

Mumbai, 15th November, 2017

Q2 FY18 and H1 FY18 Results

The Board of Directors of CARE Ratings approved the Q2 FY18 and H1 FY18 results in the Board Meeting held on Wednesday the 15th of November 2017.

Highlights: H1 FY18

- Rating Revenue increases by 10.9%
- Operating profit up by 10.7%, Operating profit margin improved from 67.9% to 68.2%
- Addition of 1,894 new clients in H1 FY18
- Total number of active client relationships at 16,188 as of September 30, 2017
- 2nd Interim dividend of Rs. 6/- per share declared
- 4,184 instruments rated during the quarter
- 6.70% increase in volume of fresh debt rated

Highlights: Q2 FY18

- Rating Revenue increases by 13.0%
- Operating profit up by 10.5%, Operating profit margin declined from 73.2% to 72.0% mainly on account of ESOP charge of Rs. 1.27 crore
- Addition of 1,077 new clients in Q2FY18
- 2,410 instruments rated during the quarter
- 11.0% increase in volume of fresh debt rated

The Indian Accounting Standards (Ind AS) became applicable to the Company from April 1, 2017. The current quarter results are prepared in accordance of Ind AS and the previous year / quarter results have been restated as per Ind AS.

Q2 FY18 has been characterized by moderate pick up in industrial growth and stable inflation which has caused RBI to lower the repo rate by 25 bps in August. While growth in bank credit remains weak, corporate bond issuances were slightly higher in the first half of the year though CP issuances were marginally lower. The two basic indicators of credit rating, MCR (Modified credit ratio) and CDQI (CARE Ratings' Debt Quality Index) remained stable in Q2. The results of CARE Ratings may be viewed against this background.

Rating income increased by 10.9% from Rs.137.19 crore in H1 FY17 to Rs.152.18 crore during H1 FY18 mainly due to new business and surveillance income. Total volume of fresh debt rated increased from Rs 6.70 lakh crore to Rs 7.14 lakh crore during this period with 4,184 instruments being rated. Other income decreased from Rs. 20.73 crore in H1 FY17 to Rs. 12.75 crores during H1 FY18 mainly due to Ind AS impact on accounting for fair value of investments.

Total expenses increased by 9.36% mainly on account of ESOP charge of Rs.1.27 crore, due to increase in SME marketing teams, brand building expenses.

Operating profit margin stood at 68.2% and Net Profit margin was 50.9%.

The Board has announced second interim dividend of Rs 6/- per share which when combined with the interim dividend of Rs.6 /- share for the first quarter cumulates to Rs 12/- share in the first half of the year.

Rating income increased by 13% from Rs.80.4 crore in Q2 FY17 to Rs. 90.9 crore during Q2 FY18 mainly due to new business and surveillance income.

Commenting on the results Rajesh Mokashi, MD & CEO, said, 'The macro economic conditions are largely stable presently and we do expect things to turn around in the second half, albeit gradually. While credit markets are still to pick-up momentum, the bond market and CP segments are relatively more active, which is good for the credit rating industry. We are hopeful that with industrial growth picking up, there will be commensurate increase in investment and funding demand which will make H2 FY18 more buoyant.'

Contact:

Rajesh Mokashi, MD & CEO 022-67543456

Chandresh Shah, CFO 022-67543456

ABOUT US

CARE Ratings (until recently called Credit Analysis and Research Limited), 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 now entered its 25th year 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 has a subsidiary CARE (Ratings) Africa Private Limited (CRAF) in Mauritius. The company have two wholly owned subsidiaries in Mumbai, India namely CARE Risk Solutions Private Limited and CARE Advisory Research & Training Limited. The Company has its registered office in Mumbai, and branches in Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune. The company has also established a subsidiary in Nepal, which is expected to commence operation in due course subject to regulatory approvals.

*** In terms of rating income FY17**