Press Release of CARE's Audited Financial Results for FY13

CARE Ratings announced its annual results for FY13 on Wednesday 15th May, 2013. The results were approved by the Board of Directors earlier in the day.

Moderation of growth over the past year has been a pertinent concern on the weakening of economic fundamentals of the country. Structural bottlenecks, slow policy movement, high interest rates on account of high inflation, declining growth in exports, low non-food credit growth, declining industrial growth and subdued demand for both consumption and investment has led to the systematic decline in the overall economic growth in FY13 which is projected by the CSO at 5.0% as against 6.2% last year. Gross fixed capital formation (GFCF, used as a proxy to investments) in FY13 (Apr–Dec) stood at 29.7% of GDP, lower than 31.0% in the corresponding period in FY12.

CARE Ratings has registered an impressive performance with the maintenance of profit margins at a time when both the industry and economic conditions were challenging. The credit rating industry was subdued due to low growth in the debt and credit markets mainly due to an economic slowdown.

During the fiscal year, CARE witnessed growth of 10.2% in total income with rating income growing by 11.5%. This was possible due to an increase in the total number of new assignments of 7,692 during FY13 as against 5,980 in FY12. Of this, the number of new clients (companies) increased from 2,119 in FY12 to 2,919 in FY13. The client base has also increased to 5,263 in FY13 as against 3,900 in FY12. The volume of debt rated stood at Rs 7.69 lakh crore in FY13 and cumulatively at Rs 48.51 lkh crore.

During FY13, total income was Rs 227.39 crore of which Rs 197.27 crore was from ratings; total income in FY12 stood at Rs 206.29 crore of which Rs 176.85 crore was from ratings. Total expenditure grew from Rs 54.89 crore in FY12 to Rs 64.88 crore in FY13. Staff expenditure which comprises around 78% of the total expenses increased to Rs 50.65 crore from Rs 42.24 crore in FY12. The total staff count was 565, up from 500 in FY12.

PBDT increased by 7.3% while net profit increased from Rs 107.54 crore in FY12 to Rs 113.33 crore in FY13. The profit margins were virtually maintained during the year with PBDT margin at 71.47% (73.39% in FY12) and net profit margin at 49.84% (52.13%).

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For the fourth quarter of the year, total income was Rs 71.40 crore and total expenditure Rs 19.52 crore yielding PBDT of Rs 51.88 crore and PAT of Rs 35.61 crore. PAT margin was 49.87% and PBDT margin 72.66%.

The Board of Directors has declared a onetime special dividend of 80% (Rs 8 per share) on completion of 20 years of Analytical Excellence by CARE Ratings in addition to 120% (Rs 12 per share) already paid as interim dividend for FY13. Hence, the aggregate dividend for the year comes to 200% i.e. Rs 20 per share.

During the year CARE Research launched a report on Valuation of 'Principal Protected Market Linked Debentures' (PPMLDs) – the first of its kind in the market. As the focus was also on the development of the SME segment, CARE also launched the SME Digest and introduced SME fundamental grading this year.

As a part of the brand building exercise, CARE held seminars - CARE Ratings Banking Summit in Mumbai and CARE Ratings Debt Market Summit in New Delhi. CARE Ratings was also listed on BSE and NSE on 26th December, 2012.

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