

Date: February 04, 2017

**The General Manager**  
The Corporate Relation Department  
Bombay Stock Exchange Limited  
Phiroza Jeejeebhoy Towers  
14<sup>TH</sup> Floor, Dalal Street  
**Mumbai 400 001**

Dear Sir,

**REVISED ANALYST PRESENTATION FOR Q3 AND 9M FY 2017**

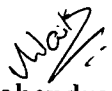
This is in furtherance to our letter dated February 03, 2017 with regard to our Analyst presentation for Q3 and 9M for FY2017. There have been some corrections to the active client numbers for the past quarters and some casting differences in the volume of debt rated nos. for the third quarter and nine months ended December 31, 2016.

The abovementioned changes have been incorporated in the enclosed presentation to be made to Analyst with regard to Unaudited Financial Results of Credit Analysis and Research Limited for the quarter and nine months ended December 31, 2016.

We request you to take note of the above and upload the enclosed revised analyst presentation.

Thanking you,

Yours faithfully,  
**For Credit Analysis and Research Limited**

  
**Mahendra Naik**  
**Company Secretary**

**Encl.:** As above

**CREDIT ANALYSIS & RESEARCH LTD.**

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# ***Q3-FY17 and 9M-FY17 Financial Results***

**Rajesh Mokashi**  
***MD & CEO***

# SAFE HARBOR STATEMENT

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# Highlights: 9M-FY17

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- **Growth in Financial Indicators**

- Growth in operating income of 7.6% in 9M-FY17 over 9M-FY16
- Growth in total income of 16.8% in 9M-FY17 over 9M-FY16
- Decline in expenditure by 7.3% mainly due to ESOP charge only in 9M-FY16
- EBITDA margins at 71.7% and PAT margins at 49.5% in 9M-FY17
- 2646 new clients added during 9M-FY17
- The Board has announced an interim dividend of Rs.6/- per share

- **Business Profile**

- Total volume of new debt rated recorded increase of 28.1% to Rs 9.43 lakh crore in 9M-FY17 as against Rs 7.37 lakh crore in 9M-FY16
- Total number of new instruments rated were 5,986

# Highlights: Q3-FY17

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- **Growth in Financial Indicators**

- Growth in operating income of 4.8% in Q3-FY17 over Q3-FY16
- Growth in total income of 28.7% in Q3-FY17 over Q3-FY16
- Decline in expenditure by 4.9% mainly due to ESOP charge only in Q3-FY16
- EBITDA margins at 73.7% and PAT margins at 54.9% in Q3-FY17
- 1087 new clients added during Q3-FY17

- **Business Profile**

- Total volume of new debt rated recorded increase of 19.6% to Rs 2.75 lakh crore in Q3-FY17 as against Rs 2.30 lakh crore in Q3-FY16
- Total number of new instruments rated were 2,361

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# Financial Performance

Rs. Crore	Q3-FY16	Q3-FY17	Growth	9M-FY16	9M-FY17	Growth
Rating Revenue	62.32	65.50	5.1%	188.01	202.70	7.8%
Other Operating Revenue	0.62	0.44	-27.9%	1.59	1.40	-12.3%
<b>Total Revenue</b>	<b>62.93</b>	<b>65.95</b>	<b>4.8%</b>	<b>189.61</b>	<b>204.10</b>	<b>7.6%</b>
Other income	0.99	16.30	1542.6%	6.14	24.48	298.7%
<b>Total income</b>	<b>63.93</b>	<b>82.24</b>	<b>28.7%</b>	<b>195.75</b>	<b>228.58</b>	<b>16.8%</b>
Total Expenses	23.57	22.41	-4.9%	72.38	67.07	-7.3%
<b>EBIDTA</b>	<b>41.30</b>	<b>60.60</b>	<b>46.7%</b>	<b>126.35</b>	<b>163.89</b>	<b>29.7%</b>
<b>Operating profit</b>	<b>39.36</b>	<b>43.54</b>	<b>10.6%</b>	<b>117.23</b>	<b>137.02</b>	<b>16.9%</b>
<b>PAT</b>	<b>26.81</b>	<b>45.16</b>	<b>68.4%</b>	<b>82.16</b>	<b>113.06</b>	<b>37.6%</b>
EBIDTA margin	64.60%	73.68%	14.1%	64.55%	71.70%	11.1%
Operating profit margin	62.55%	66.02%	5.6%	61.83%	67.14%	8.6%
PAT Margin	41.94%	54.90%	30.9%	41.97%	49.46%	17.9%



# Financial Performance: 9M-FY17

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- Operating profit margin increased to 67.1% from 61.8% in 9M-FY16 mainly on account of new business sourced and surveillance income.
- There is decline in expenditure mainly on account of ESOP charge which was included in 9M-FY16 of Rs. 3.84 cr and lower rent expense due to surrender of an office in Mumbai.
- Other Income increased by Rs. 18.34 cr mainly on gain booked on maturity of FMP's being long term in nature.
- This has resulted in increase in PAT margin to 49.46%.

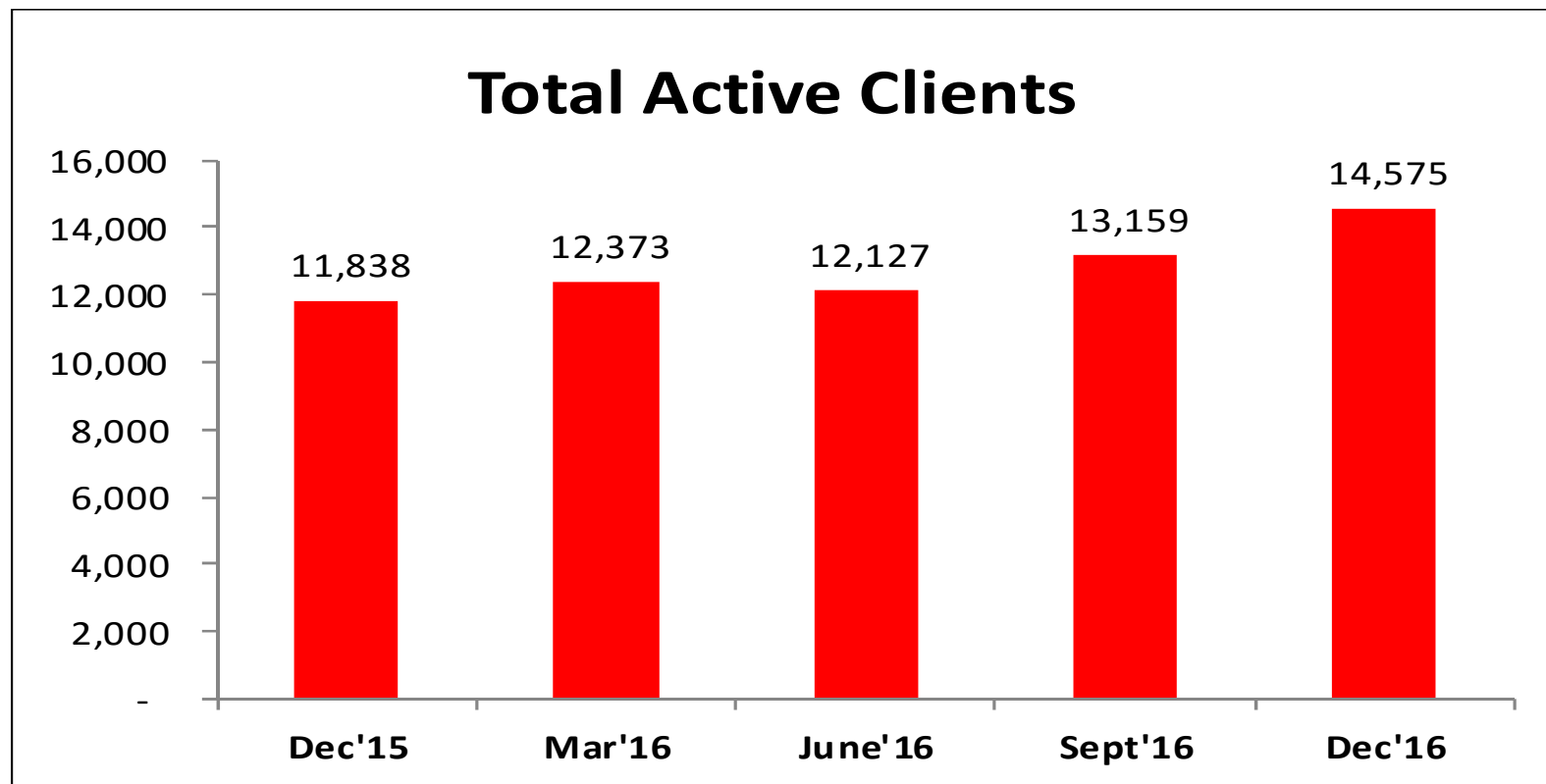
# Financial Performance: Q3-FY17

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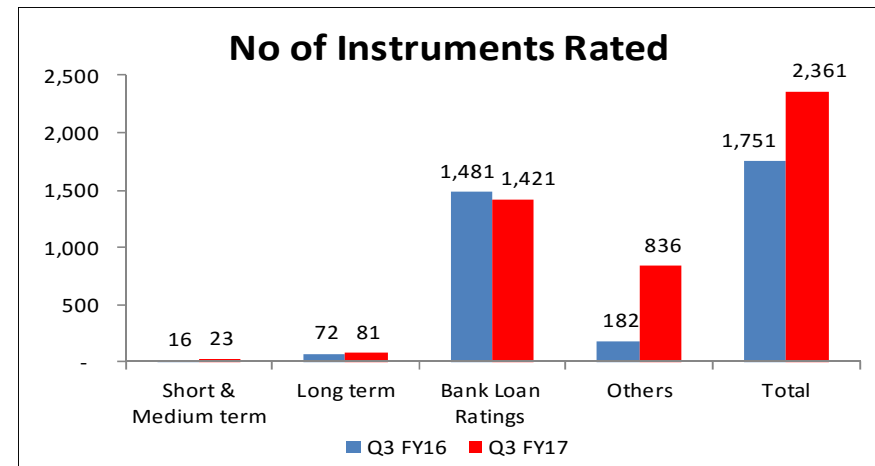
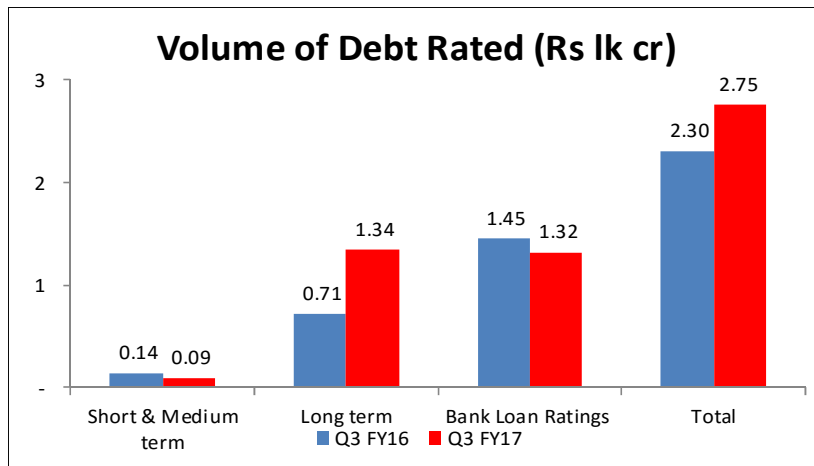
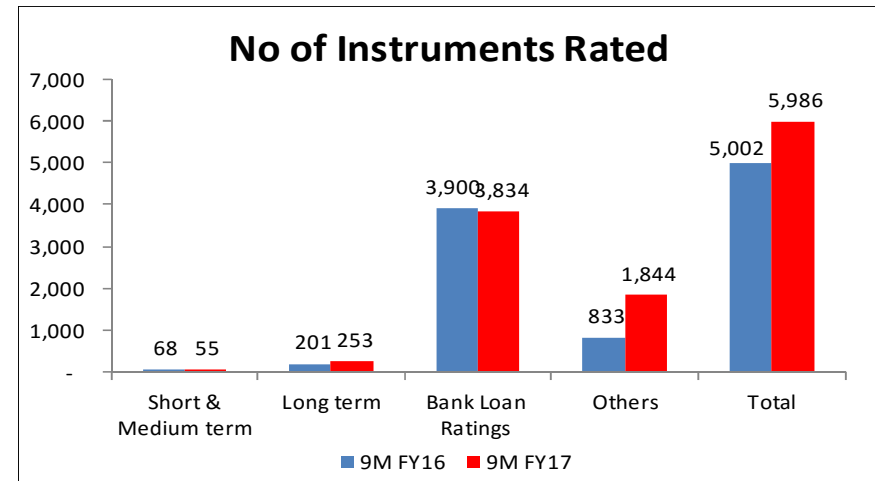
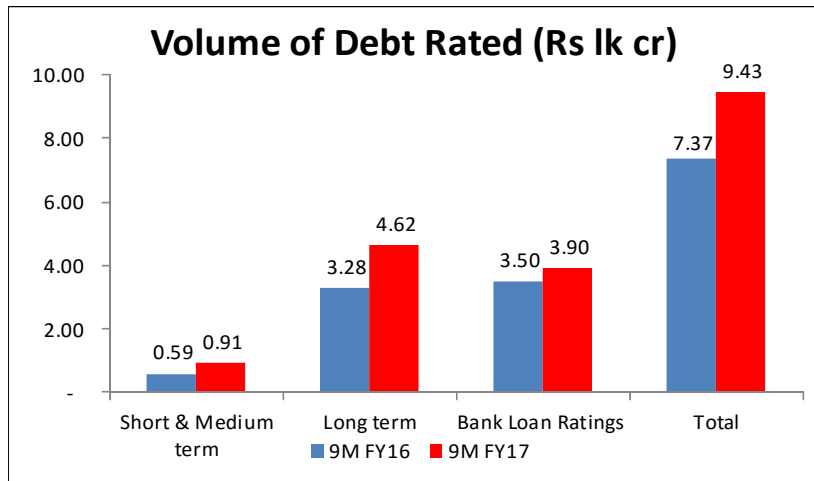
- Operating profit margin increased to 66.0% from 62.6% in Q3-FY16 mainly on account of new business sourced and surveillance income.
- There is decline in expenditure mainly on account of ESOP charge which was included in Q3-FY16 of Rs. 1.27 cr and lower rent expense due to surrender of an office in Mumbai.
- Other Income increased by Rs. 15.31 cr mainly on gain booked on maturity of FMP's being long term in nature.
- This has resulted in increase in PAT margin to 54.90%.

# Business Performance

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# Business Performance: 9M & Q3-FY17



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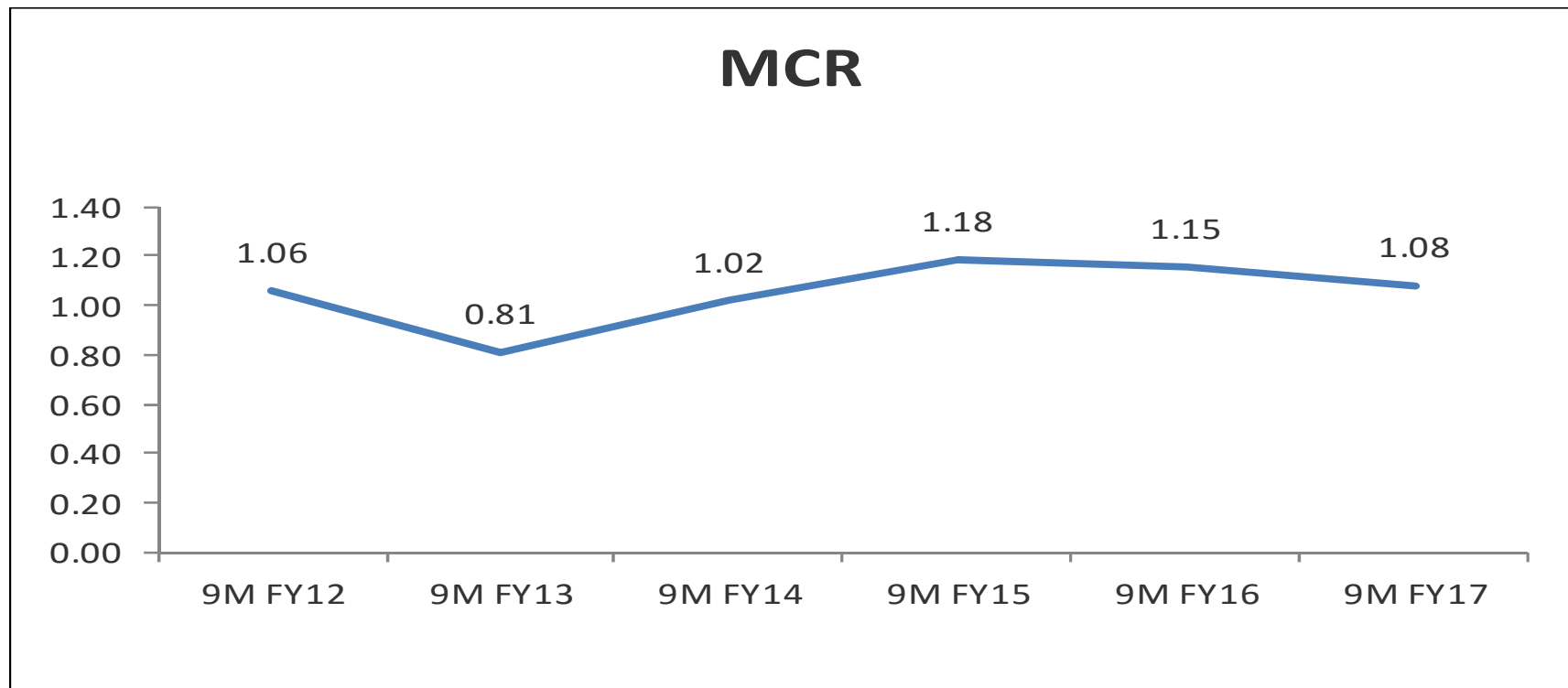
Financial & Business Performance

**MCR / CDQI**

Economic Backdrop

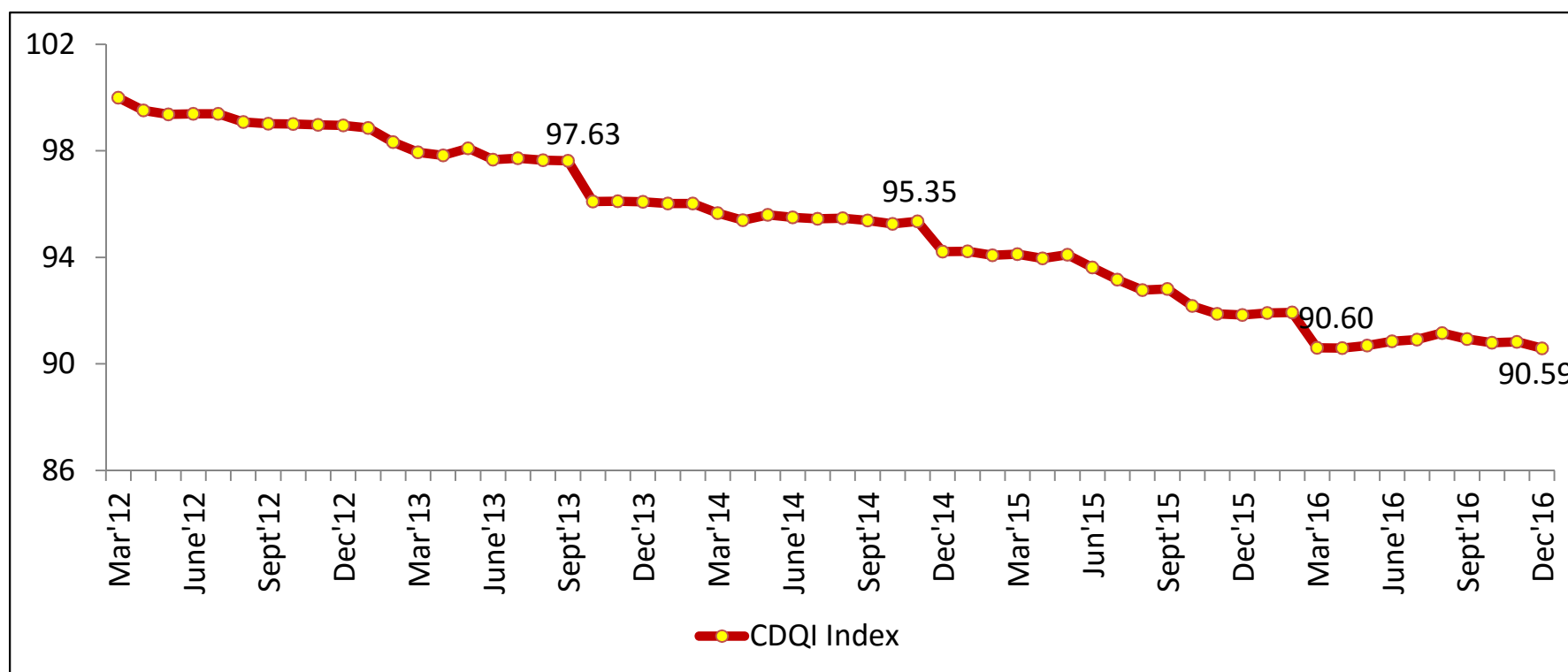
# Rating Movement

Credit Quality of domestic rated firms/entities declined during 9 months FY17 as indicated by the MCR. Although the ratio continues to be above unity, indicating higher number of upgrades than downgrades, there has been a moderation in the ratio this fiscal year to 1.08 compared with the corresponding period in the 9M FY16 (1.15) and 9M FY15 (1.18).



# CARE Ratings Debt Quality Index

The CDQI had shown a continuous decline from May'15 (when it was first announced by CARE) to Dec'15. After improving marginally in Jan'16 and Feb'16, the index declined considerably in Mar'16, and further marginally in Apr'16. The index has shown stability, though with an upward bias in the subsequent months up to Aug'16. It further declined in Sept'16 and Oct'16. The decline continued in the month of Dec'16.



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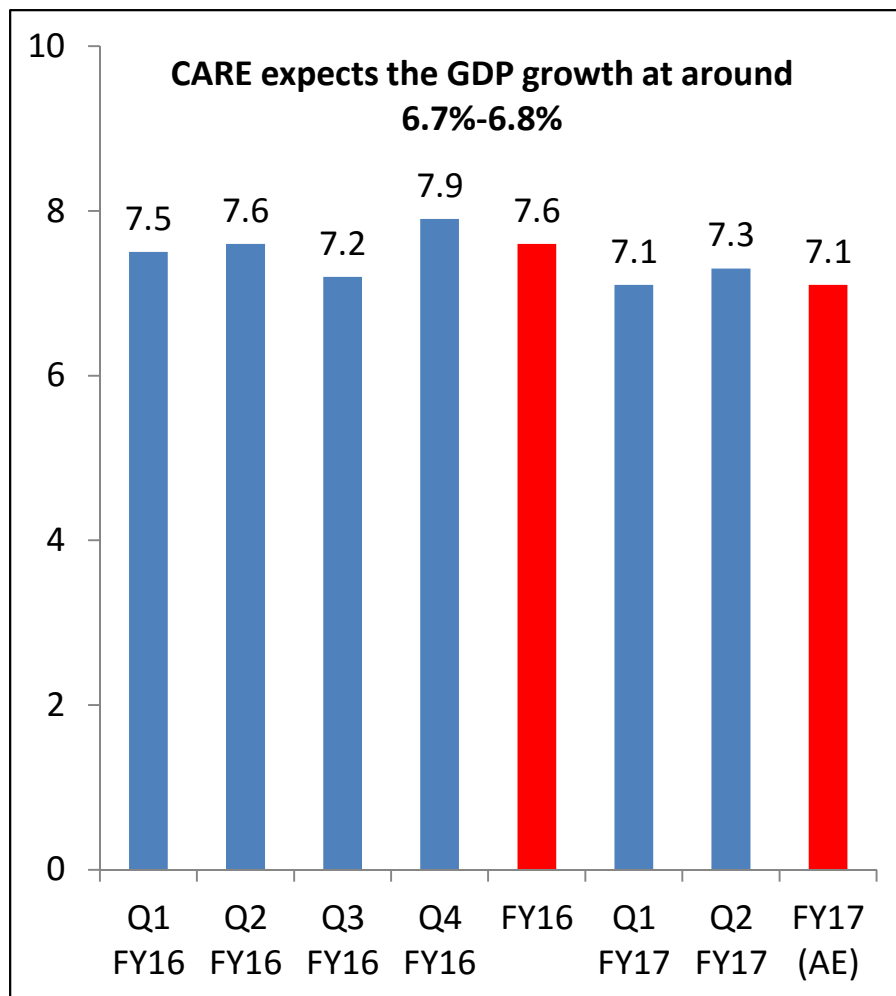
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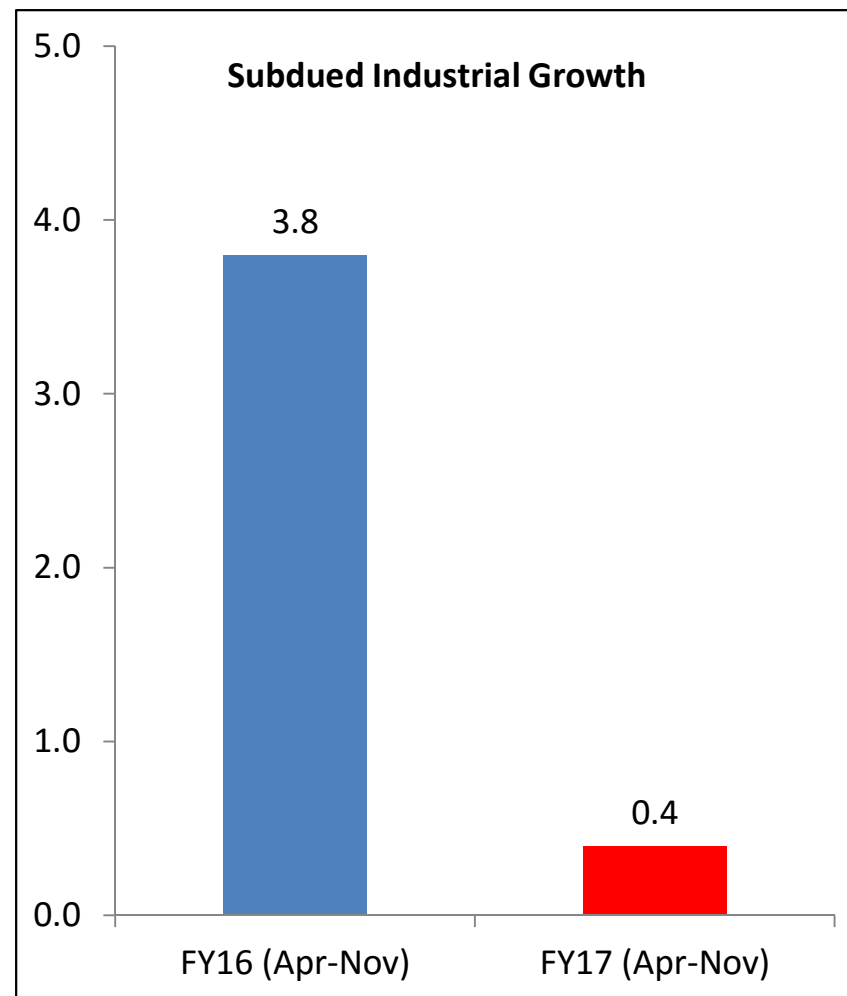
**Economic Backdrop**



# Economic Backdrop

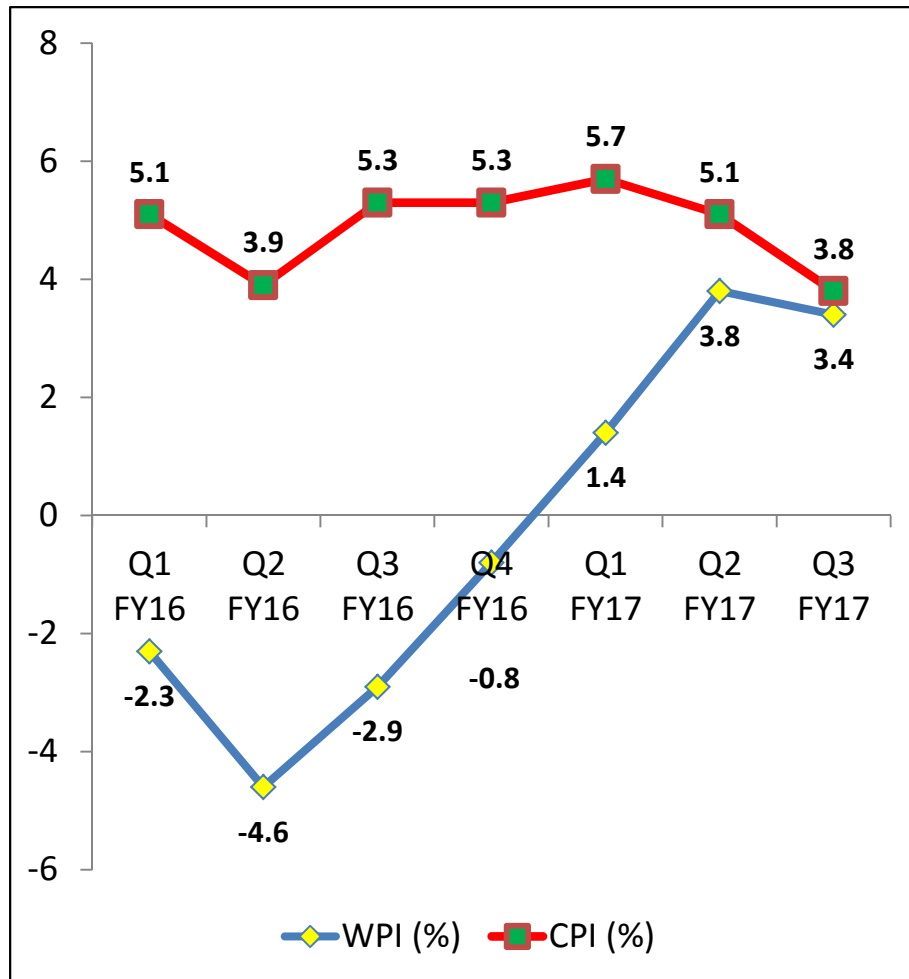


Source: CSO

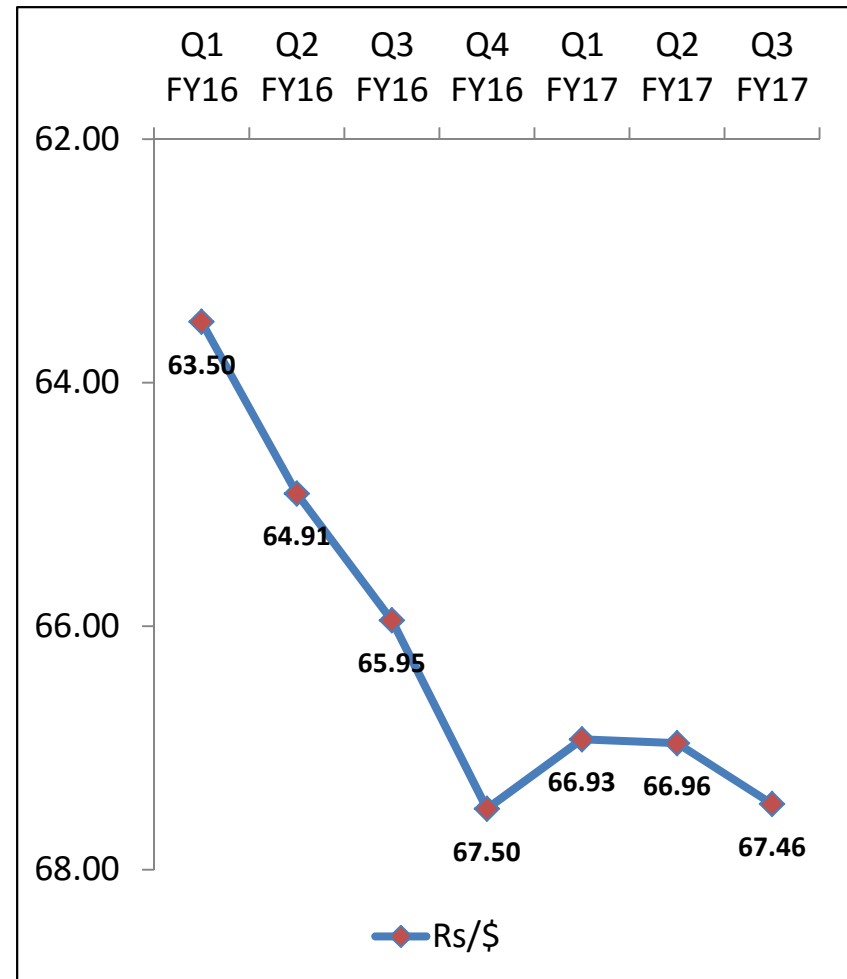


Source: Mospi

# Economic Backdrop

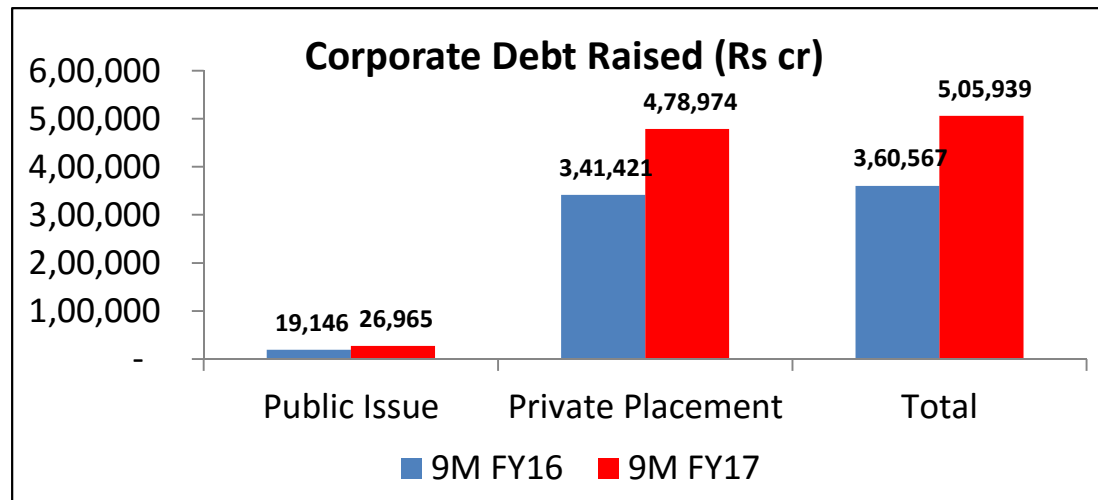
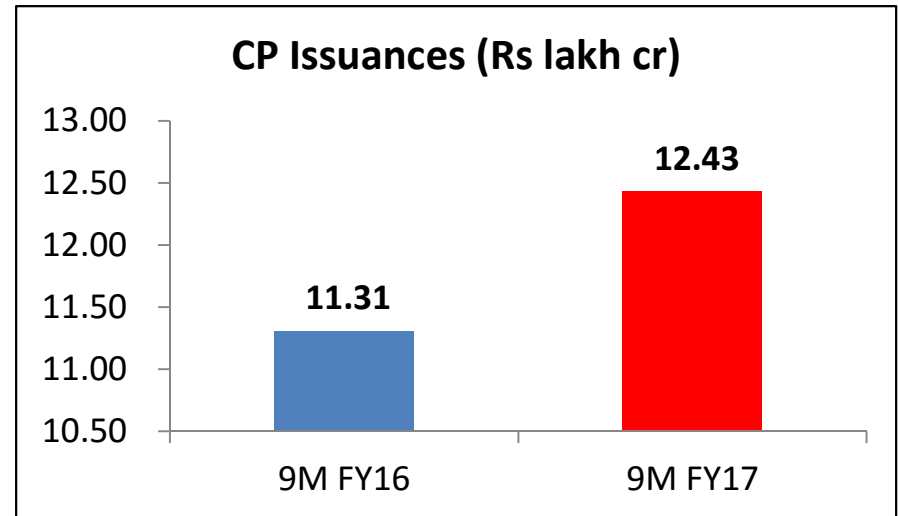
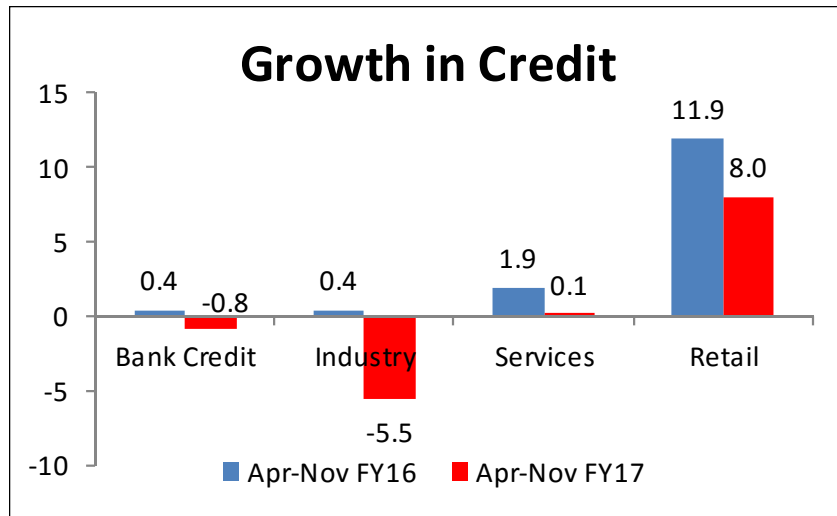


Source: Mospi, Office of Economic Adviser



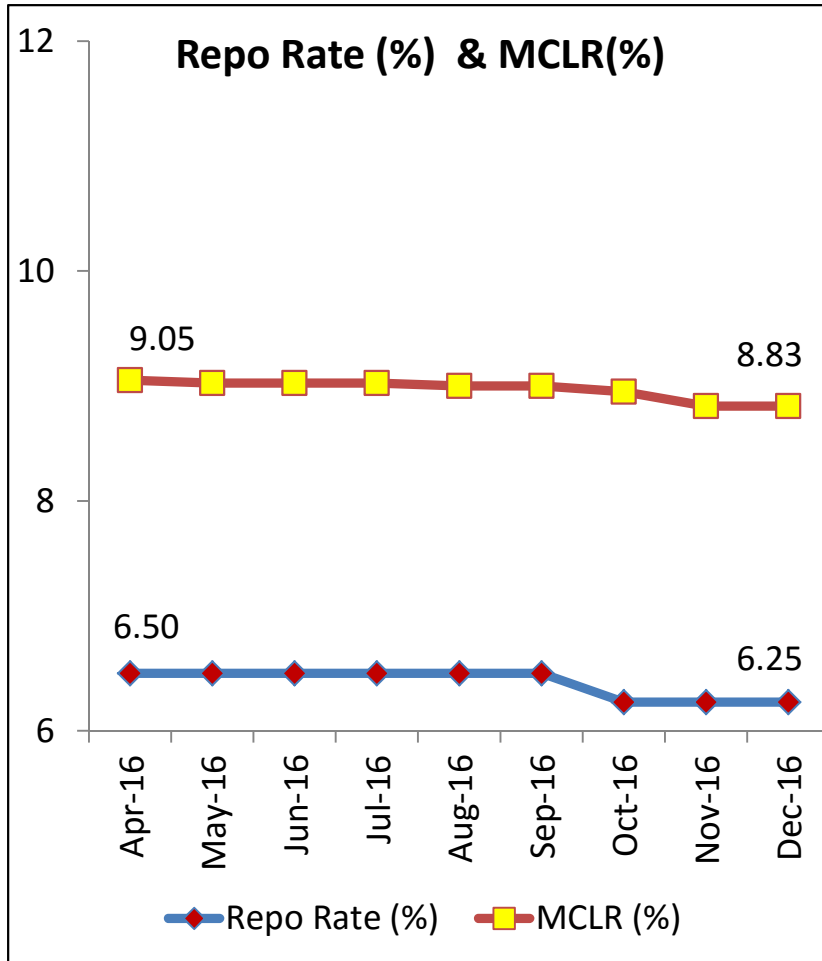
Source: RBI

# Economic Backdrop

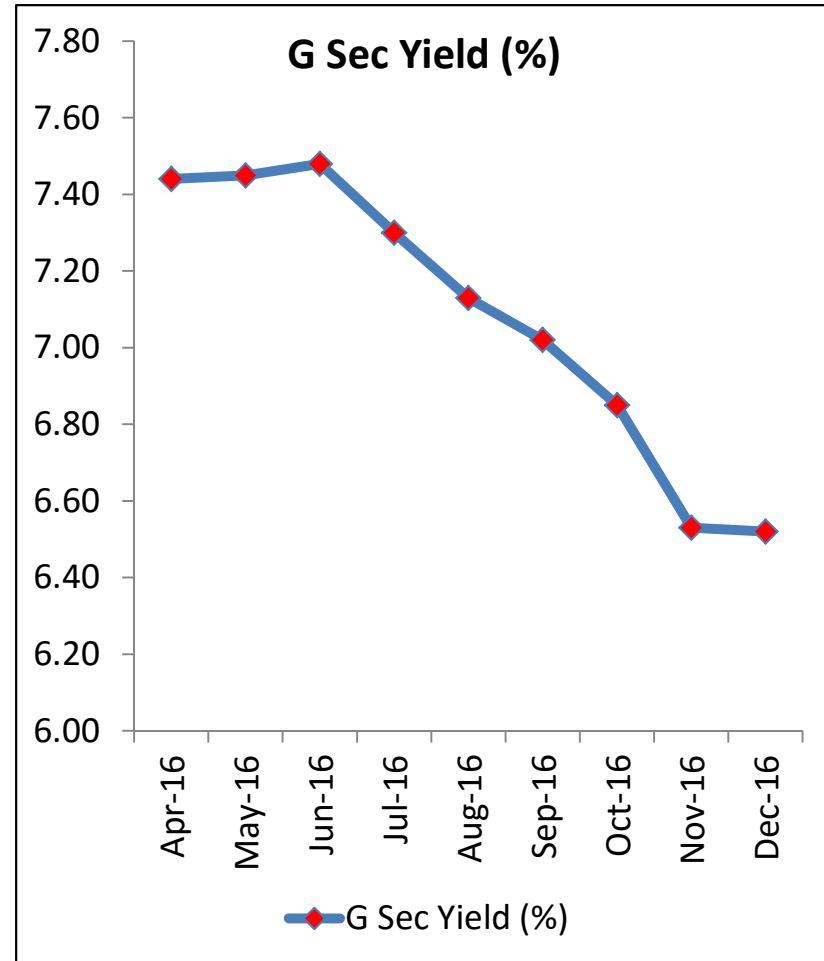


Source: RBI, SEBI

# Economic Backdrop



Source: RBI



Source: FIMMDA

# Economic Outlook for FY17

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- GDP growth has been affected post-demonetization and is expected to be lower at 6.7%-6.8% in FY17
- Inflation expected in the range of 4%
- Rupee to be in the range of Rs.69 due to higher foreign capital outflows
- Decline in capital formation
- RBI to maintain accommodative monetary policy stance
  - easing of interest rate by 25 bps is expected in February'17 or April'17

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Thank You