

Mumbai 26th May 2016

Consolidated FY16 Results

Highlights FY16

- **Operating revenue increases by 7.2%**
- **Total expenses increases by 3.4%**
- **Operating profit increases by 10.8%**
- **Operating profit margin improves to 60.7% from 58.8%**
- **Net profit margin at 41.5%**
- **Final Dividend of Rs. 10/- per share proposed**

The Board of Directors of CARE Ratings approved the Q4-FY16 and FY16 results in the Board Meeting held on Thursday the 26th of May 2016.

Business Progress

The credit environment was typified by subdued activity which impacted overall growth in rating business. The overall volume of debt rated declined from Rs. 10.97 lakh crore in FY15 to Rs. 10.85 crore in FY16. While there has been decrease in volume of bank loan rated, there has been increase in volume of long term securities rated during FY16. Lower growth in incremental bank credit to manufacturing and services segment, which is the ratable pool, resulted in this decline in lower bank loan ratings. The overall number of long term securities and bank loan instruments rated increased from 5,371 to 6,363 but the size of the ticket in the bank loan segment was smaller. Overall the number of instruments rated for SME's came down as the NSIC-SME segment witnessed a decline due to the reduction of the subsidy provided by the Government for the rating of SME units. The financial performance of CARE needs to be viewed against this background.

CARE Ratings posted consolidated growth of 7.2% in operating income in FY16, which combined with an increase in expenditure of 2.1% resulted in growth of 10.8% in Operating Profits. Operating profit margin increased from 58.8% to 60.7%. Net profit margin declined to 41.5% in FY16 from 45.3% in FY15, primarily due to a sharp decline in other income. Decline in other income by 80.1% was due to investments made for a longer tenure where income can be booked only when it is earned and not on an accrual basis.

CARE Kalypto, wholly owned subsidiary of the company, engaged in the business of providing risk solutions primarily to banks and financial institutions have posted good growth in revenues and profits during FY16.

During the year, 3,105 new clients were added, which takes the number of active clients as of March 2016 to 12,373 as against 9,828 in March 2015.

The Board of Directors have proposed final dividend of Rs.10/- per share subject to Shareholders' approval which will take the total dividend for FY16 to Rs. 28 per share (Dividend Payout ratio of 83.70%).

Speaking on the results, D.R. Dogra, Managing Director and CEO said: 'The performance, though lower than our trend, is fairly satisfactory given that the external environment has not been congenial. We have worked hard to acquire more clients which will serve as a strong foundation for future growth. We have improved our operating profit margin by controlling expenditures and growth in our operating income. The budgetary allocation of Rs. 175 Crores as subsidy for NSIC ratings is a big positive, which we look forward to in FY17. We remain hopeful about the future as there are some signs of green shoots emerging.'

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ABOUT US

Credit Analysis and Research Limited (CARE Ratings) 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 over 20 years of experience 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's global venture, 'ARC Ratings', has commenced operations. CARE also has a subsidiary CARE (Ratings) Africa Private Limited (CRAF) in Mauritius which was launched on 3rd August 2015.*

The Company has its registered office in Mumbai, and branches in Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune and Male in the , Republic of Maldives. The subsidiary CRAF has an office in Mauritius.

*** In terms of rating income**