

Press Release

Mumbai (India), November 14, 2014

CARE Ratings, the second largest rating Company in India in terms of rating income in FY14, announced its results for the second quarter of FY15.

The second quarter performance was highlighted by an improvement in profit margins, with net profit margin increasing from 49.6% % in Q2-FY14 to 54.1% in Q2-FY15 and EBITDA margin moving from 75.0% to 76.4% during this period.

Improvement in profit margins was on account of a sustained increase in income from operations as well as other income relative to increase in expenditure. Diluted EPS for this quarter was also higher at Rs 17.96 compared with Rs 12.27 last year.

Net profit in the second quarter increased from Rs 35.05 crore to Rs 52.41 crore, an increase of 49.5%. This was enabled by growth of 13.8 % in income from operations, from Rs 65.28 crore to Rs 74.26 crore. This higher income came from both new ratings assignments as well as surveillance cases. Other income increased by 4.2 times from Rs 5.45 crore in Q2-FY14 to Rs 22.69 cr in Q2-FY15.

Total expenditure increased by 30.8% from Rs 18.48 crore to Rs 24.18 crore mainly due to an increase in the staff cost by 42.9% from Rs 11.71 crore to Rs 16.74 crore. Higher staff cost was due provision for ESOP cost and also increase in the staff count on account of continued focus on building the business team especially in the SME space.

On the business front, the volume of debt rated increased from Rs 1.84 lakh crore in Q2-FY14 to Rs 2.12 lakh crore in Q2-FY15. This came essentially from both the debt and bank loan segments. Total number of assignments completed in the quarter was 1655, with the average value per assignment increasing from Rs 84 crore in Q2-FY14 to Rs 128 crore in Q2-FY15. Since March 2014, the number of clients increased from 7,754 to 8,692.

In H1-FY15 total income rose by 27.6% from Rs 121.02 crore in H1-FY14 to Rs 154.46 crore. Total expenditure increased by 25.6% from Rs 38.37 crore to Rs 48.18 crore, leading to an increase of 29.8% in EBITDA from Rs 83.97 crore to Rs 108.95 crore. PAT rose by 33.1% from Rs 59.35 crore to Rs 79 crore.

The company had announced a special dividend of 650% in Q2-FY15 with the purpose of sharing the cash surpluses with the shareholders. Combining this with the interim dividend announced in Q1 of 60%, the total dividend paid so far is 710%.

Commenting on the performance of Q2-FY15, D.R. Dogra: Managing Director & CEO CARE Ratings said,

"Our performance has been steady in this quarter and we are hopeful that overall economic conditions will improve in the coming months. Some of the decisions taken by the government on the fiscal side as well as project clearances will materialize into higher investment this year. There are some signs of industry recovering which will help to revive the investment cycle, which in turn will be good for the credit rating industry.

We do continue to be focused on the shareholders as seen by the dividend of 710% paid so far this year which is an acknowledgement of the support provided by them."

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's global venture, which is a JV with 4 other global CRAs, 'ARC Ratings', has commenced operations.

The Company has its registered office in Mumbai, and branches in New Delhi, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Kolkata, Pune, Ahmedabad, Jaipur, Republic of Maldives.

*** In terms of rating income FY14**

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