
CARE Ratings Limited

Investor Presentation – Q3 & 9M FY19



CARE Ratings
Professional Risk Opinion

★ CELEBRATING ★
25
Years
★ ★ ★
Analytical Excellence

SAFE HARBOR STATEMENT

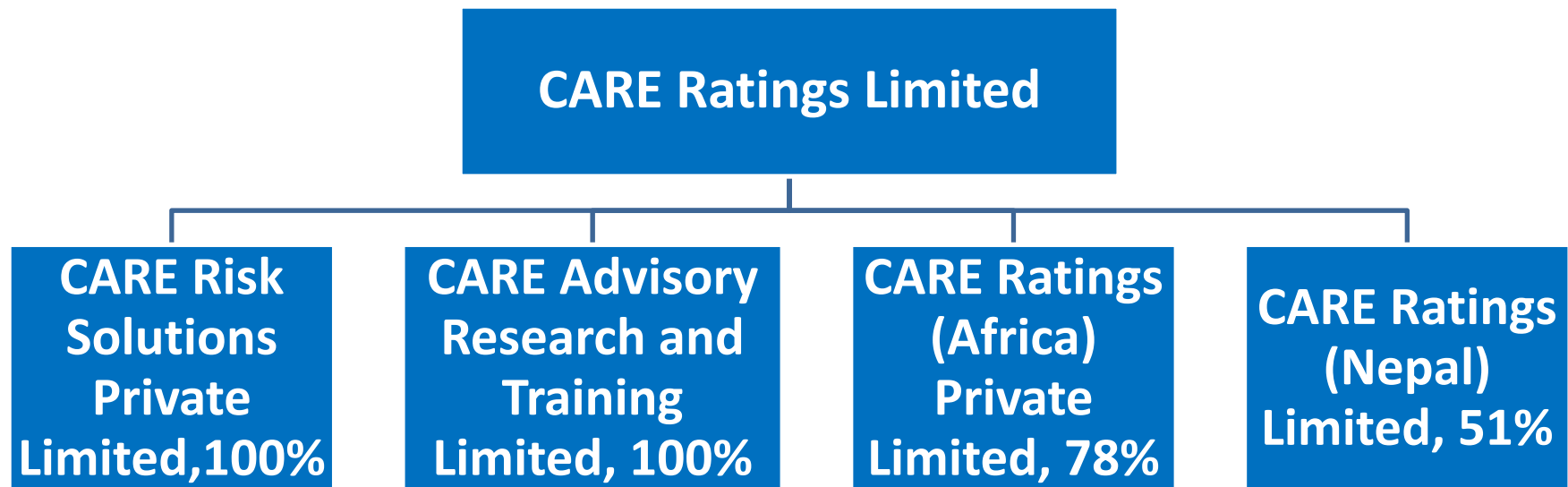
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CARE Ratings Group



Major Factors affecting results of 9M FY19

- Revenue estimate change impact of Rs. 18.11 crore resulting in higher operating income and Rs. 13.14 crore resulting in higher profit after tax has been adjusted in 9MFY18 (PY) column in the next two slide to make the performance comparable with current year.
- 9M FY19 includes ESOP charge of Rs. 9.85 crore (Rs.5.00 crore in 9MFY18) resulting in higher expense.
- NBFCs facing liquidity challenges

Highlights: 9M-FY19 (adjusted)

- **Growth in Financial Indicators (Consolidated)**

- Growth in Operating Income of 6.44% in 9M-FY19 over 9M-FY18 *
- Growth in Total Income of 7.30% over 9M-FY18 *
- Operating Profit margin at 53.64% and PAT margin at 40.50% in 9M-FY19 *

- **Growth in Financial Indicators(Standalone)**

- Growth in Operating Income of 3.3% in 9M-FY19 over 9M-FY18 *
- Growth in Total Income of 4.3% over 9M-FY18 *
- Operating Profit margin at 56.61% and PAT margin at 42.48% in 9M-FY19 *
- 2,393 new clients added during 9M-FY19
- Interim Dividend of Rs. 6 per share declared by Board

- **Business Profile**

- Total volume of debt rated stood at Rs 11.46 lakh crore in 9M-FY19 as against Rs 10.40 lakh crore in 9M-FY18
- Total number of instruments rated were 6,377

* The Company had changed the revenue recognition policy prospectively from FY18. Accordingly, some income booked in previous year is not available in current year. The revenue for 9M-FY18 is higher by Rs. 18.11 crore and PAT is higher by Rs. 13.14 crore in 9M-FY18. The slides in this presentation compares 9M-FY18 numbers excluding the impact of this change.

Adjusted Financials for analytical comparison

Particulars	Rs. Lakhs					
	Standalone			Consolidated		
	9M FY19	9M FY18	% Change	9M FY19	9M FY18	% Change
Revenue from Operations*	21,587	20,906	3.3%	22,955	21,566	6.4%
Total Expenses	8,381	7,269	15.3%	9,657	8,031	20.3%
Operating Profit *	13,206	13,637	-3.2%	13,298	13,535	-1.7%
ESOP Charge	985	500	97.1%	985	500	97.1%
Other Income	2,036	1,740	17.0%	2,078	1,764	17.8%
Profit Before Tax *	14,258	14,877	-4.2%	14,391	14,800	-2.8%
Provision for Tax	4,223	4,079	3.5%	4,254	4,077	4.3%
Profit After Tax *	10,035	10,798	-7.1%	10,138	10,723	-5.5%
Operating Profit margin (%)	61.18%	65.23%		57.93%	62.76%	
Operating Profit margin (%) (after ESOP)	56.61%	62.84%		53.64%	60.44%	
Profit Before Tax margin (%)	60.35%	65.69%		57.49%	63.44%	
Net Profit margin (%)	42.48%	47.68%		40.50%	45.96%	
Basic EPS for the quarter (Rs. per share)	34.06	36.65		34.41	36.40	

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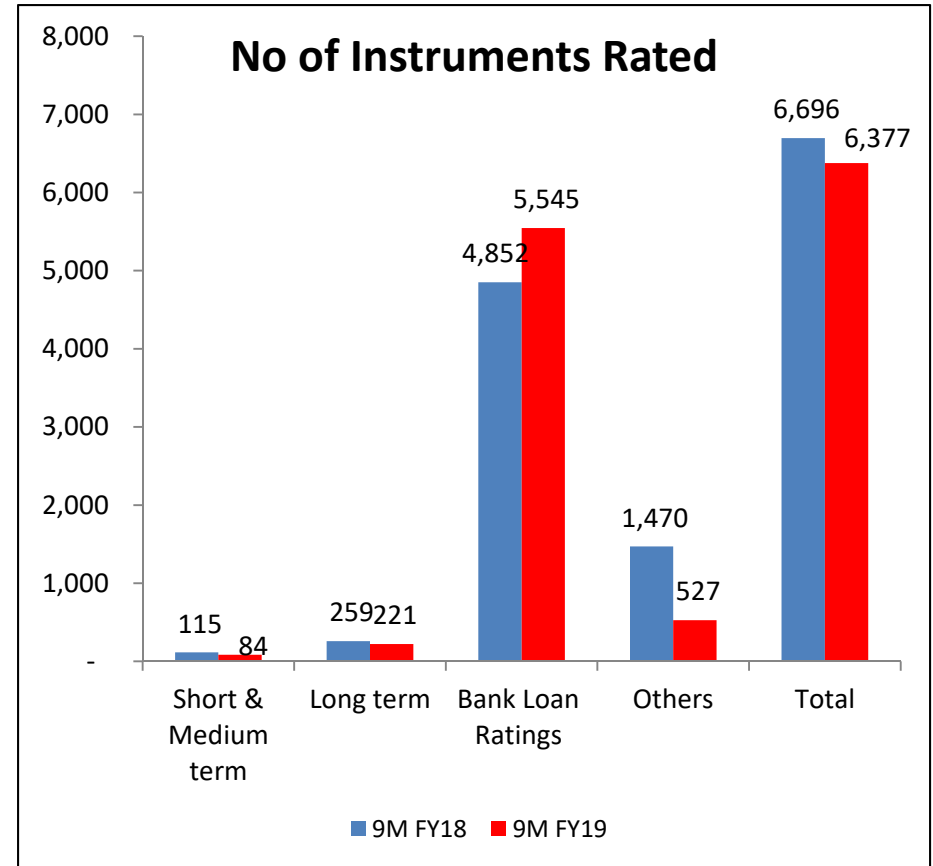
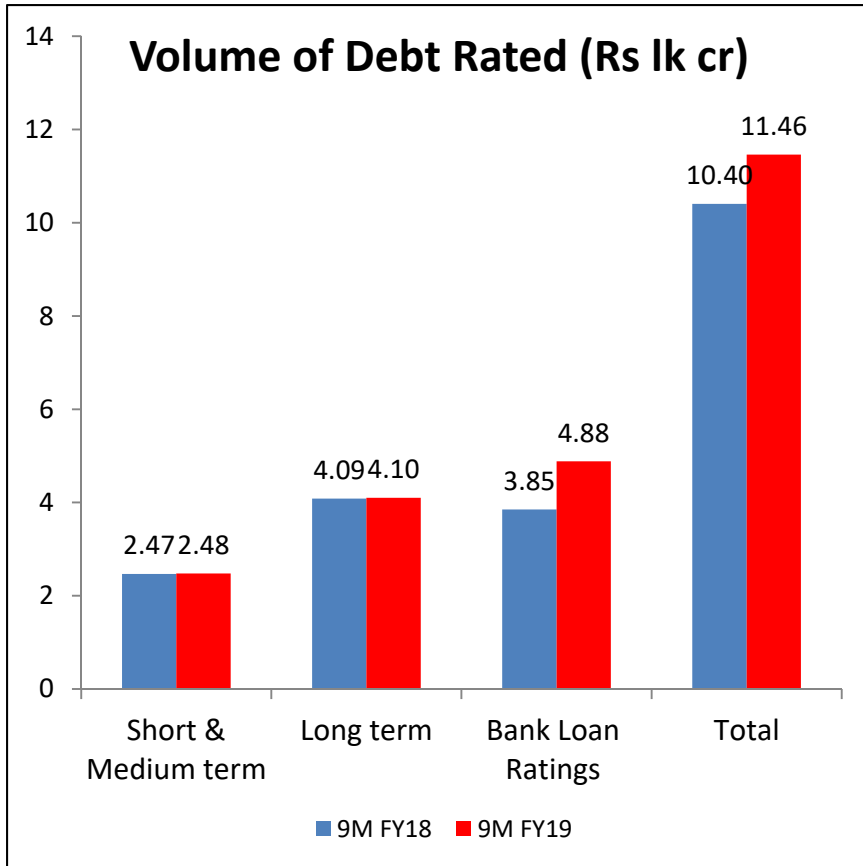
9M-FY19 Performance

(As per audited result published in 9M FY19)

Particulars	Rs. Lakhs					
	Standalone			Consolidated		
	9M FY19	9M FY18	% Change	9M FY19	9M FY18	% Change
Revenue from Operations	21,587	22,717	-4.97%	22,955	23,376	-1.80%
Total Expenses	8,381	7,269	15.29%	9,657	8,031	20.25%
Operating Profit (without ESOP)	13,206	15,448	-14.51%	13,298	15,346	-13.34%
ESOP Charge	985	500	97.06%	985	500	97.06%
Other Income	2,036	1,740	17.03%	2,078	1,764	17.79%
Profit Before Tax	14,258	16,688	-14.56%	14,391	16,610	-13.36%
Provision for Tax	4,223	4,575	-7.71%	4,254	4,575	-7.04%
Profit After Tax	10,035	12,112	-17.15%	10,138	12,035	-15.76%

Operating Profit margin (%)	56.61%	65.80%	53.64%	63.51%
Profit Before Tax margin (%)	60.35%	68.23%	57.49%	66.07%
Net Profit margin (%)	42.48%	49.53%	40.50%	47.87%
Basic EPS for the quarter (Rs. per share)	34.06	41.12	34.41	40.85

Business Performance: 9M-FY19

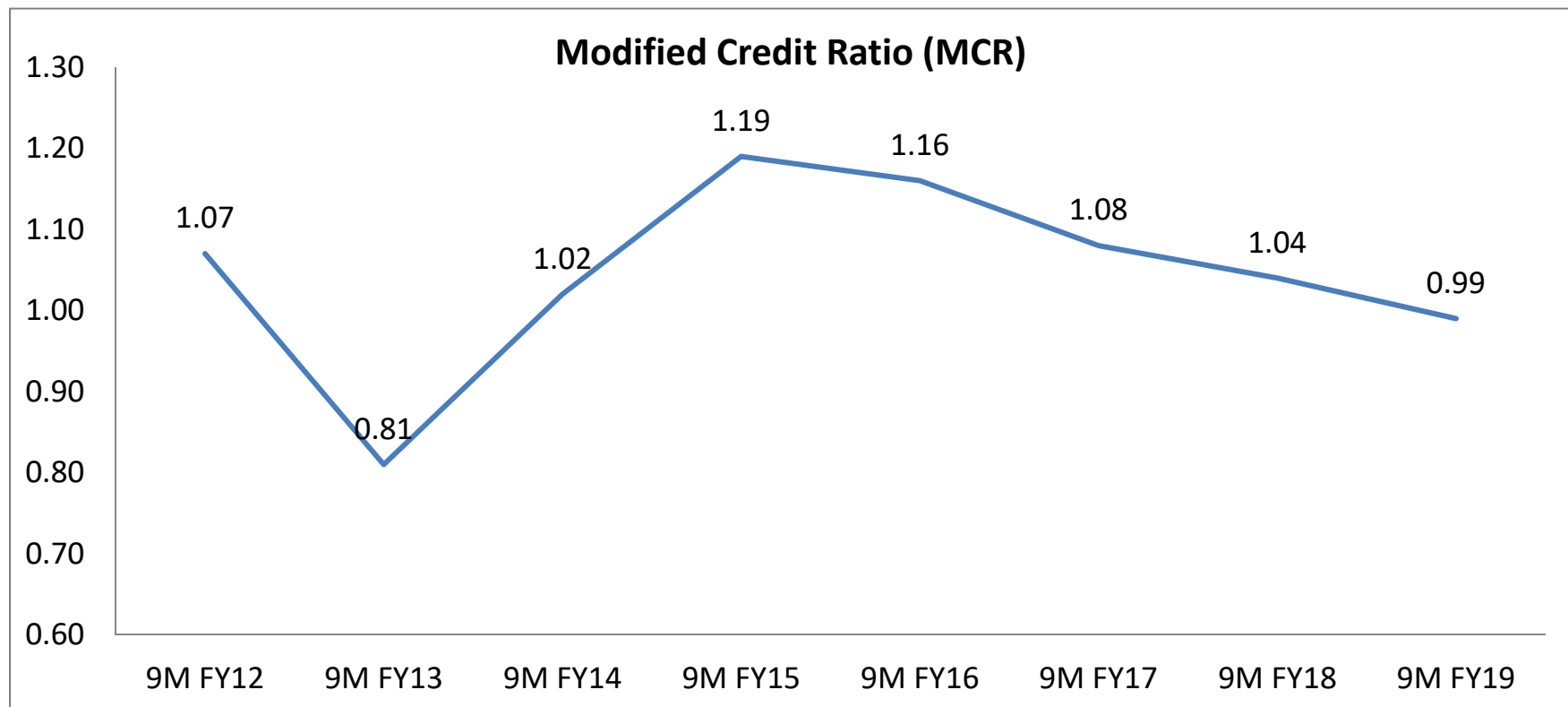


Others majorly came from NSIC/SSI grading, RESCO grading and SME Grading



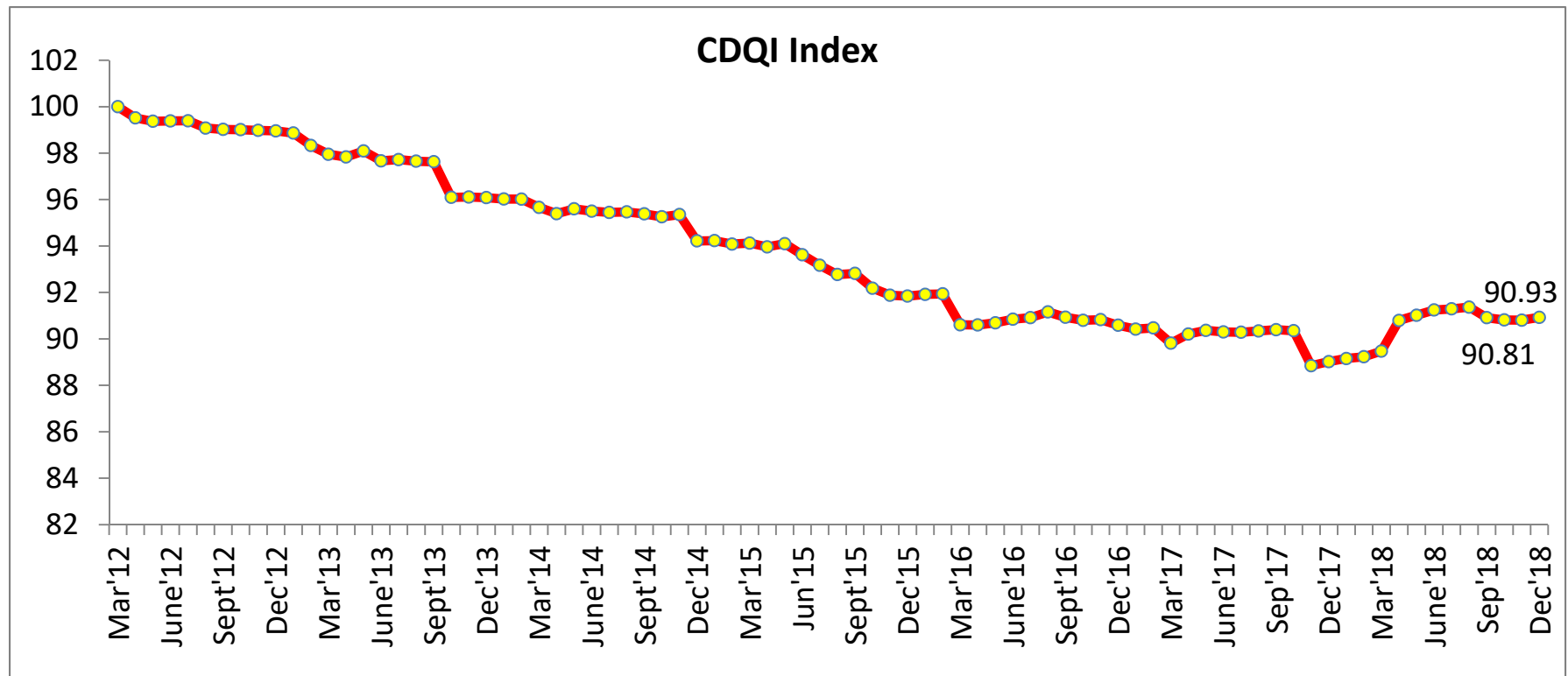
Rating Movement

The credit quality of the entities rated by CARE Ratings; as measured by CARE Ratings 'modified credit ratio' (MCR), for the first 9 months of the current fiscal year continues to be fairly stable. This indicates that a higher proportion of entities have seen their ratings being reaffirmed this year.

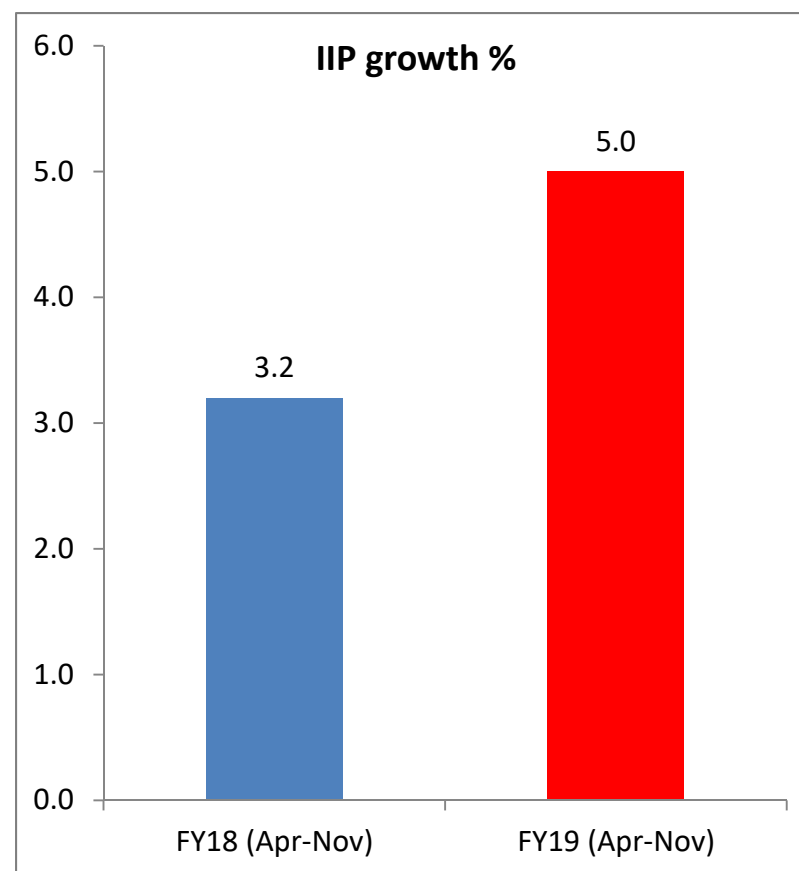
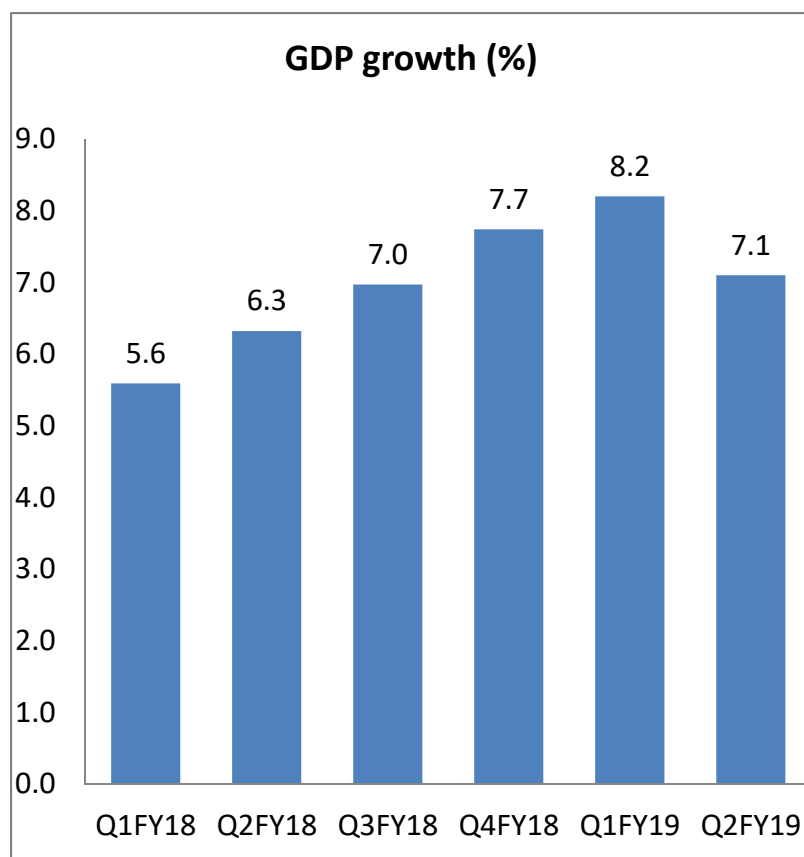


CARE Ratings Debt Quality Index (CDQI)

CDQI showed an improving trend in the nine months ended August 2018. However, it fell marginally in the months of September and October'18 and remained more or less stable in the month of November'18. Thereafter, it improved in the month of December.



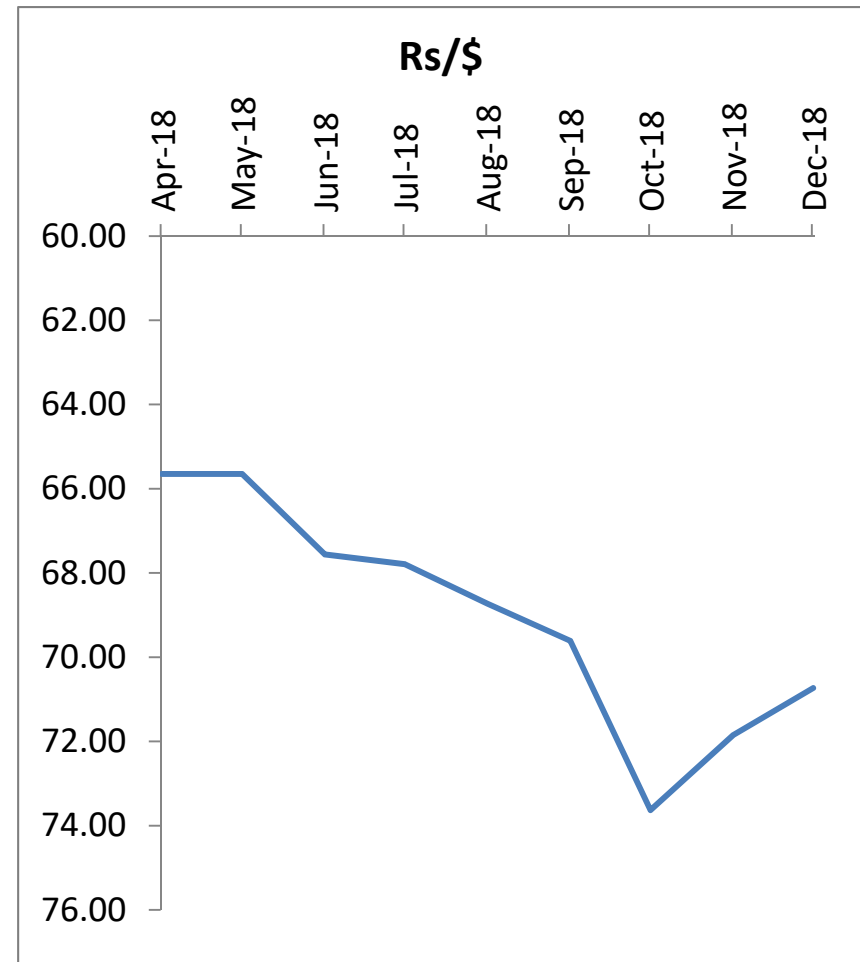
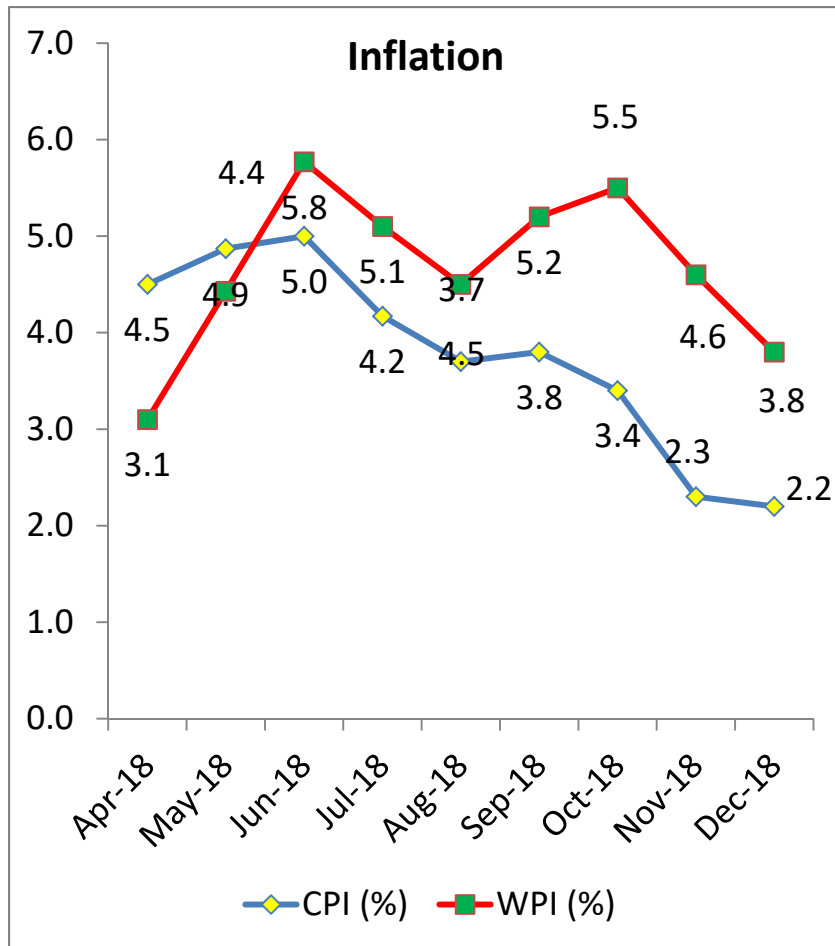
Economic Backdrop



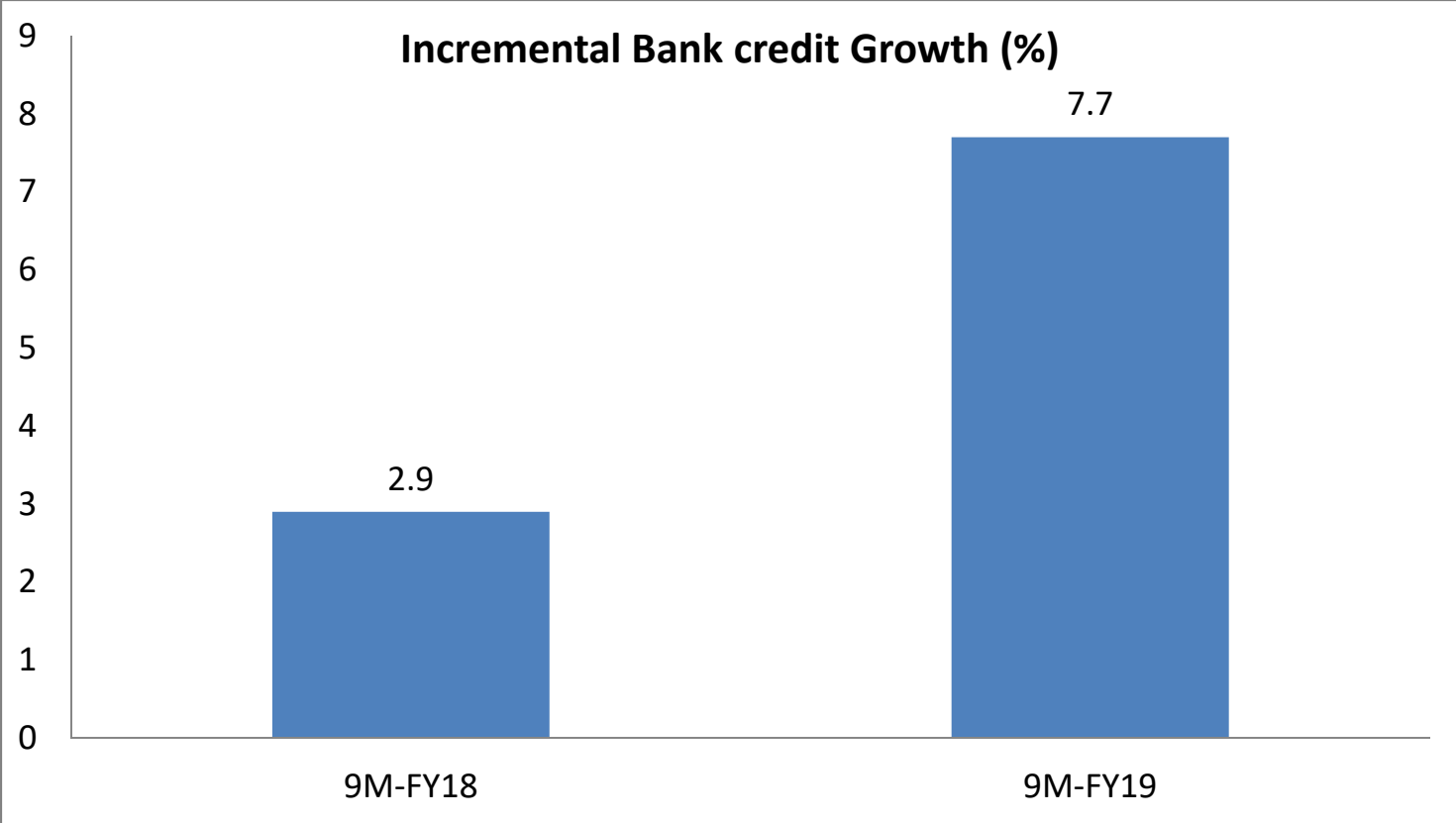
CSO has estimated 7.2% growth for FY19
We are expecting 7.4% for the fiscal year



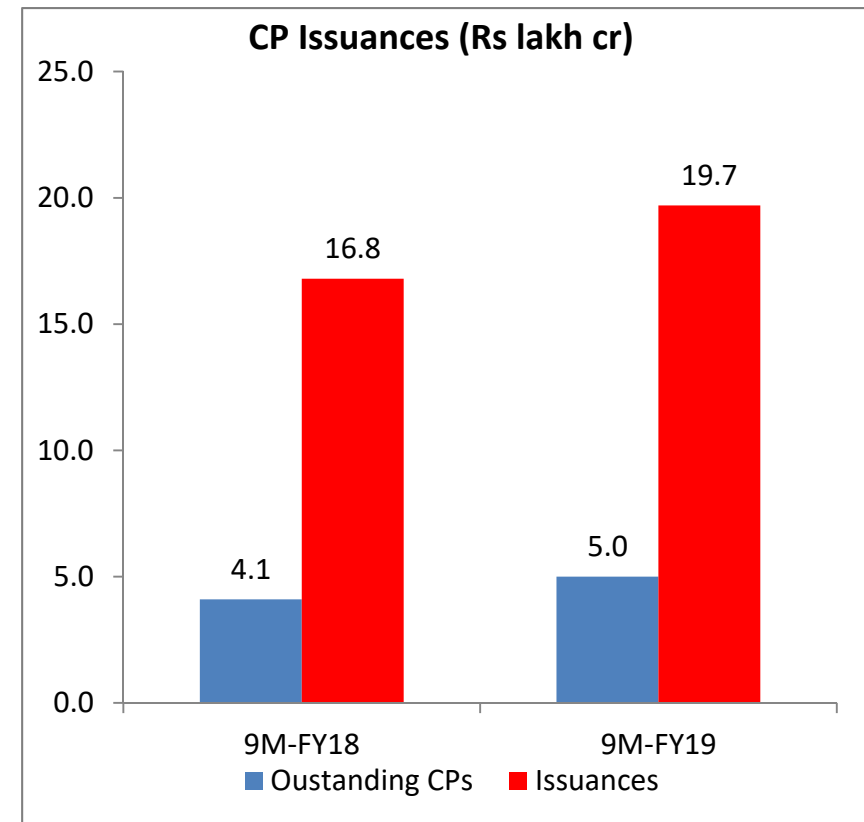
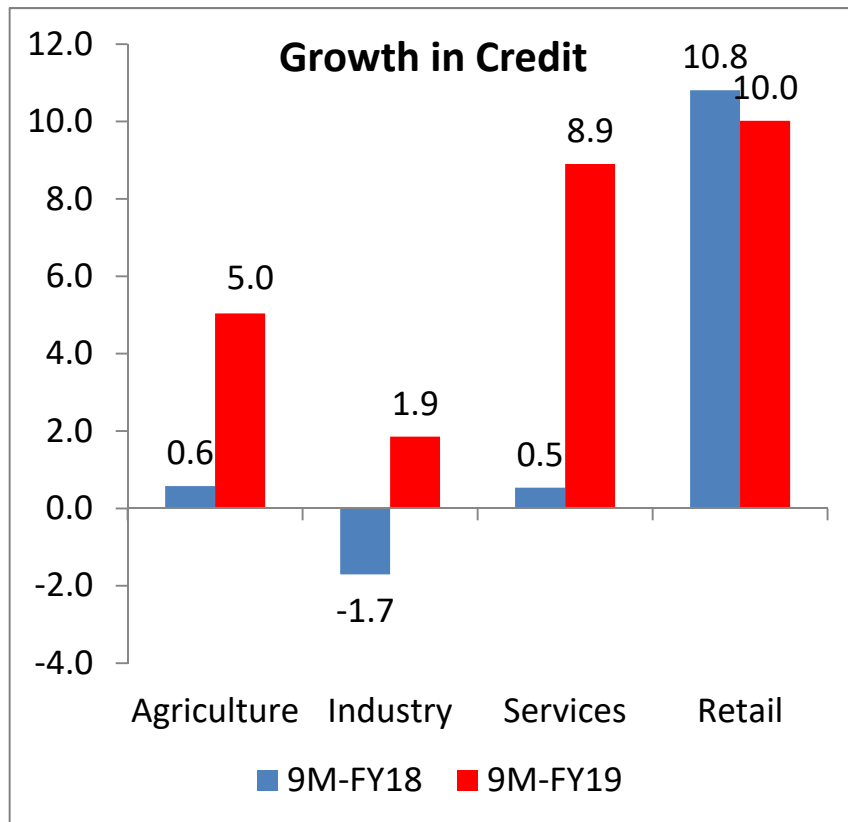
Economic Backdrop



Economic Backdrop



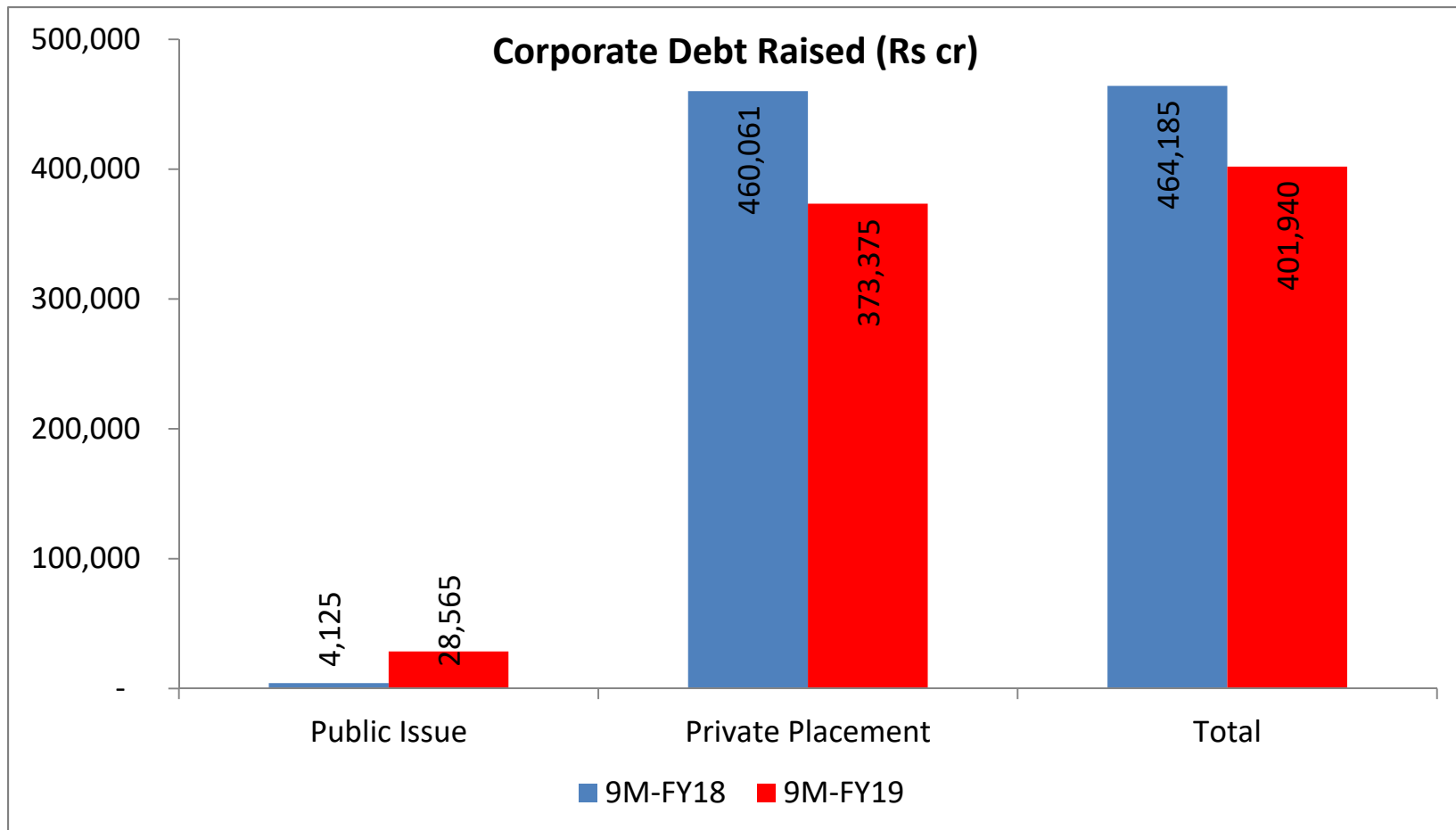
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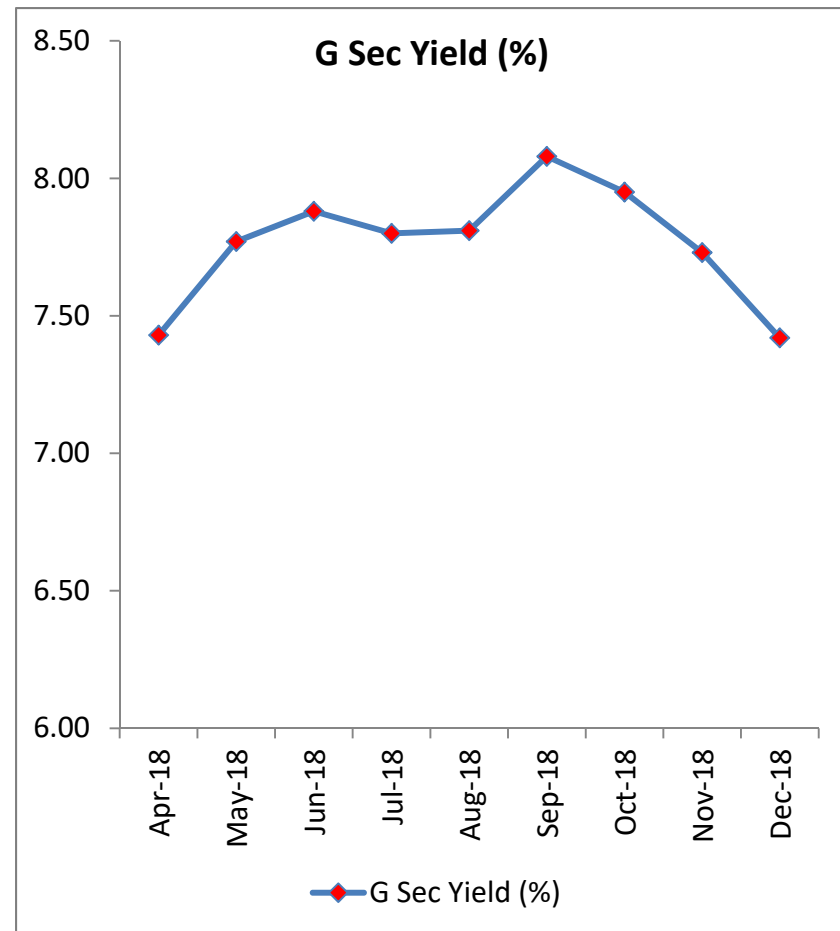
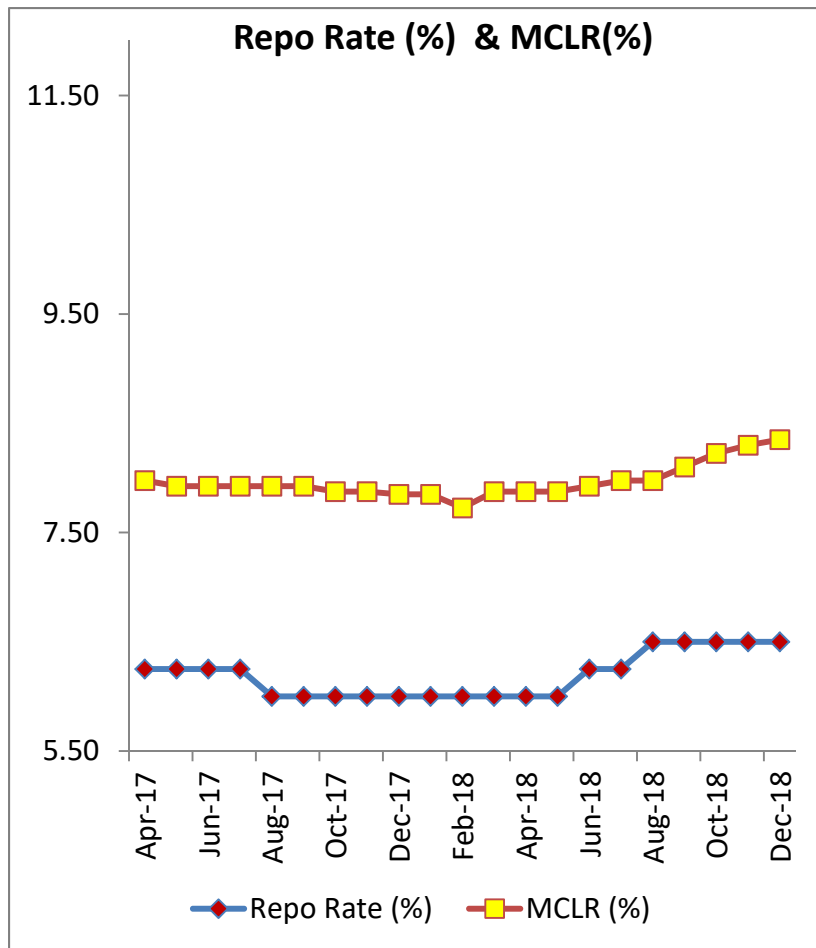
Mfg+services has grown by 1.6% in Q3 over September'18

CP issuances for Q3 FY19 are Rs. 6.12 lakh crore, 3% lower than Rs. 6.30 lakh crore in Q3FY18

Economic Backdrop



Economic Backdrop



Economy Overview

Positives

- Industrial output up
- Core sector growth up
- Easing inflation
- Expected improvement in GDP growth
- Increasing bank credit off take
- Commercial Paper issuances rose

Negatives

- high interest rates
- FPI flows were negative in Sept'18, Oct'18. Turned positive in Nov'18, Dec'18. Jan'19 witnessed outflows
- Fall in debt issuances

Economic Outlook for FY19

- GDP growth is expected to be around ~7.4% in FY19
- Inflation expected to be around 3-3.2% by March end
- Rupee to be in the range of Rs.70-71/\$
- Reduction in repo rate by 25-50 bps in FY20.

Thank You

