



## “CARE Ratings Q3 Financial Year 2016 Earning Conference Call”

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**Moderator:** Ladies and gentlemen good morning and welcome to CARE Q3 FY2016 Earnings Conference Call, hosted by Edelweiss Securities Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Shradha Sheth. Thank you and over to you Madam!

**Shradha Sheth:** Thank you Lizan. On behalf of Edelweiss, let me welcome you all to the Q3 FY2016 earnings call of CARE. From the management today we have, Mr. D. R. Dogra, the Managing Director and the team. So without any further ado I will hand over the call to Mr. Dogra for his initial comments, post which we will open the floor for Q&A. Thank you and over to you Sir.

**D. R. Dogra:** Thank you Shraddha and thank you Lizan. Good morning friends and welcome to this con call on CARE Ratings Q3 Results. I know we are a bit late in having this conversation but coordinating dates with our own schedules as well as certain market events such as credit policy with this call, it takes time to match given that you analysts and investors have to also attend to other such calls. I would like to thank Shraddha from Edelweiss for making this happen today, which though three working days after we have announced our results should hopefully be useful to you. Thank you again Shraddha.

We have circulated the presentation to you in advance and hope you have had time to study the same. For the sake of brevity let me just start with some highlights of performance and then present my thoughts on these numbers, after which we can take questions. I shall keep more time to reply to your queries as we have a time slot of just one hour today.

Given the nature of our business we have surveillance income as dominant as initial fee income. The accurate way to look at our numbers is on a cumulative basis hence let me turn attention to the nine-month results.

First, our rating income increased by 5.5% while expenses came down by 2.8% leading to 11.7% growth in the operating profit. Other income came down by 84.8% by 34 Crores, net profit declined by 21.9% on account of decline in other income. If you look at what kind of margins have accrued on our core business it remains impressive at 61.8% for nine-month ended December 2015 as against 58.5% last year. Net profit margin has come down from 47.9% to 42% due to decline in other investment income.

Our Q3 results mimic those for the cumulative period and even though rating income went up by just 1% on account of sharper fall in expenses and smaller decrease in other income both operating and net profit margins has improved. Therefore Q3 presents a better picture in terms of profit margins. The numbers are in presentation on slide #7.

Now let me share some thoughts with you on these numbers.

First our business income comes from two fronts. One is initial rating and the other is surveillance. Our initial income depends on how the economy and markets fare which is the 'pull factor' and also our own efforts at garnering a larger share of the market which is the 'push factor'. For the first, we can do only as much as is available in the market. Hence, while the corporate debt market has had higher issuances, with the financial sector dominating along with some big infra companies where the fee is capped, we did not see a commensurate increase in our revenue. Hence any renegotiation of fee would be only in next year in most cases.

On the 'push factor' we have been successful to an extent as can be seen that both the number of assignments as well as amount of debt rated has gone up smartly. However, growth in bank credit to industry and services, which is what enters our universe that can be potentially rated, is low at 1.4% and 3.2% over March compared with retail which is up by 14%.

Notwithstanding this sluggish increase, in volume terms it is the bank loan ratings that have fetched these higher numbers in our business volumes to a large extent. Now here, given that the larger loans are already rated, we have had to scout for the smaller tickets where the fees are also typically lower. Also as you are aware, the NSIC-SME rating basket has diminished significantly this year and while some of our other grading products like ITI and MFIs have provided some compensation, overall there has been a decline in the number of assignments in this pool.

An important issue which I am sure you all have in mind is the decline in our other income which has actually been responsible for a decline in our net profit in these 9 months. The answer is twofold which I shall elaborate on now.

1. The pool of investible surplus has come down after the special dividend payment in FY15 by almost Rs. 220 crores. We have also stepped up dividend payout post listing.
2. We follow a prudent practice of investing in Fixed Maturity Plans (where we need to stay invested for 3 years to lower our tax outgo), in Equity MFs, Duration Products, etc. income on which is booked only on redemption / maturity.

What I would like to impress on you, friends, is that there is no loss of income but only timing difference in recognition of income from these investments.

I would like to address two more issues before I conclude.

One is the general credit profile. It looks just about stable and one indicator that we track, the MCR has moved to 1.11 – marginally down in 9M-FY16 from 1.14 last year. Even though it is higher than 1, it should ideally be increasing. This appears to be in consonance with the state of the banking sector where there is stress still on NPAs. Also our own CARE Ratings Debt Quality Index (CDQI) which tracks the debt quality of a sample of around 1500 companies every month, shows a decline which gives a sense that there is still stress in terms of credit rating.

The second is the future prospects for the fourth quarter. Our business is linked to the macros and we may not see much happening as even the government would be recasting its options to align fiscal objectives. In this situation we may not expect major investments coming from private sector which is still waiting for signals. The RBI a couple of days back has pointed out that there has not quite been a major change in the stalled projects movement even though there are some signs of fructification of some of them. Also we do not expect the RBI to lower rates this quarter as inflation still is in the relatively higher zone of 5-6%.

Therefore, the economy would be more on the cautious side for the rest of the year, and we will work to make the most from what is there for us. Thank you very much. I think we are open for questions now.

**Moderator:** Thank you. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Praveen Sahay from B&K Securities. Please go ahead.

**Praveen Sahay:** Good morning. Sir I have just two questions, one obviously the bank credit growth is quite at the lower trajectory for quite long and the debt volume is increasing as you had mentioned from the capped clients line infra or the financial institutions. Going ahead from where we are expecting for us the growth will come from?

**D. R. Dogra:** I think I have been impressing on one thing for quite long time that we are waiting for corporate debt market to develop and that will happen the moment investment in infrastructure and manufacturing space starts coming in because I do not think banks have leeway to lend to infrastructure for long-term and the amount which infrastructure and manufacturing sector requires. So naturally even if corporate debt market may not be that deep, in the time to come but we expect that FY 2017 the investments should start pouring in first in infrastructure and there would be cascading to the manufacturing, if that happens certainly that would be the one area where we think and second is the general increase in working capital facilities enhancement in the bank facilities for the existing clients so you have announcements coming in, in addition to surveillances so more or less I think that is the space where we have to focus majorly in years to come.

**Praveen Sahay:** Just to contrast to this I can see this even now though the bank credit growth is lower our bank loan rating in the instruments - why it is increasing quite continuously for a quarter-and-quarter so from where we are getting more numbers?

**D. R. Dogra:** I think I have been taking this stand that penetration of rating agencies in the market is still not 80% or 90%. We have still clients who are still not rated. So I think that is what we have seen, that have more number of clients, of course the per unit revenue has come down but number of new clients brought has increased we have added 660 clients in this quarter itself.

**Praveen Sahay:** So you mean to say that there is a lot of unrated entities are still there in the market and from there we will?

**D. R. Dogra:** Two kinds of things there are some unrated and there are some who become eligible for rating because the rating is required as per RBI for 10 Crores exposure, because I was 8 Crores and limits has increased to 10 Crores I have to go for a rating. Some of the banks on their own have gone for 5 Crores exposures to get rating. So even those who were 4 last time and become 5 this time and are in the 'banking system rating' have to come for a rating. So all these people are coming for rating at this point of time.

**Praveen Sahay:** The second question related to the MOU we signed with the Japan credit rating agency so how it is going to help us or contribute in Care's revenue?

**D. R. Dogra:** See you know it, in our market we compete with the ratings agencies who have international rating agencies as their promoter. Actually we are the only one who does not have; of course we own a company known as ARC Rating. But ARC Rating will take time to have that kind of a strong brand in international markets. So JCR is a company they are recognized by the SEC for quite long time. So they are in America and are also recognized by ESMA. Our ARC is also recognized by ESMA. But JCR is there for a quite long time plus the Japanese market has so many companies now who would certainly be looking at India. Japan attracts I think Indian companies because their interest rates in Japan are quite low I think some Samurai bonds could be one of the good opportunities for Indian corporates to go there. So certainly we can bring JCR in touch with our clients who require international borrowings through Japanese route. That is one of the intention we have. Similarly a lot of Japanese companies are coming in India; so lot of Japanese companies are coming to India to setup under make in India program. You know many other companies are lined up to come to India and I think for most of them JCR is the dominant rating agency in Japan. There are only two rating agencies there other than the international rating agencies: JCR and RNI, and JCR is bigger one. So most of these clients could be to the clients of JCR to come to India and naturally they will refer those clients to us if people raise money in India.

**Praveen Sahay:** Thank you Sir, if I have more questions I will come in the queue.

**Moderator:** Thank you. The next question is from the line of Sameer Kapadia from Fortune Inter Finance. Please go ahead.

**Sameer Kapadia:** Basically I understand that your revenue is not picking up because of the macroeconomic environment out over there, but then is it something again the SME segment is slowing down and with the focus is now again we are shifting towards the main core rating if I understand it right?

**D. R. Dogra:** You are right, see we were a main core rating agency earlier and I think we have again turned out to be a main core rating agency again because in SME segment we had built good infrastructure to handle SME work but unfortunately SME work has reduced because subsidy has been reduced

significantly though we are not affected to that extent because we were not very well in neck deep in SME. But you know there are others who have this kind of problem also. But whatever we were doing last time we did around 1250 SME in nine-months we did around 1250 NSIC cases; this time we have done only 550 so we are also affected to that extent, so we have to cope up in every where that loss also we have recouped with the large corporate ratings.

**Sameer Kapadia:** So do you see in the upcoming budget any provision to be made again for like in regards with the SME?

**D. R. Dogra:** See we are looking forward but we really do not know what is cooking in this new government. They are of the mind they have to reduce subsidies. So in this scenario to expect higher subsidy is difficult though all of us had made a case and though I am an interested party this subsidy I do not think is a waste subsidy, but it depends on the government so nothing can be said on this.

**Sameer Kapadia:** In terms of now the scenario has become that while corporates are reducing their debt especially even the banks are bit cautious in terms of lending do you see in the near-term the credit growth be increasing?

**D. R. Dogra:** No we still feel that if anybody has to put money I think it is India because you look at the growth even of 7%, 7.5% growth in value term it is not a small number the kind of return which anyone can get in India I do not think it is available outside anywhere. So I think money has to come and investment has to start and if that happens credit growth will also happen. But it is only a matter of time and I think the government has taken several steps to address all bottlenecks in infrastructure space and this space is one where you do not have demand issues. Also of course in manufacturing you can say that when your capacities are 70% utilized how can you go and setup further capacity, but in infrastructure you don't have those problems and it is in infrastructure all money you need both private sectors, the government will also put in money. So I think there is a clear case for infrastructure investment to start and clear case for rating agencies to get business.

**Sameer Kapadia:** Just because from a couple of quarters we have been hearing that investment cycle would pickup but that has not happening and getting postponed every quarter, so just wanted to get sense actually in terms of how is the scenario has been and thank you so very much.

**Moderator:** Thank you. The next question is from the line of Kaushal Patel from India Nivesh. Please go ahead.

**Kaushal Patel:** Good morning Sir. First question is towards our headcount of employees, in last three quarters it has been reducing and I think even in this quarter it was reduced by I think 15% so it is only the result of SME business or because that is something some strategy we are deploying there what we have to take on that?

- D. R. Dogra:** The net decrease certainly would be because of SMEs though SME we had a much bigger strength but we have redeployed these people in the large corporate segment. Some of these people in the large corporate side, but in other side the large corporate side there are resignations and there are replacements so I do not think net deficit is only because of SMEs. All other business as you are seeing are growing, so I do not think we can cut staff on those sides in SME only we will have to reduce staff and that we have done.
- Kaushal Patel:** Even going forward it will remain around what had effect current level.
- D. R. Dogra:** Kaushal, if really infrastructure investment starts we will have to bring people because these people to handle work and if you have around 7000, 8000 new assignments in a year you have to do surveillance for those cases, last year we were handling 9000 and odd surveillance and this year we will have to address a 11000 surveillances. So we need more people.
- Kaushal Patel:** Another question is on other income side as you already mentioned the reasons like why it has been reduced, so what I will like to ask is that you have just postponed but there is nothing on the loss side, so it may come in FY2018 so what I believe that from FY2019 it should be normalized.
- D. R. Dogra:** It depends on tax rules and policy suppose I find that fixed maturity plan for three years is a much tax efficient investment, I will certainly put again in three years so again for three years you would not see any return from that part which goes in FMPs, it has some taxation savings that is what we see, because we cannot put money in ICDs or corporates or equities because of we have big interest as rating agency. So we have to go for such opportunities. You cannot put money in the bank deposit because real return is nothing so we will have to look for such avenues it depends what happens actually.
- Kaushal Patel:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Alok Shah from Centrum Broking. Please go ahead.
- Alok Shah:** Good morning Sir. Thanks for the opportunity. I have a couple of questions and first I probably ask on the employee count. Now you said that there is kind of some reduction and realignment of team in the SME and large corporate sectors. My question here is, is that work even the peers are doing within there for their team I am talking about the larger players are they also kind of reducing their headcounts on the SME side?
- D. R. Dogra:** I would not know this but I would not like to comment on this. But everybody does not follow the model, which we have. For example our due diligence is done in-house, due diligence 100% in-house. Business development, yes we have third party associates who bring business to us but then we have our own business development teams at each location where we are there, but that is not the case with all others. So all others would not be affected to that extent because if somebody was doing due diligence with the third party they do not have to do anything there, they

have to just stop that MOU that is all, whereas in our case since we were doing everything in ourselves and as there is no work we have to let these people go or redeploy them depending on the skill set and our requirements in LME.

**Alok Shah:** The second question here is in terms of our revenue growth versus volume growth now we probably could end up sub-10% revenue growth for all of FY2016 now is there any kind of pricing that we can expect in FY2017 because volume growth has been far to respectable for us and that is even outstripping their systemic volume growth, can FY2017 really see an element of improvement in pricing on both BLR and non-BLR?

**D. R. Dogra:** Pricing I do not think, the market is quite competitive, but if corporate debt market works better that is what we are expecting in 2017 then there would not be a problem. See corporate debt pricing is not that price sensitive market whereas bank loan market is very price sensitive market. So if we do more bank loans certainly you will be affected by the pricing pressures but if you get traction in the corporate debt segment you know it that everybody cannot do those ratings only few of us can do those ratings.

**Alok Shah:** Because a look at FY2015 numbers there was still an respectable revenue growth to the volume growth that you did?

**D. R. Dogra:** Yes, see it is more because of the small ticket more number of small ticket assignments and not many corporate debts, as new assignments. See we have done good number of corporate debt assignments also this time but unfortunately most of them are on the cap. So you do those ratings and they add to the volumes but they do not add to your value revenues because of your fee cap issue.

**Alok Shah:** On this point on the fee cap client is there an element of increase every year or now going by the past trend or does it remain the same like Rs.10 Lakh of fee from a particular account like it is Rs.10 Lakh but has remain 10 Lakh for last two, three years or there is an element increment that depends to that?

**D. R. Dogra:** Yes, it is a matter what the fee cap with certain client is and what kind of volume he has offered. Certainly if he keeps on increasing volume of debt rated (by that client goes on increasing every year) we cannot stay put on fee cap. We will have to renegotiate fee cap. And most of these clients have also more than one rating, so we are also affected by the fee cap by the other rating agencies. That is also the reality of this world, but what we normally expect in case of normal clients this is supposed his borrowing goes up by say 15% we should at least get 5%, 10% increase in cap.

**Alok Shah:** I was asking going as a past trend looking at FY 2013, 2014, 2015 we would have seen an increase in the pricing for fee cap client in the parallel they could have happened for fee cap clients?



- D. R. Dogra:** See if there were lots of corporate get issuances in these cases yes that was possible, yes.
- Alok Shah:** Okay probably that can happen in FY2017?
- D. R. Dogra:** Let me tell you that, one thing is also because if your fee cap suppose I think, I am taking arbitrary number it was 50 lakhs now have a capacity to go further to 50 but suppose it is already 1.25 Crores you can understand flexibility available to me at that price.
- Alok Shah:** That is it from my end Sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Pravin Yevlekar from iAlfa Enterprises. Please go ahead.
- Pravin Yevlekar:** I have two questions, first one is I am seeing that other instruments have been declined from 752 to 182 in Q3 and what I am seeing in the nine-months also it has been significant drop so actually what are these other instrument?
- D. R. Dogra:** These are most of them are NSIC.
- Pravin Yevlekar:** Which one?
- D. R. Dogra:** NSIC SME, subsidy has gone so we do not get those.
- Pravin Yevlekar:** What about that equity grading and other real estate grading those also be included in other?
- D. R. Dogra:** They would be in 'others' but they are not a major form of other ratings, mostly was NSIC SME.
- Pravin Yevlekar:** Second question is we have taken the nine-months our CP issuance has increased 46% Y-o-Y but it does not have seen in the topline so how is the pricing scenario in this CP issuance and is there any cap end for CP issuance?
- D. R. Dogra:** Yes, most of them would be capitalized. You know who issues CP only the larger one will issue a commercial paper, and they would be certainly under cap.
- Pravin Yevlekar:** But there is a significant increase in CP issuance but it is not looking our revenues were pretty much flat?
- D. R. Dogra:** I would have at least 100 clients who are in cap you can imagine that. See we have some clients one is (as Chandresh says that 32 cap clients) then he is not including those clients where we have a lump sum fee arrangement - lump sum is also like a cap that you pay 25 lakhs we will do everything for you this year.
- Pravin Yevlekar:** But I think here it is less than BLR?

- D. R. Dogra:** No commercial paper pricing is like captive markets. We instead of 10 we might see because these are old clients and all that if somebody big client comes by CP with 7 basis point is the least fees anyone will charge.
- Pravin Yevlekar:** Oh, with 6, 7 basis.
- D. R. Dogra:** Yes, we can give him 30-40 discount and charge around 6 basis points to 7 basis points.
- Pravin Yevlekar:** The reducing rate cut scenario we can see the situations more in the near future also so?
- D. R. Dogra:** That market is reviving actually.
- Pravin Yevlekar:** So how do we see in FY2017 actually?
- D. R. Dogra:** Now we have this opinion that FY2017 should be a good year for capital markets and if that is so, not only CPs but bonds market should revive.
- Pravin Yevlekar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rakesh Shinde from Asian Market Securities. Please go ahead.
- Rakesh Shinde:** I just want to understand overall credit scenario in industry the entire credit scenario is finding out especially with the large corporate you seeing any more upgrade compared to any down grade during the quarter how is it and just your view on this.
- D. R. Dogra:** Madan who works on this CDRs and debt quality index and Arun also can come in, please.
- Madan Sabnavis:** The first thing is that we have seen that growth in bank credit has not really picked up, second we are also aware the fact that the NPAs of banks have gone up so that was the kind of stress which is still there in the banking system. Now with this, if you are juxtaposing what is happening to our upgrades and downgrades, this ratio which we call MCR modified credit ratio, it is over 1 we are not really seeing this thing improved significantly. And since we are also using this index with CDQI which is a core sample of around 1500 companies where we are tracking the overall quality of debt in a qualitative manner showing a gradual decline. So overall we say that the credit quality has not really been improving and it has been more or less just about stable but in the downward direction. So we have evidently need to wait to see an economic recovery, which will lead to a better quality of credit of these companies. So we have to look at a) economy improving b) overall credit growth taking off then we assume that credit profile should also show improvement.
- Rakesh Shinde:** You are seeing any number of cases coming under 5:25 for rating.
- D. R. Dogra:** Yes lot of them.

- Rakesh Shinde:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nishita Kankaria from New Berry Advisors. Please go ahead.
- Nishita Kankaria:** Good morning Sir. Sir my question is on ARC rating can you give us status update on how it is progressing and when can we see it contributing materially to our topline?
- D. R. Dogra:** I think we will have to wait for some more time for material contribution from that because it is as you know it is an international rating agency and they have to compete with S&P and Moody's of this world. They have ESMA recognition as of now but they will have to go to and seek SEC recognition as well. I think they are still in the seeding stage. One of our partner promoters - our partner rating agency GCR has put some more money. We have reduced our stake from 20% to 10% and the promoter has put in more money because that requires more capital. So I think calendar year 2015 number are better than calendar year 2014 numbers but we are still pumping money there that is why the company is losing money as of now. They hope to come in profit in CY2017.
- Nishita Kankaria:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Apruva Mehta from KSA Shares. Please go ahead.
- Apruva Mehta:** Sir I wanted to know that the RBI plans on the NPAs is becoming more and more stringent so what effects do you see going forward on banking credits and people will SMEs are also getting that pinch of getting downgraded more and more so what is the going forward what will be the scenario for FY2017 or is the credit growth will be lesser because of this or what can be the scenario?
- D. R. Dogra:** I will give it to Arun head of our Quality Control and Ratings.
- Arun Kumar:** We learn that RBI has stressed upon banks to enhance the level of transparency in determination of NPAs because some banks say some companies have NPAs and some don't so they have reportedly told banks to reassess their portfolio. This might result in some increase in the overall reported NPAs in the system in this fiscal year and the next
- Apruva Mehta:** What can we see the effect on credit growth there will be and less of credit growth because of this because bank will becoming more and more stringent also so because of the downturn in the economic cycle also people are finding it more difficult to get more credit or more access from banks?
- D. R. Dogra:** Apruva, I think while bank will have asset quality pressures but you know it the government is also trying to put in capital in banks from that purpose only and the RBI is putting lot of pressure on government to bring in capital in public sector banks. So I think just because this asset quality

pressure certainly bank will be more cautious while lending. Suppose infrastructure investment starts, bank will have to play their part otherwise they will lose this market. So I do not think if infrastructure companies and manufacturing companies will start investing and remain on sidelines. We will have to come and take credit calls on such projects. So we believe that FY2017 could be a better year for corporate credit.

- Apruva Mehta:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is a follow up question from the line of Sameer Kapadia from Fortune Inter Finance. Please go ahead.
- Sameer Kapadia:** Just wanted to reconfirm like as you said you have reduced your stake in the ARC is it right?
- D. R. Dogra:** Yes.
- Sameer Kapadia:** So from 20% we have.
- D. R. Dogra:** It means somebody else has put more money and we have not so our 20% has become 10%.
- Sameer Kapadia:** Can you give me some sense regards with your Kalypto?
- D. R. Dogra:** Yes Kalypto, see as I told last time also the best ever orders -highest ever orders -which we got last time from Bank of Ceylon and as well as we got and they also got the order for Bandhan the new bank Bandhan which is coming up which also a large order and I think this year the company will wipe out 70%, 80% of their accumulated loss, so you can imagine this company would turnaround this year and show around 3 to 4 Crores profit before tax.
- Sameer Kapadia:** That is very good.
- D. R. Dogra:** Yes that is very good actually we have never done so.
- Sameer Kapadia:** Thanks a lot.
- Moderator:** Thank you.
- Shradha Sheth:** Sir just one question from my side. Sir every quarter it has been industry wide phenomena as well as every company will it be possible to breakup how much are the fixed cap issuances that we did in the nine month maybe not every quarter as compared to last year so give a sense of why the growth was not, while we see growth in the bond issuances for the nine month we do not see it in our numbers so will it be possible to just break it down that way?
- D. R. Dogra:** No, we can do that, but that will not show anything because see what we can tell you is the fixed cap, but fixed cap will have both bank loan and corporate bonds so how do you relate this to the growth of fees because of corporate debt side and growth of fees because of bank loan side,

because suppose I tell you a company "A" pays me 1 Crore and I do all CP, all NCD all surveillances all bank loan facilities all enhancement in bank loan facilities under that 1 Crore how will you split this, how would you know in that I am unable to give this sense to my board because we cannot we really do not know out of the cap how much you ascribe to surveillance how much to ascribe to bank loan how much to ascribe to enhancement in bank loan facility it has been really difficult for us now, it is not possible actually.

**Shradha Sheth:** Because may be again not since you guys do lot of bundling of bank loan and debt ratings if you can possibly give one overall figure of sequence how it has moved year-on-year in terms of the fixed cap vis-à-vis the fee paying plan?

**D. R. Dogra:** No, we can give a number that out of the total revenues how much was the fixed cap and how much was from the variable rating fees.

**Shradha Sheth:** Right so that will be much easier for us to understand may be you can give it on a half yearly basis?

**D. R. Dogra:** We will give after examining that. We are not telling too much with the competition that is only issue we have. Nothing more than that actually. Otherwise we can but that will not give you any picture about for share of corporate debt segment in revenue and share of bank loan in revenues or share of surveillance to revenues and share of reconcile we also do not know that what is it.

**Shradha Sheth:** No because what happened while you share the number of client every quarter but it does not or even the volume growth but it does not percolate into revenue growth so if that bifurcation has available at least the once the other clients the number of issuance every month beyond finance companies and we will be able to gauge that there are some paying clients so the trend could be gauged that way?

**D. R. Dogra:** Shradha let me tell you that what I will be able to give you that out of this 190 Crores can give you that my number this time from the cap client was for example say 60 Crores, what does it tell you this you tell me, and I can give you another figure that last year against 190 overall 170 it was 50 Crores suppose I give these two figures this is the maximum which I can give you, other than that I do not have, if any idea that what was the growth in the initial rating fees what was the growth is surveillance fee this will also not give you any idea at what was the composition of the corporate debt side and what was the corporate bank loan side, you cannot get it because I do not have that me, that split up with me as such, but if you think that how much cap fees has gone up I do not know what discovery you can make out of that data.

**Shradha Sheth:** So that will still be better than the volume growth, which is, ultimately if we have 16% volume growth but the revenue growth was slightly low.

**D. R. Dogra:** See with that cap and fixed fees we can add to that.

- Shradha Sheth:** Yes I mean that some level maybe a trend say last year as what you share it was a 29 out of the overall and now with the 32 as fixed cap so obviously that has brought down the revenue growth so that kind of a trend rating we can do?
- D. R. Dogra:** But I do not think I do not think that will throw you any signal, which can enable you to form any opinion in future what we will see.
- Shradha Sheth:** So you can evaluate every quarter.
- D. R. Dogra:** Yes, we will examine it certainly.
- Shradha Sheth:** Liza any more questions?
- Moderator:** Yes we just have one follow up question from the line of Kaushal Patel from India Nivesh. Please go ahead.
- Kaushal Patel:** One question only on the agreement which that GREX alternative investments some details on it.
- D. R. Dogra:** Milind why don't you come here. Milind is handling that so let Milind answer.
- Milind Gadkari:** The GREX is a platform where the startup hub would be coming up. They would be listed there. They would be raising equity as well as debt, so what we will be really doing is that some of the startups might come to us and we will be doing a sort of assessment of those startups. There is another product for startup grading which would be utilized and they would get themselves graded or rated and subsequently they will use that particular grading in their debt or fund raising process that is the full concept. Shortly we will be coming with that product the only thing is like let us see how exactly it pans out and how many startups really are registered on their platform and how many startups actually raise funds from there.
- Kaushal Patel:** Right Sir so we may charge some fees to startup and rate them?
- Milind Gadkari:** Yes definitely from GREX we would not be getting anything. The startups will be our clients so as any other client they will be entering into a contract with us and they would be paying fee.
- Kaushal Patel:** Thank you.
- Moderator:** Thank you. As there are no further questions I would now like to hand the floor over to Ms. Shradha Sheth for closing comments.
- Shradha Sheth:** We would like to thank the CARE management for giving us the opportunity to host the call and we would like to thank all the participants for being there on the call. Thank you Mr. Dogra and any closing comments from your side.

**D. R. Dogra:** Thank you Shradha and her colleague there. Thank you participants for coming over right in the morning. We will be happy to address any of the issues, which you have through mail or through telephone we are available all through here. Chandaresh, our CFO, I am available, Madan is available, Mokashi is available so anyone of us would be happy to address any of the issues you have and we look forward to work with you further. Thank you so much.

**Moderator:** Thank you members of the management team. On behalf of Edelweiss Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.