

Mumbai, 21st May, 2019

FY19 Results

The Board of Directors of CARE Ratings approved the quarter ended March 2019 and financial year ended March 2019 results in the Board meeting held on Tuesday, the 21st May, 2019.

Consolidated Financial Results

CARE Ratings consolidated total income for the financial year ended March 31, 2019 is Rs.349.36 crore as against Rs. 338.57crore (adjusted*) in the year ended March 31, 2018. Consolidated income from operations for the year ended March 31, 2019 is Rs. 318.97 crore compared with Rs.313.10crore (adjusted*) in the previous year. This was supported by growth from our subsidiaries. Profit after tax moderated to Rs. 138.07 crore compared with Rs. 148.72crore (adjusted*) in the previous financial year.

Standalone Financial Results

CARE Ratings standalone total income for the financial year ended March 31, 2019 is Rs.327.19 crore as against Rs.327.30 crore (adjusted*) in the previous year. Standalone income from operations for the year ended March 31, 2019 is Rs.297.36 crore compared with Rs.302.03 crore (adjusted*) in FY18. Profit after tax on the standalone basis moderated to Rs. 134.99 crore compared with Rs.147.42crore (adjusted*) in the previous financial year.

The Board of Directors has recommended Final dividend of Rs. 12/- per share (of Rs. 10/- face value)

Major factors affecting results of financial year ended March 2019

Towards the end of the second quarter of FY19 the NBFC sector faced headwinds which impacted the borrowing plans of this crucial segment of the economy. Further the capex related borrowing of the corporate sector also remained subdued. As a result, the company's performance did get impacted. However when looked at the above backdrop, the company has managed to perform satisfactorily.

Total operating costs increased by 12.18% from Rs.115.13 crore to Rs.129.15crore mainly due to increase in salary expenses by Rs.8.05 crore ,additional ESOP charge of Rs.4.09 crore (ESOP charges for FY19 is Rs.12.74crore and FY18 is Rs.8.65 crore) and additional CSR expenses of Rs.3 crore.

Consequently adjusted operating profit moderated to Rs.168.21 crore in FY19 as compare to Rs.186.90 crore in FY18.

**Adjusted: Due to change in revenue accounting policy in FY18, The revenue for the financial year ended March 31, 2018 was higher by Rs.19.58 crore and PAT was higher by Rs.13.60 crore.*

Operational Data

For the year ended March 31, 2019, your company has rated total debt amounting to Rs.19.91 lakh crore compared with Rs.16.48 lakh crore in the previous financial year ended March 31, 2018. This comprises of Rs.8.13 lakh crore in bonds, Rs.8.50 lakh crore bank loans and Rs.3.27 lakh crore in short term ratings (including Commercial Paper) for the year ended March 2019.

Economic backdrop

The year 2018-19 has been marked with various challenges on the economy front including liquidity crisis in the NBFC segment, high NPAs in the banking system, stagnant private investment and lower consumption demand resulting in subdued economic growth. Despite various measures by the RBI to infuse liquidity in the system via OMO, Rs-\$ swap operations the banking system continued to face liquidity pressure, which showed signs of marginal improvement towards the end of the financial year 2018-19.

Total corporate bonds raised during the year 2018-19 aggregated to Rs. 6.44 lakh crore. Bank credit growth was at 13.2% in 2018-19 compared with 10% growth in 2017-18. Credit growth to industry was lackluster at 6.9%. Bank credit to services grew by 17.8% in 2018-19 mainly due to higher growth to NBFCs by 29.2% as banks supported these institutions which confronted liquidity challenges from debts market.

The RBI raised interest rates by 25 bps each in Jun'18 and Aug'18 on concerns over a rise in inflation. The RBI subsequently changed its stance and cut interest rates by 25 bps each in Feb'19 and Apr'19 to 6%.

Management view

Commenting on the results Rajesh Mokashi, MD & CEO, said, 'This year has been challenging with the economic environment being subdued and liquidity pressures putting pressure on some sectors. The liquidity issue is being addressed through several measures and we are watchful on the progress on this front. While we are hopeful of things improving in FY20, we would be guarded in our outlook given the developments in the financial system and the time taken by the new government to push through with reforms this year.'

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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 over 25 years' 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 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 has 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, Andheri, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune.

**** In terms of rating income FY19.**