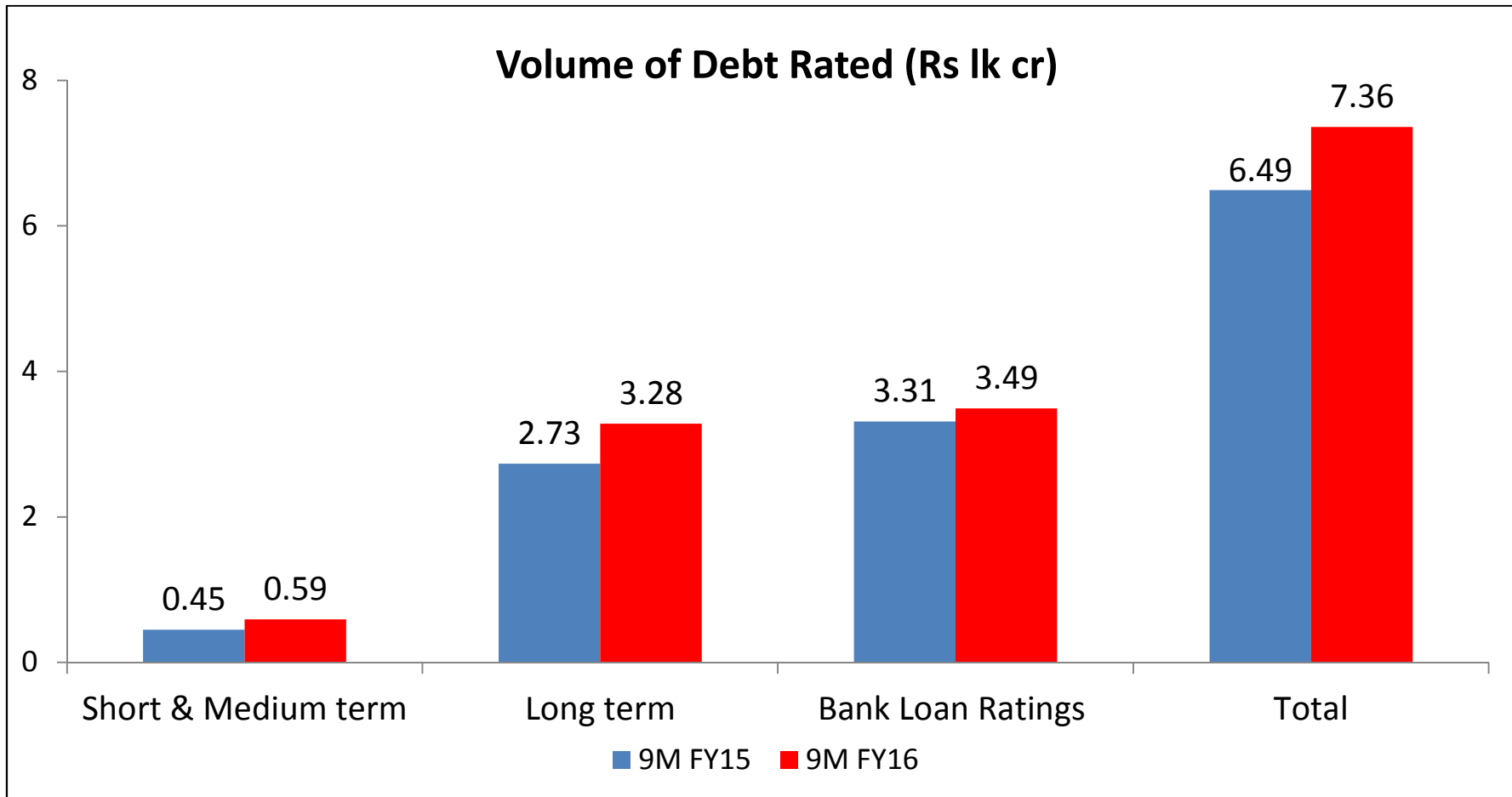
Business Performance: Q3-FY16



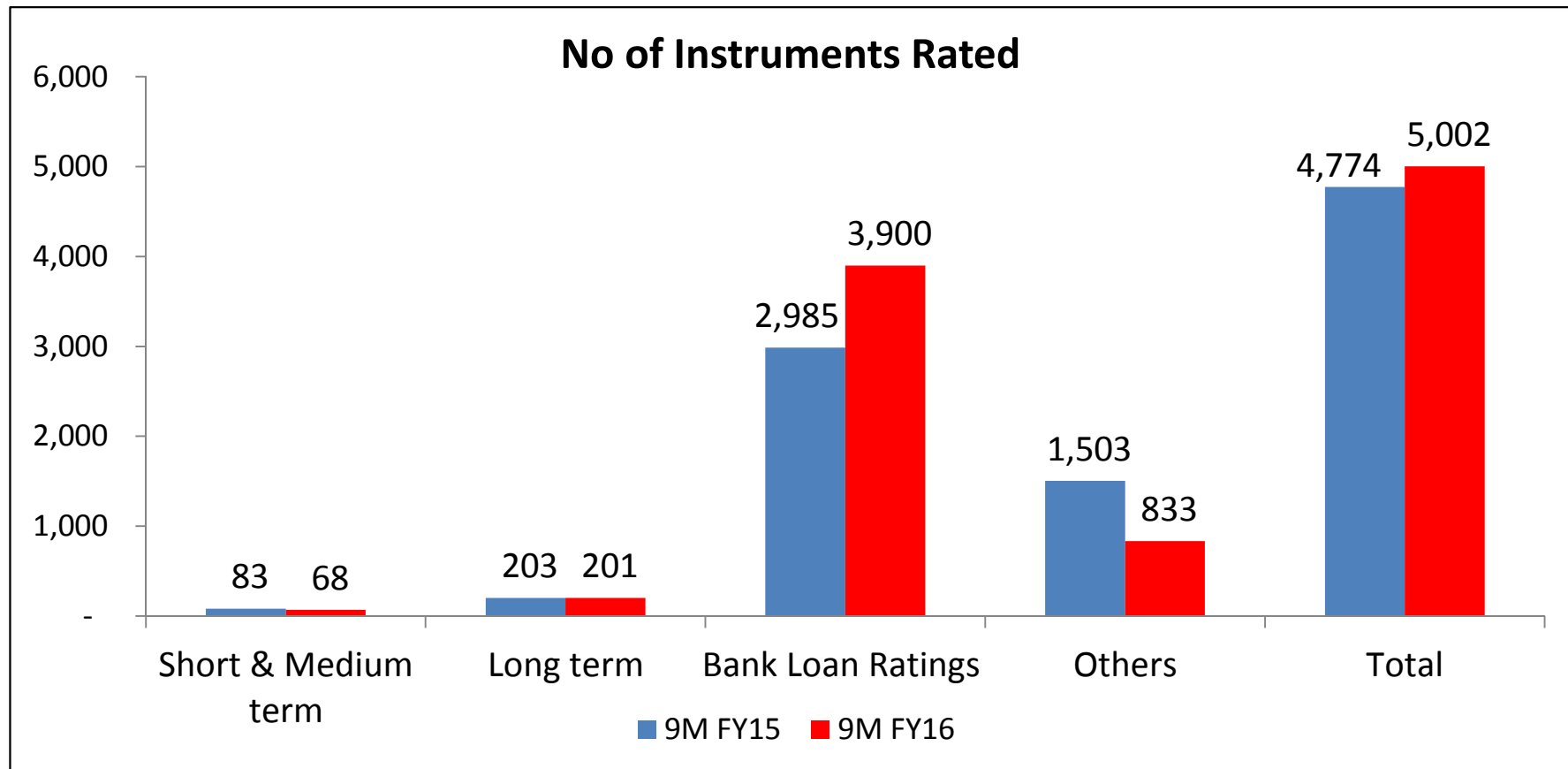
Business Performance: Q3-FY16



Business Performance: 9M-FY16



Business Performance: 9M-FY16



NSIC Ratings witnessed significant decline in FY16, however other grading products saw an increase over last year.

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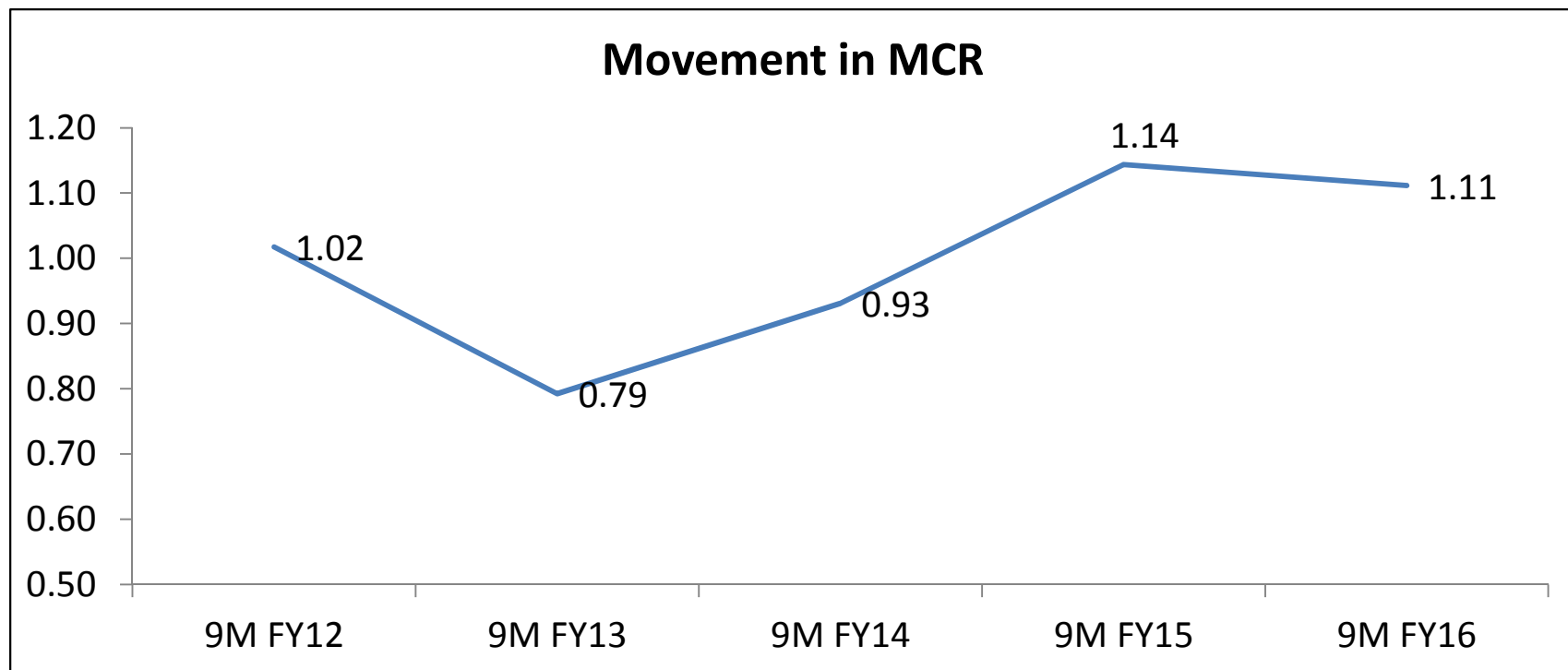
MCR / CDQI

New Developments

Economic Backdrop

Rating Movement

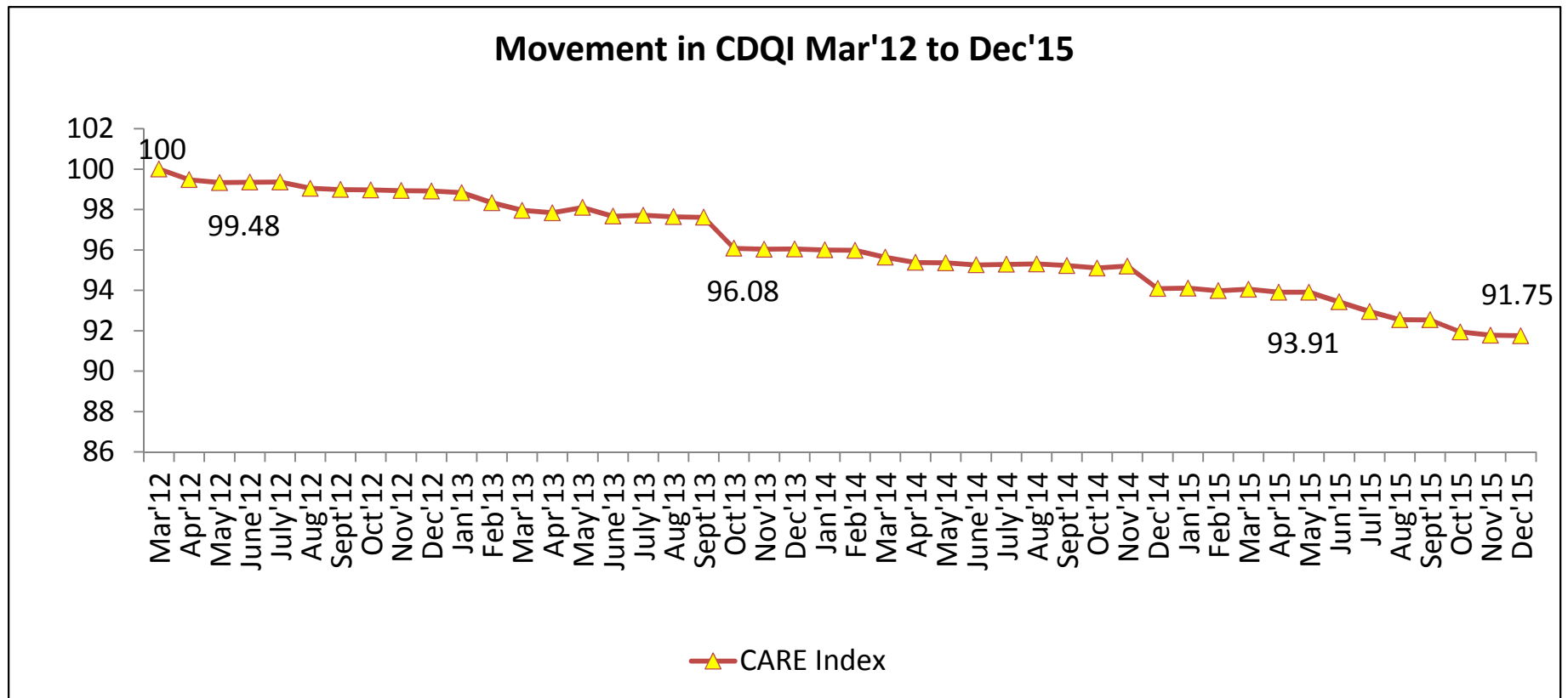
Credit Quality of domestic rated firms/entities declined during 9 months FY16 as indicated by the MCR. The Modified Credit Ratio (MCR) declined from 1.14 in 9M-FY15 to 1.11 in 9M-FY16.



MCR Formula = (Upgrades + Retentions) / (Downgrades + Retentions)

CARE Ratings Debt Quality Index

The CDQI has been witnessing a downward movement since June'15. The index declined steeply by 0.60 points to 91.94 in Oct'15 and further to 91.78 in Nov'15. It further continued to register a contraction in Dec'15 (and stood at 91.75. This downward trend of the index is indicative of lower quality of debt over the last seven months.



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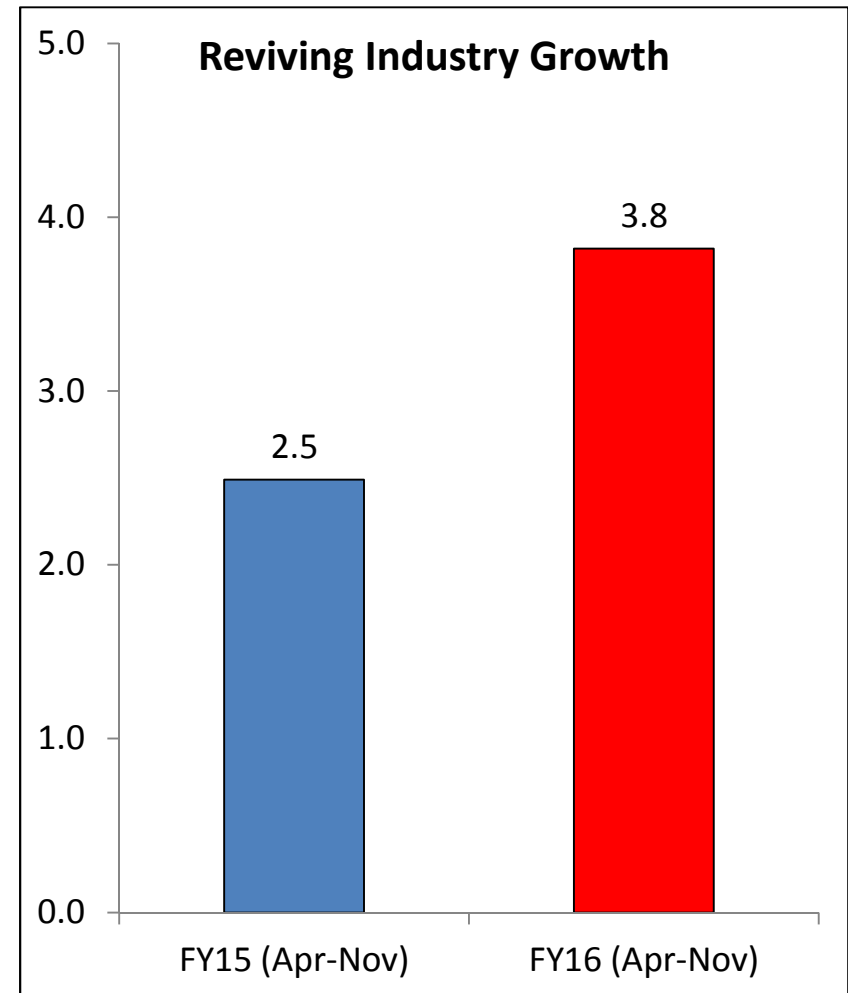
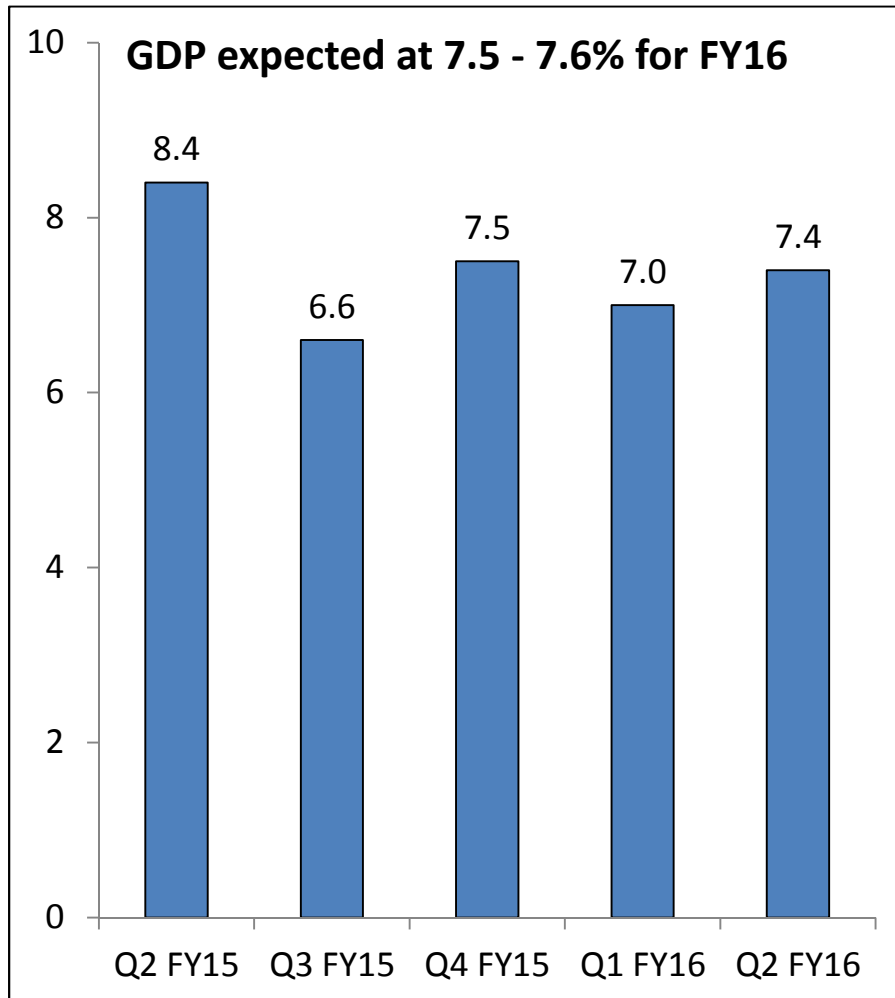
New Developments

- CARE signed a Memorandum of Understanding (MoU) with Japan Credit Rating Agency, Ltd. (JCR) to collaborate with each other as strategic business partners.
- CARE entered into an agreement with GREX Alternative Investments Market to provide a broad analytical framework within which CARE Ratings will be involved in conducting Rating / Grading exercises for companies registered on GREX platform.

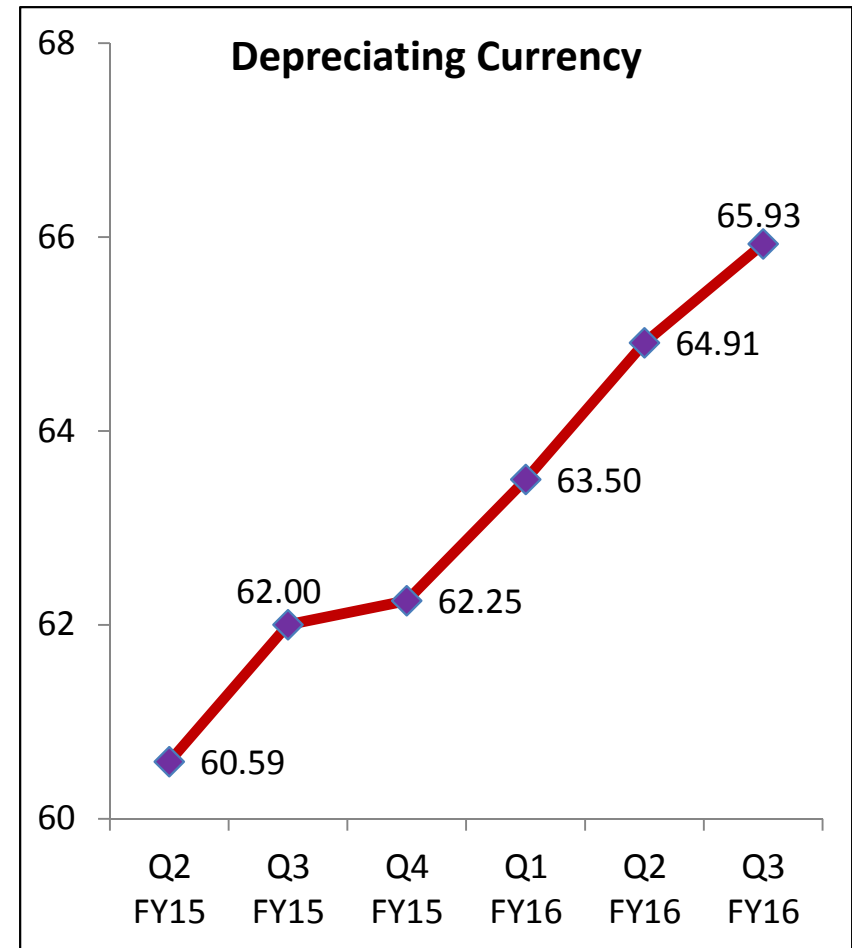
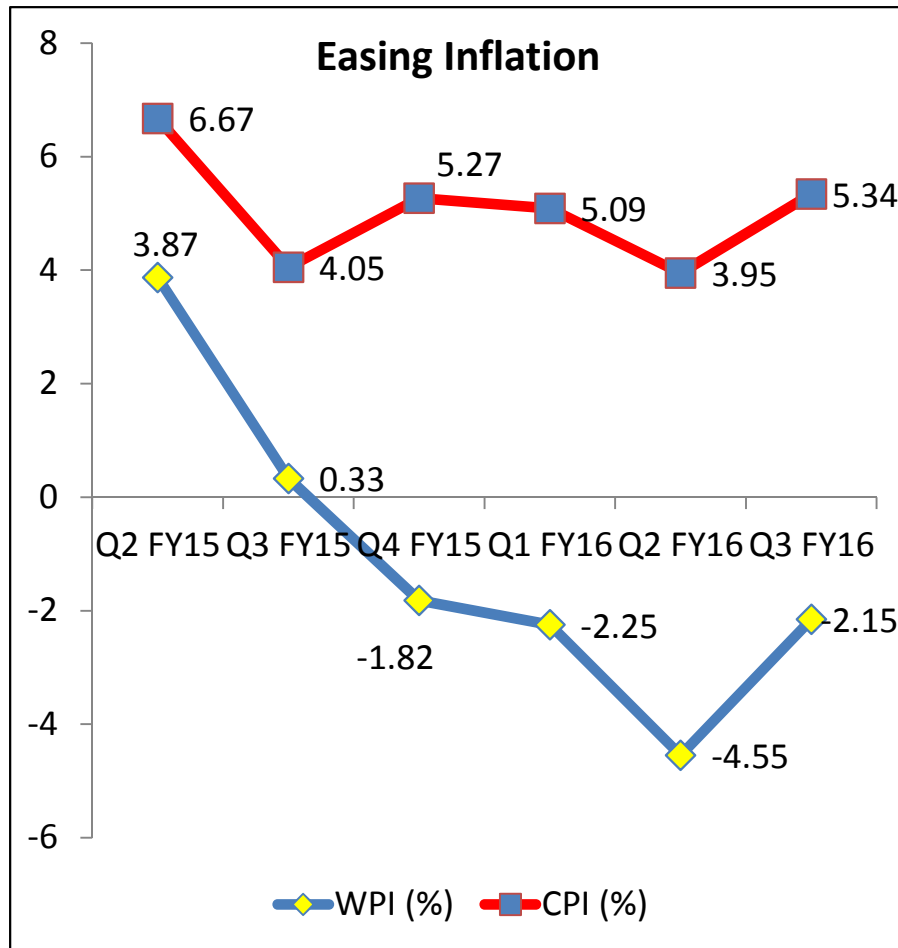
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Economic Backdrop

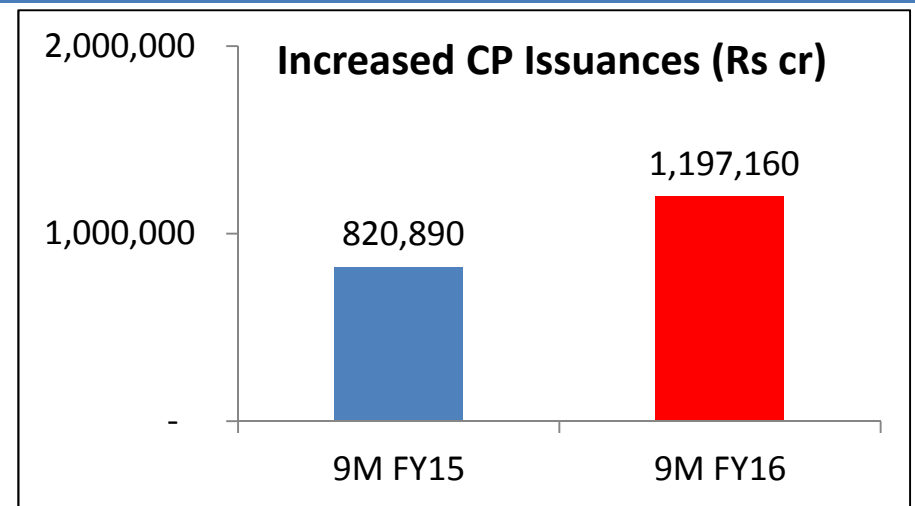
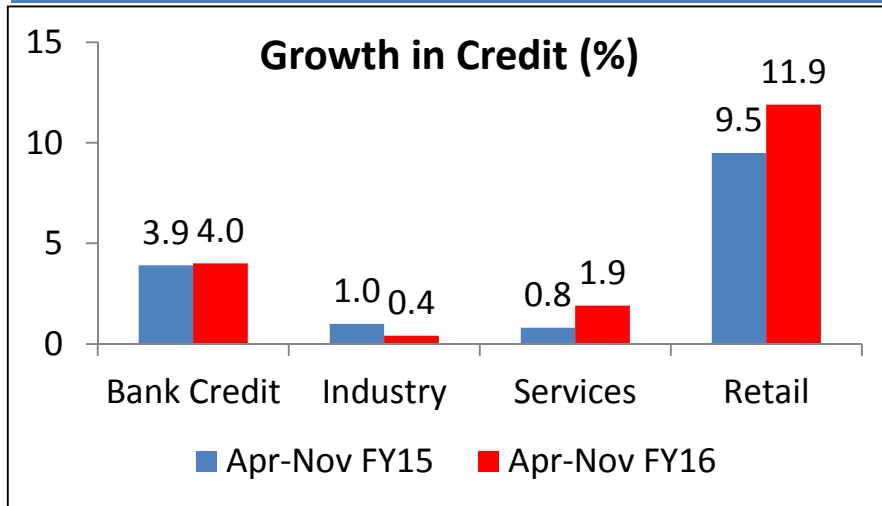


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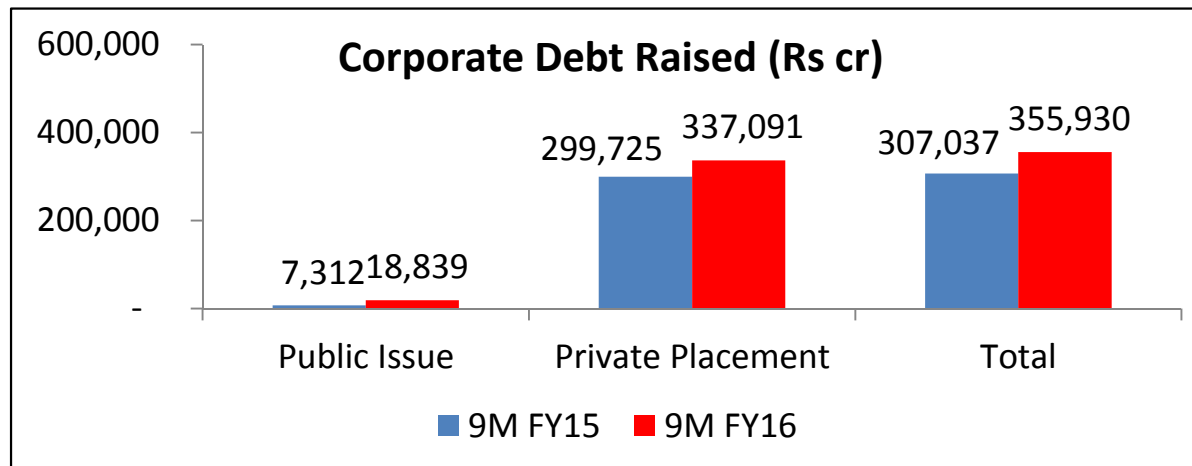


Average exchange rate for Jan stood at Rs 67.10 per dollar

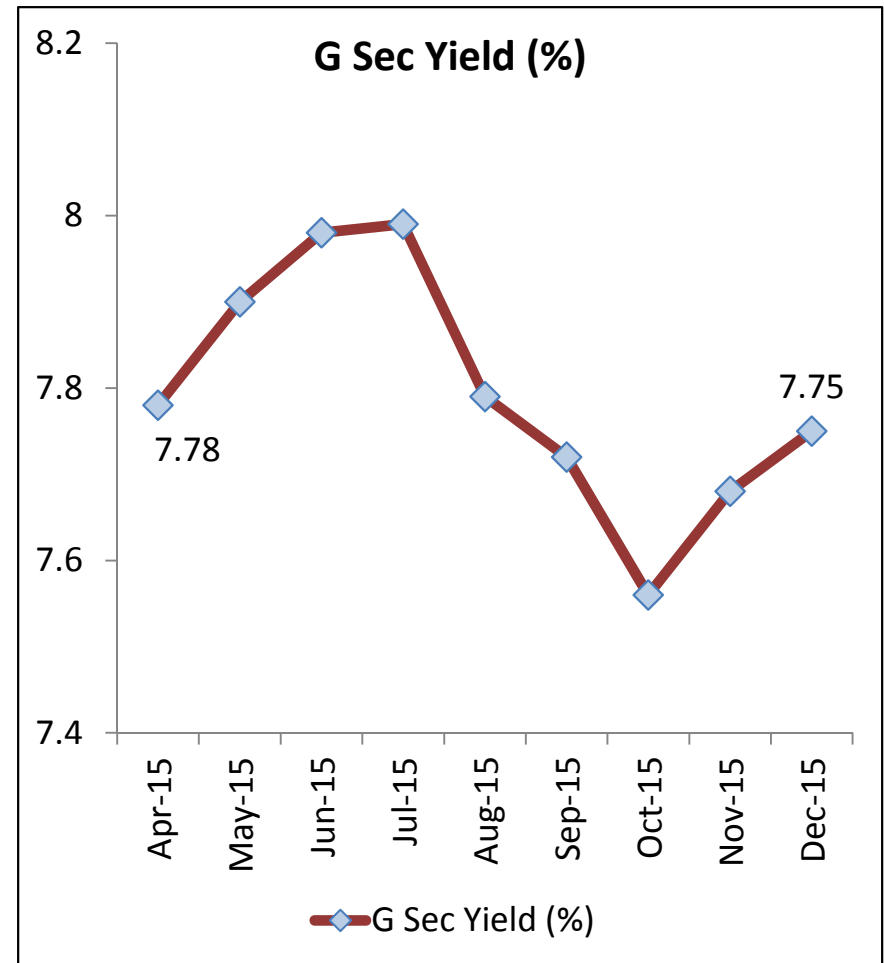
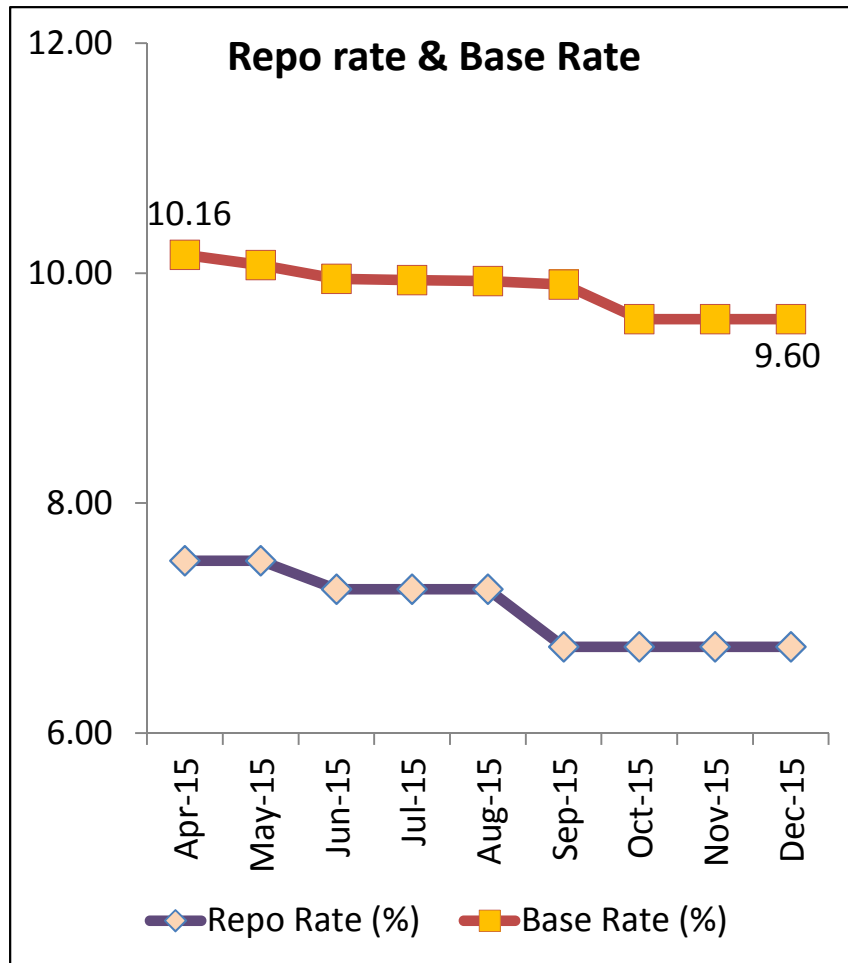
Economic Backdrop



As of Dec'15 total bank credit grew by 7.4% in FY16 (5.4%)



Economic Backdrop



Economic Outlook for rest of FY16

- Exchange expected to be volatile
- Inflation to be in the 5 plus range
- No expectations of lowering repo rate by RBI
- Capital formation to be muted

Thank You