

Mumbai, 2nd November 2018

H1-FY19 Results

The Board of Directors of CARE Ratings approved the Q2-FY19 and H1-FY19 results in the Board Meeting held on Wednesday the 2nd of November 2018.

Consolidated Financial Results

CARE Ratings consolidated income from operations for the half year ended Sept 30 2018 is Rs. 156.65 crores as against Rs. 155.86 crores in the corresponding half year of previous financial year. Consolidated total income for the half year ended is Rs 168.66 crores as against Rs. 168.73 crores in the corresponding half year of previous financial year. Profit after tax moderated to Rs. 70.63 crores as against Rs. 82.84 crores in the corresponding H1 of previous financial year.

Standalone Financial Results

CARE Ratings standalone income from operations for the half year ended Sept 30 2018 is Rs. 151.01 crores as against Rs. 152.35 crores in the corresponding half year of previous financial year. Standalone total income for the half year ended is Rs 162.62 crores as against Rs. 165.10 crores in the corresponding half year of previous financial year. Profit after tax moderated to Rs. 71.94 crores as against Rs. 83.83 crores in the corresponding quarter of previous financial year.

The Board of Directors has declared second interim dividend of Rs. 6/- per share (of Rs. 10/- face value) for the quarter ended Sept 30, 2018.

Major factors affecting results of H1-FY19

The Company had changed the estimates for revenue recognition prospectively from FY18. Accordingly, some income booked in previous year is not available in the current year. The revenue for H1-FY18 was higher by Rs. 13.87 crore and PAT was higher by Rs. 9.98 crore in H1-FY18 on account of the above.

H1-FY19 includes ESOP charge of Rs. 7.17 crore as against Rs.1.27 crore in H1-FY18 resulting in higher expense.

H1-FY19 mark to market(MTM) gains on FMP's and Duration Product investment were lower as compared to MTM gains in H1-FY18. This has resulted in lower accrual of Other Income in H1-FY19.

Operational Data

The total debt rated by your company was Rs.8.13 Lakh Crores in H1-FY19 as against Rs.7.14 Lakh Crores in corresponding half year of previous financial year. This included Rs 2.75 Lakh Crores in bonds, Rs 3.54 Lakh Crores bank loans and Rs 1.84 Lakh Crores in short term ratings (including CPs) for H1-FY19.

H1FY19 has been characterized by contrasting pictures. While the real economy has shown signs of higher growth as depicted by the IIP which increased by 5.2% (2.3%) during the first 5 months of the year, activity in the debt and credit markets was subdued. Corporate debt issuances were lower while bank credit to manufacturing and services grew at negative rates over March this year. CP issuances were however higher during this period as there was movements from bank borrowings to this segment. CP issuances were Rs 13.6 lakh crore as against Rs 5.6 lakh cr last year. RBI had increased interest rates by 50 bps during this period and given a stance of 'calibrated tightening' for the rest of the year.

Commenting on the results Mr.Rajesh Mokashi, MD & CEO, said, 'The economy is going through challenging times of late and has to be monitored quite closely. The fructification of the consumer demand story this year combined with pick-up in private investment and resolution of the liquidity challenges witnessed of late along with stability in the forex market would hold the clue to future economic growth and hence, the prospects for the rating industry. We would be cautious about the outlook for the second half of the year, which against this backdrop, poses some challenges.

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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 completed 25 years 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 microfinance institutions, among others. The Company also provides issuer ratings and corporate governance ratings and offers rating of innovative debt instruments, such as REITs, expected loss (for infra), perpetual bonds etc. 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 and CARE Ratings Nepal Limited in Nepal. 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.

** In terms of rating income FY18*