

Mumbai, 11th February 2019

Nine months ended December 2018 Results

The Board of Directors of CARE Ratings approved the quarter ended December 2018 and nine months ended December 2018 results in the Board Meeting held on Monday the 11th of February 2019.

Consolidated Financial Results

CARE Ratings consolidated income from operations for the nine months ended Dec 31 2018 is Rs. 229.55 crores as against Rs. 233.76 crores in the corresponding nine months of previous financial year. Consolidated total income for the nine months ended Dec 31 2018 is Rs 250.33 crores as against Rs. 251.41 crores in the corresponding nine months of previous financial year. Profit after tax moderated to Rs. 101.38 crores as against Rs. 120.35 crores in the corresponding nine months of previous financial year.

Standalone Financial Results

CARE Ratings standalone income from operations for the nine months ended Dec 31 2018 is Rs. 215.87 crores as against Rs. 227.17 crores in the corresponding nine month of previous financial year. Standalone total income for the nine months ended Dec 31 2018 is Rs 236.23 crores as against Rs. 244.57 crores in the corresponding nine months of previous financial year. Profit after tax moderated to Rs. 100.35 crores as against Rs. 121.12 crores in the corresponding nine months of previous financial year.

The Board of Directors has declared third interim dividend of Rs. 6/- per share (of Rs. 10/- face value) for the quarter ended December 31, 2018.

Major factors affecting results of Nine months ended December 2018

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 nine months ended December 2017 was higher by Rs. 18.11 crore and PAT was higher by Rs. 13.14 crore in nine months ended December 2017 on account of the above.

Nine months ended December 2018 includes ESOP charge of Rs. 9.85 crore (Rs.5.00 crore in nine months ended December 2017) resulting in higher expense.

NBFCs facing liquidity challenges.

Operational Data

The total debt rated by your company was Rs.11.46 Lakh Crores in nine months ended December 2018 as against Rs.10.40 Lakh Crores in corresponding nine months of previous financial year. This included Rs 4.10 Lakh Crores in bonds, Rs 4.88 Lakh Crores bank loans and Rs 2.48 Lakh Crores in short term ratings (including CPs) for nine months ended December 2018.

Economic backdrop

The first nine months of the year were quite challenging especially in Q3 when the system confronted a liquidity issue on the NBFC front. With support coming from the RBI through liquidity measures to augment flow of funds to this sector, stability was achieved gradually. However, the overall flow of funds in the economy was affected in a disparate manner.

Total corporate debt raised in the market was lower during the first 9 months at Rs 4 lakh crore as against Rs 4.6 lakh crore last year. Overall growth in bank credit during this period over March was 7.7% as against 2.9% last year. However, growth in credit to industry was 1.9% (-1.7%) while that to services was 8.9% (0.5%). Outstanding CPs increased by 35.1% during this period.

The RBI had also increased interest rates during the year and maintained a stance of calibrated tightening of the repo rate in the December policy. The performance of your company needs to be viewed against this background.

Management view

Commenting on the results Rajesh Mokashi, MD & CEO, said, 'The third quarter has been particularly challenging for the financial sector with the liquidity challenges affecting overall borrowing activity. On the positive side we do see the situation normalizing following the effective measures taken by the central bank. While Q4 macro-economic conditions should be better, we would take a conservative view on incremental growth in credit as well as debt issuances with the market still taking a wait and watch stance till the run up to the Elections.'

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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*