

Press Release of CARE Ratings' Unaudited Financial Results For Q1 FY14

Credit Analysis & Research Limited (CARE Ratings) announced its first quarter results for FY14 on Saturday 10th August, 2013. The results were approved by the Board of Directors earlier in the day. The Board of Directors have also declared interim dividend of Rs. 6 per share on face value of Rs.10 per equity share for the quarter ending June 30, 2013.

CARE's Performance

During Q1-FY14, total income of the company increased by 39.7% to Rs 50.29 crore from Rs 35.99 crore achieved during Q1-FY13. Total revenue from operations (rating and other revenue) increased by 26.0% from Rs 27.54 crore to Rs 34.69 crore. This has been achieved notwithstanding the challenging overall economic conditions where growth in bank credit moderated to 2.9% from 3.3% last year. While the RBI had lowered the repo rate by 25 bps this quarter, the base rates of banks remained virtually unchanged. Also industrial growth in the first 2 months was virtually flat at 0.1%. Therefore, the performance has to be viewed against a rather challenging macro-economic background.

The higher growth in rating income was a result of a sharp increase in the total volume of debt rated, which increased by 73.5% from Rs. 1.36 lakh crore in Q1-FY13 to Rs. 2.36 lakh crore in Q1-FY14. Being the first quarter of the year, business was driven more by initial rating assignments rather than surveillance. The growth in CARE's revenue was spearheaded by ratings. The number of bank facilities rated increased from 1,081 in Q1 FY13 to 1,203 in Q1 FY14 while the number of long term debt instruments in Q1-FY14 was 61 as against 57 in Q1-FY13. Also, the number of NSIC assignments and SME grading stood at 156.

The rating upgrade and downgrade data has shown some improvement in this quarter. The Modified Credit Ratio (defined as upgrades and reaffirmations to downgrades and reaffirmations) had improved from 0.79 in Q1 FY13 to 0.91 in Q1 FY14. It was between 0.80-0.83 in the other three quarters of FY13.



Press Release of CARE Ratings' Unaudited Financial Results For Q1 FY14

The other component of total income, 'other income' which also includes income from investments made in fixed maturity plans (FMPs) increased from Rs 8.45 crore in Q1 FY13 to Rs 15.61 crore in Q1 FY14.

Total expenditure increased by 31.1% from Rs 15.17 crore in Q1 FY13 to Rs 19.88 crore in Q1 FY14. Staff expenditure which comprises around 76.3% of the total expenses increased to Rs 15.16 crore from Rs 11.96 crore in Q1 FY13, a rise of 26.8%. The higher staff expenditure was on account of an increase in headcount from 509 as on June end 2012 to 578 as on June end 2013.

Profit indicators of the company had also shown a significant improvement. PBDT increased by 45.4% to Rs 30.93 crore from Rs 21.28 crore in Q1 FY13, while profit after tax (PAT) increased by 44.6% to Rs 24.30 crore as against 16.80 crore in Q1 last year. PBDT margins saw an increase from 59.1% on Q1 FY13 to 61.5% in Q1 FY14. PAT margins stood at 48.31%, which was higher than 46.68% in Q1 FY13.

For any other information please contact:

D.R. Dogra, MD & CEO

Phone: 022-6754 3456

Fax: 022-6754 3457

