

CARE Ratings Limited

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Unaudited Financial Results for Q1 -FY18

The Board of Directors of CARE Ratings approved the Q1-FY18 results in the Board Meeting held on Tuesday the 22nd of Aug, 2017.

Highlights: Q1 FY18 vis-à-vis Q1FY17

- Rating Revenue increases by around 8.0%
- Operating profit up by 11.1%, Operating profit margin improved from 60.5% to 62.6%
- Addition of 817 new clients in Q1FY18
- Total number of active client relationships at 15,222 as of June 30, 2017
- 1st Interim dividend of Rs. 6/- per share declared
- 1,774 instruments rated during the quarter
- 3.36% increase in volume of fresh debt rated

The Indian Accounting Standards (Ind AS) became applicable to the Company from April 1, 2017. The current quarter results are prepared in accordance of Ind AS and the previous year / quarter results have been restated as per Ind AS.

During Q1 FY18, the Company's Rating Income increased by around 8% over Q1 FY17. The increase in rating income is mainly due to new business as well surveillance income. Operating Profit for Q1 FY18 increased by 11.1% to Rs. 38.4 crores over Rs. 34.6 crores in Q1 FY17. Profit After Tax for Q1 FY18 increased to Rs. 35.5 crores over Rs. 30.5 crores in Q1 FY17, an increase of 16.4%.

Higher income from operations during the quarter was on account of higher volume of debt rated as well as commensurate increase in the surveillance assignments. Increase of 3.36% in volume of debt rated was associated with a sharp increase of 40.68% in the number of instruments rated from 1,261 to 1,774 during the quarter.

Other income decreased by Rs. 3.4 crores from Rs. 9.9 crores in Q1 FY17 to Rs. 6.5 crores during Q1 FY18 mainly due to Ind AS impact on accounting for fair value of investments.

Operating expenses increased by 1.7% mainly due to increase in SME marketing teams. As a result there was growth of 11.1% in operating profits and 16.4% in Net Profit during Q1 FY18.

Operating profit margin stood at 62.6% and Net Profit margin at 52.3% for Q1 FY18.

*Commenting on the results, Rajesh Mokashi, MD & CEO, said: **With business volumes being inexorably linked with developments in the economic climate involving both investment and economic growth, the first quarter was subdued. GST was a major reform to be introduced from July. With GST now in place and there being positive expectations on the monsoon as well as farm prospects, we are hopeful that economic conditions would be better in the coming quarters, especially after September.***

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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 now entered its 25th year 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 micro-finance institutions, among others. The Company also provides issuer ratings and corporate governance ratings and has rated innovative debt instruments, such as perpetual bonds. 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. 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. The company has also established a subsidiary in Nepal, which is expected to commence operation in due course subject to regulatory approvals.

*** In terms of rating income FY17**