
Q4-FY17 and FY17 Financial Results

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MD & CEO

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Highlights: FY17

- **Growth in Financial Indicators**

- Growth in Total Income of 14.6% over FY16
- Growth in Rating Income by 6% over FY16
- Growth in Operating Income of 5.9% in FY17 over FY16
- EBITDA margins at 70% and PAT margins at 48.4% in FY17
- 4,676 new clients added during FY17

- **Business Profile**

- Total volume of debt rated recorded increase of 21.5% to Rs 13.19 lakh crore in FY17 as against Rs 10.85 lakh crore in FY16
- Total number of instruments rated were 10,027 as against 7,527 in FY16

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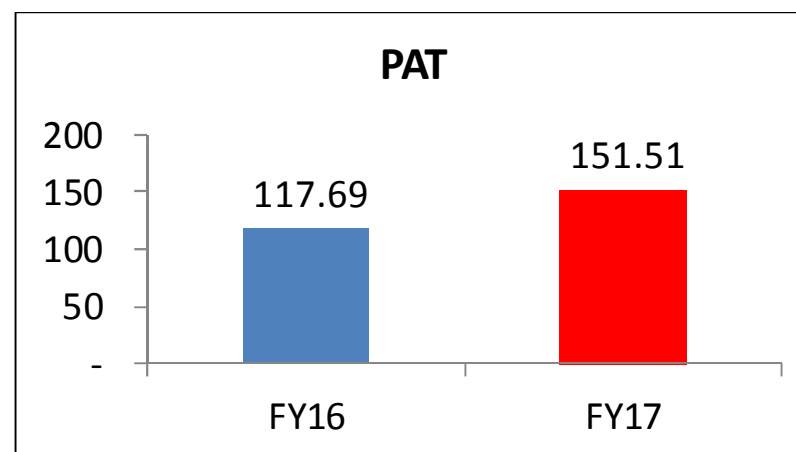
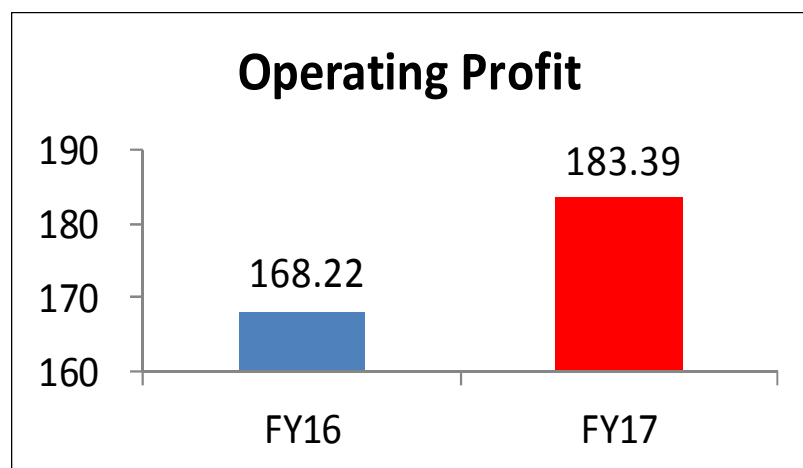
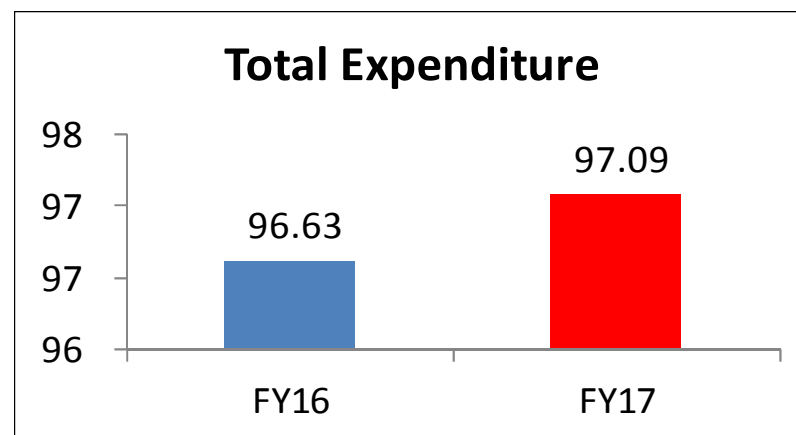
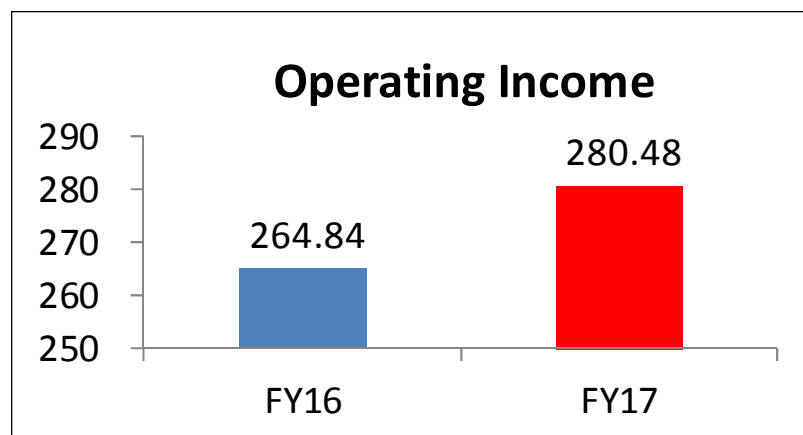
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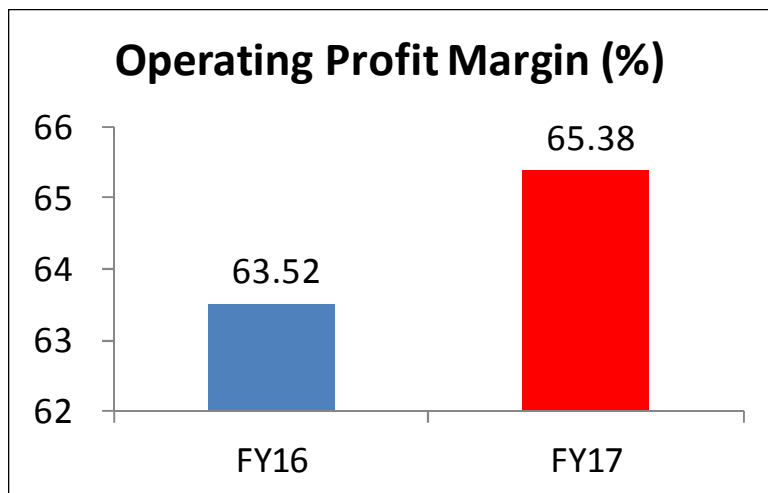
Financial Performance

Rs crore	STANDALONE			CONSOLIDATED		
	FY16	FY17	Growth %	FY16	FY17	Growth %
Operating Income	264.84	280.48	5.9	279.37	287.43	2.9
Other Income	8.60	32.89	282.3	8.69	32.85	278.1
Total Income	273.45	313.37	14.6	288.06	320.29	11.2
Expenditure	96.63	97.09	0.5	109.66	108.19	(1.3)
Operating Profit	168.22	183.39	9.0	169.70	179.24	5.6
Profit Before Tax	176.82	216.28	22.3	178.39	212.10	18.9
Provision for Tax	59.13	64.77	9.5	58.79	64.74	10.1
Profit After Tax	117.69	151.51	28.7	119.60	147.36	23.2
Operating Profit margin(%)	63.5	65.4		60.7	62.4	
Profit Before Tax margin(%)	64.7	69.0		61.9	66.2	
Net Profit margin(%)	43.0	48.3		41.5	46.0	
Basic EPS (Rs. per share)	40.49	51.49		41.14	50.08	

Financial Performance: FY17 (Rs cr)

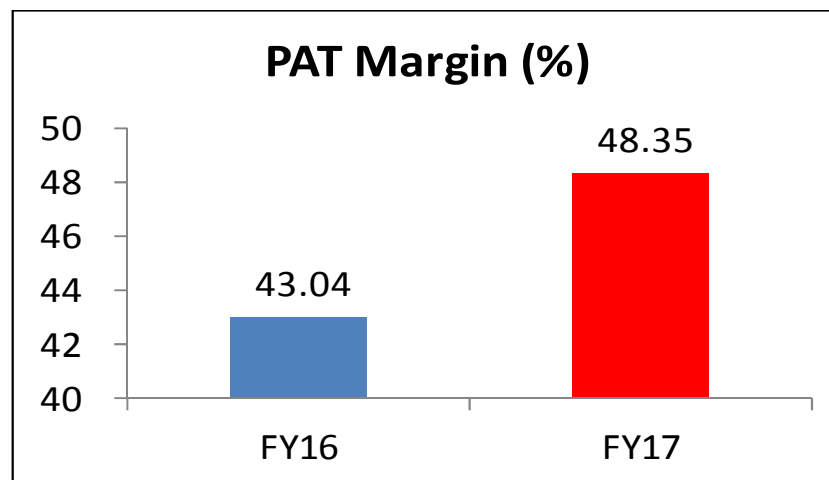


Financial Performance: FY17

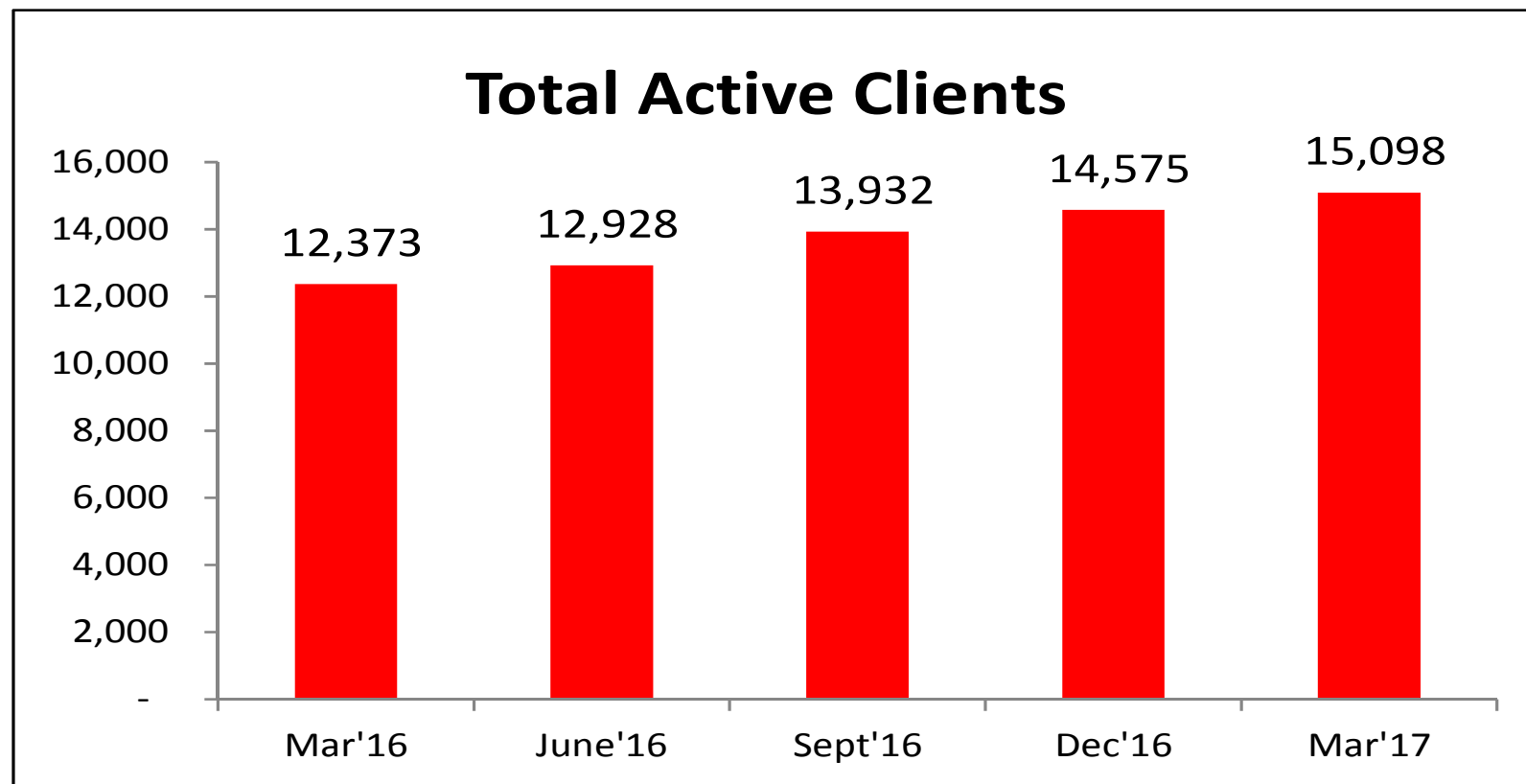


FY17 Operating Profit margin stood at 65.4% due to increase in Rating income from new business as well as surveillances. Expenses were managed at previous year levels which also helped in improvement of margin.

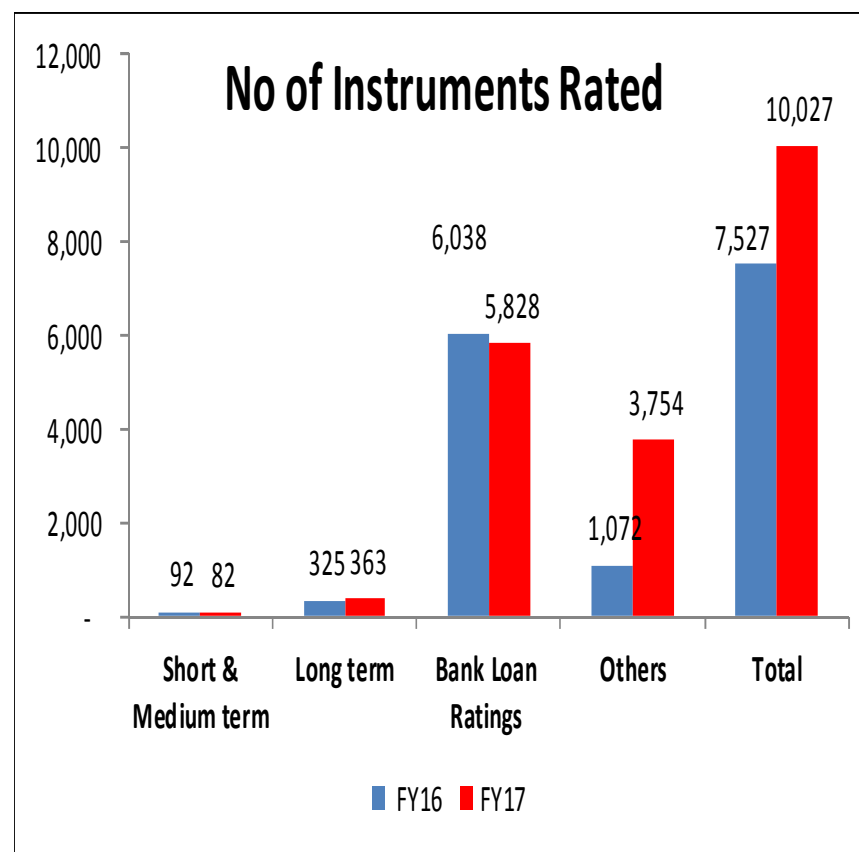
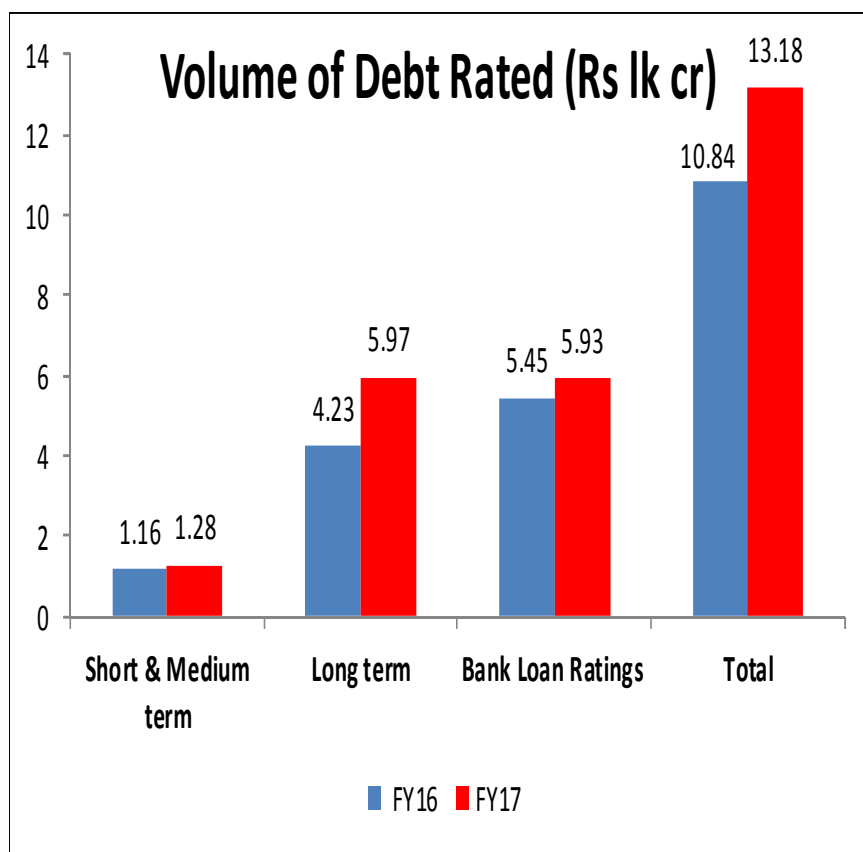
FY17 PAT margin stood at 48.4% due to growth in operating income as well as Other Income realized on maturity of various FMPs and cost control.



Business Performance



Business Performance: FY17



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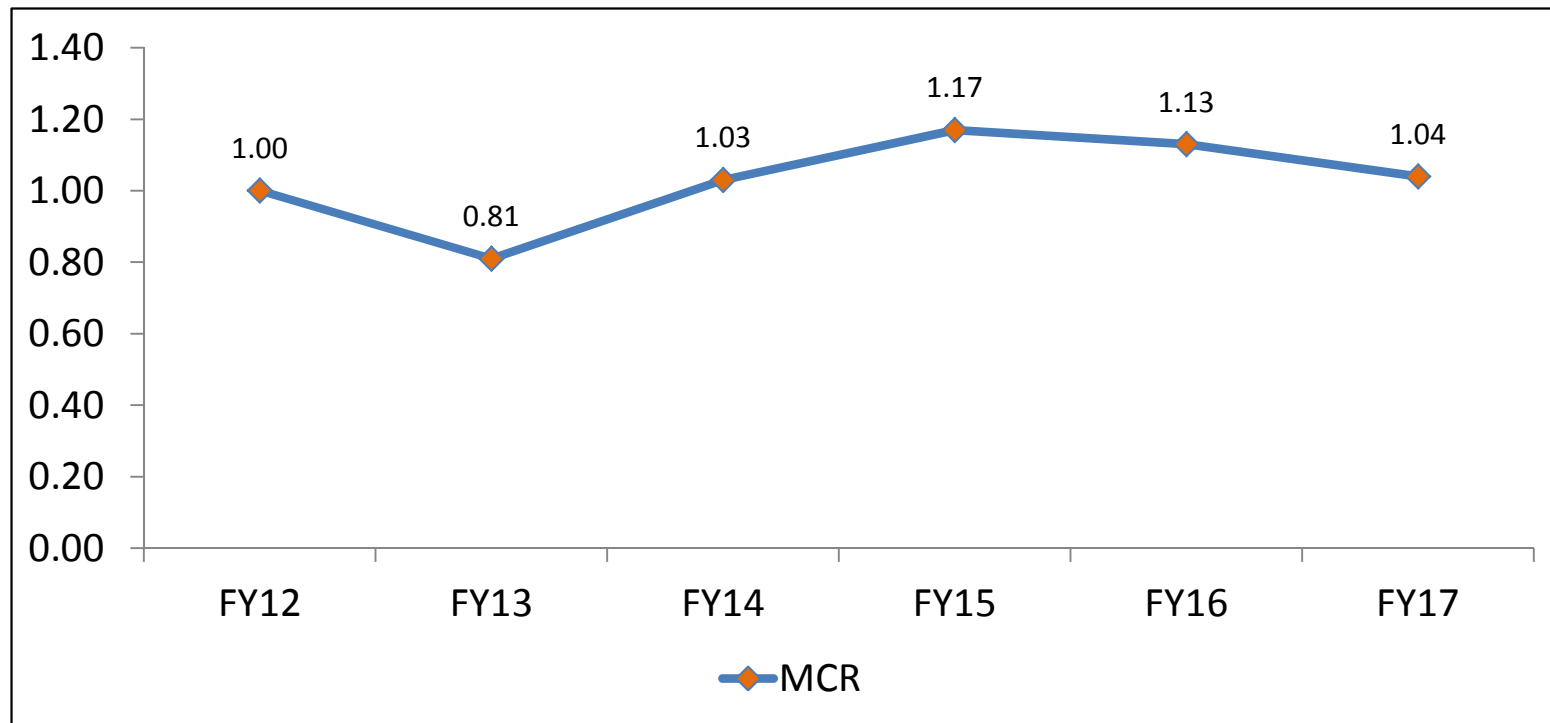
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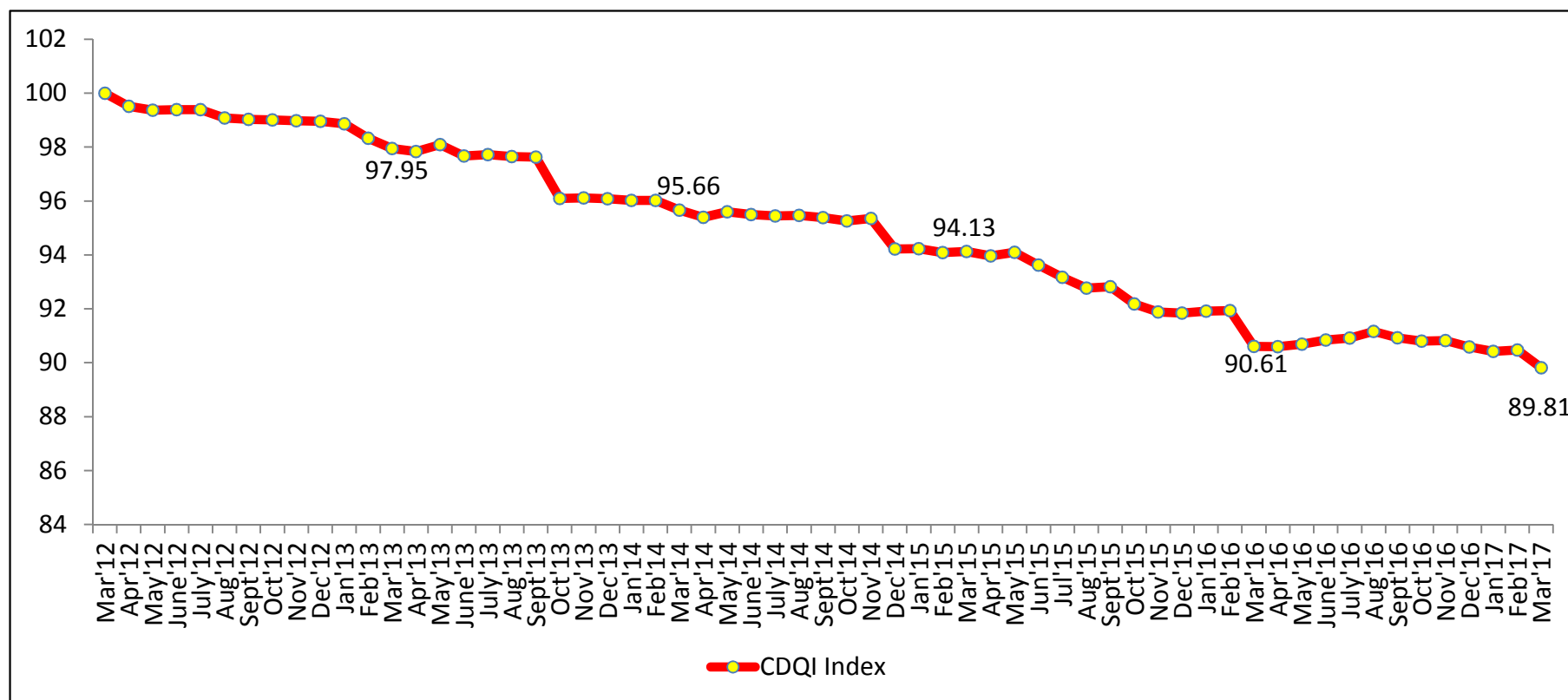
Rating Movement

Credit Quality of domestic rated firms/entities declined during FY17 as indicated by the MCR. Although the ratio continues to be above unity, indicating higher number of upgrades than downgrades, there has been a moderation in the ratio this fiscal year to 1.04 compared with the 1.13 in FY16 and 1.17 in FY15



CARE Ratings Debt Quality Index

The CDQI had exhibited stability, though with an upward bias, in the few months of FY17. The index, has, however, largely followed a declining trend during the second half of FY17. In Mar'17, the index witnessed a large decline and fell below 90, influenced primarily by downgrades in a few large issuers



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New Developments

- Launched the rating of Real Estate Investment Trusts (REITs)
- Launched the New Credit Rating system for infrastructure projects
 - developed in consultation with the Ministry of Finance and other stakeholders
- The African Development Bank (AfDB) infused USD 39,999 for 9.99% stake in CARE Ratings (Africa) Private Limited (CRAF)
- CARE Advisory Research & Training Ltd (CART) got incorporated
 - wholly-owned subsidiary of Credit Analysis & Research Ltd. (CARE)
 - CART has been formed with the objective of rendering financial and management advisory services, undertaking diligence studies and appraisals of all types of projects and other related research.
 - CART also caters to the training needs of corporates and professionals through its training programme offerings
- CARE Executive Training Programme (CETP); conducting its first training programme on Fundamentals of Corporate Credit

New Developments

- MoU signed with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal to be called CARE Ratings (Nepal) Limited
 - As per the terms of the MoU, CARE Ratings holds 51% of the equity of NR 2 crore while Vishal group owns 19% and Emerging Nepal Limited 10%.
 - The balance 20% is held by banks, insurance companies, FIs and corporate bodies in Nepal subject to a maximum of 9% per legal entity.
- This year also saw the introduction of the Industry Research department.

Other Important Events

- As a part of its stakeholder education initiatives to create greater awareness about the concept of credit rating in Mauritius CRAF organised “Conversations over Dinner” at Port Louis, Mauritius on January 18, 2017 for the top management of the financial and corporate world of Mauritius.
- CARE Ratings was awarded the Financial Express CFO Platinum Award
- Mr Rajesh Mokashi, MD & CEO CARE Ratings was on the jury for the annual Outlook Money Awards 2016 and YES BANK BW Business world Best CFO Awards 2017

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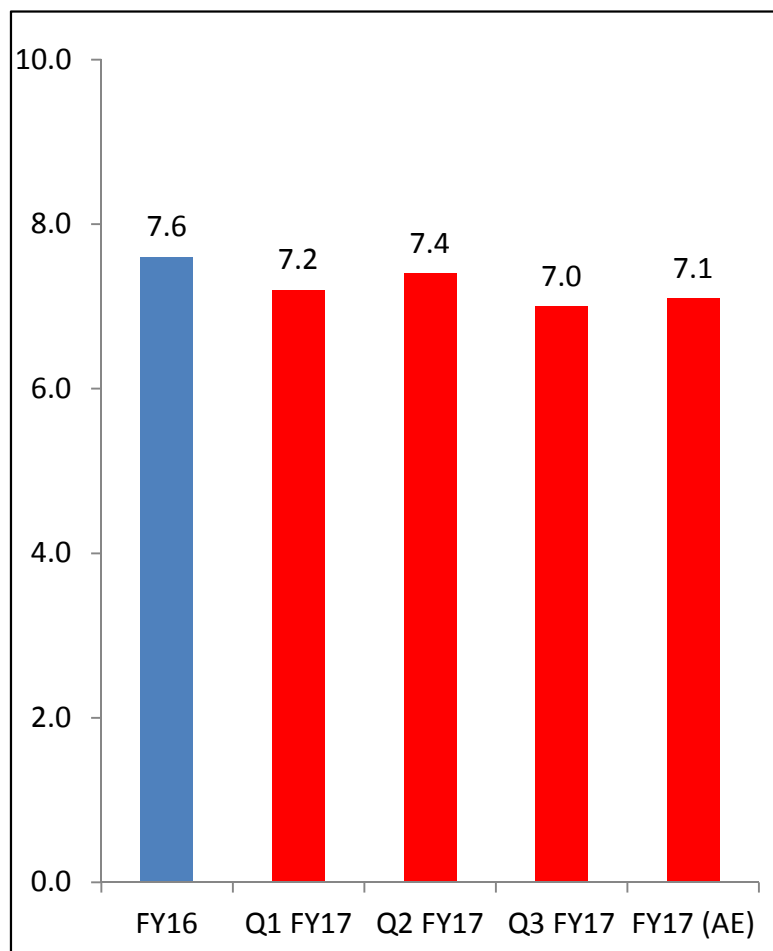
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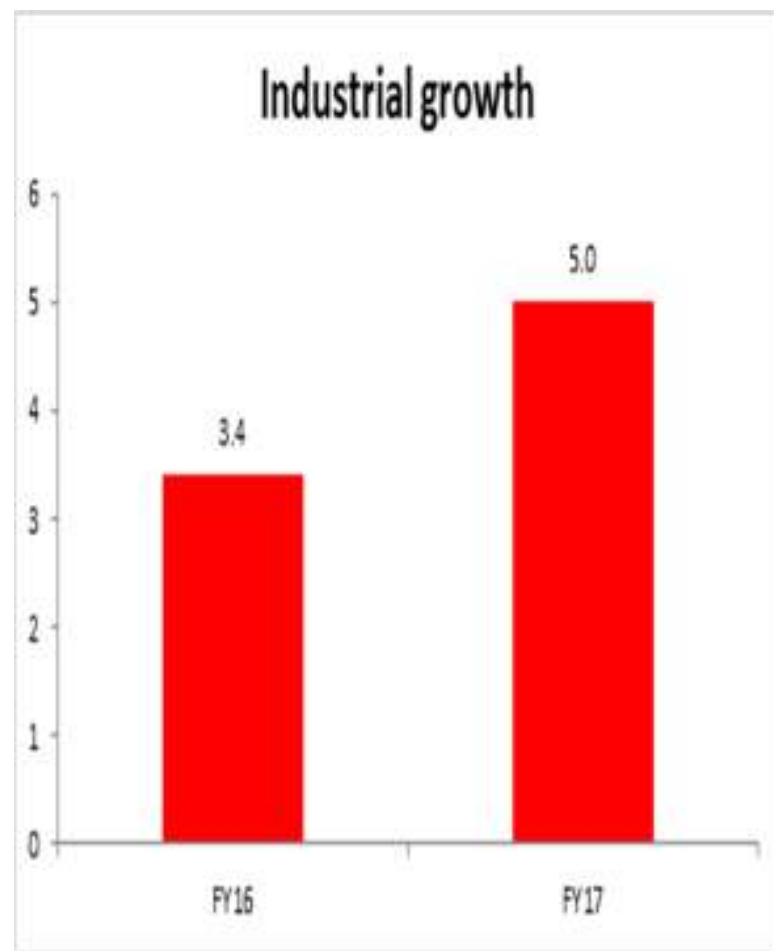
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Source: CSO

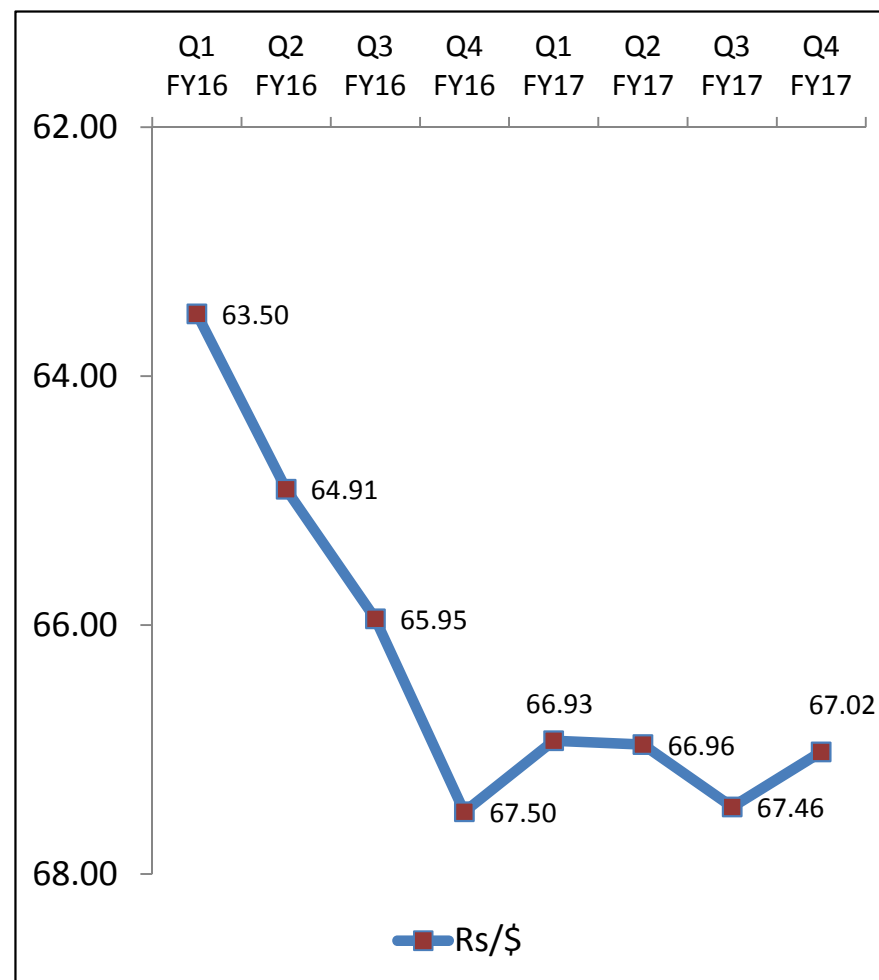


Source: Mospi

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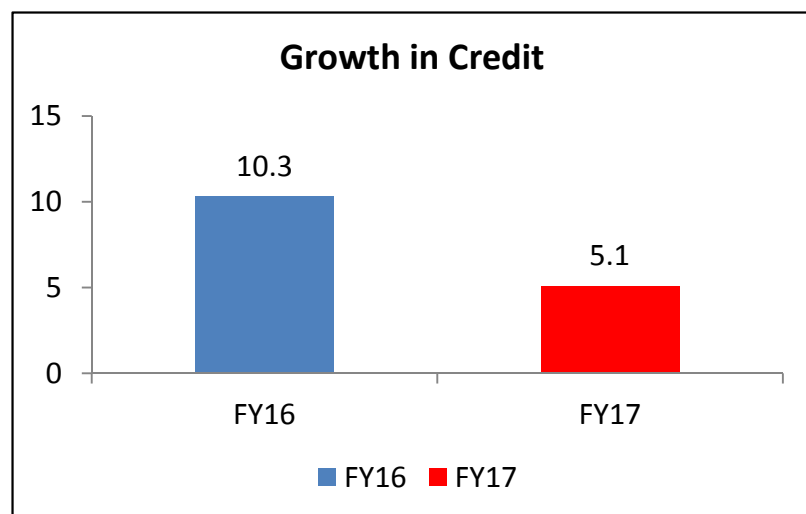


Source: Mospi, Office of Economic Adviser

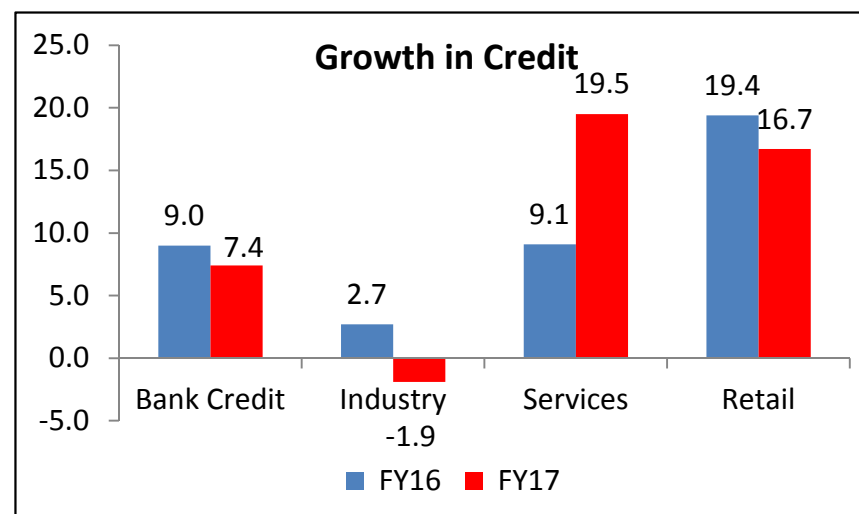


Source: RBI

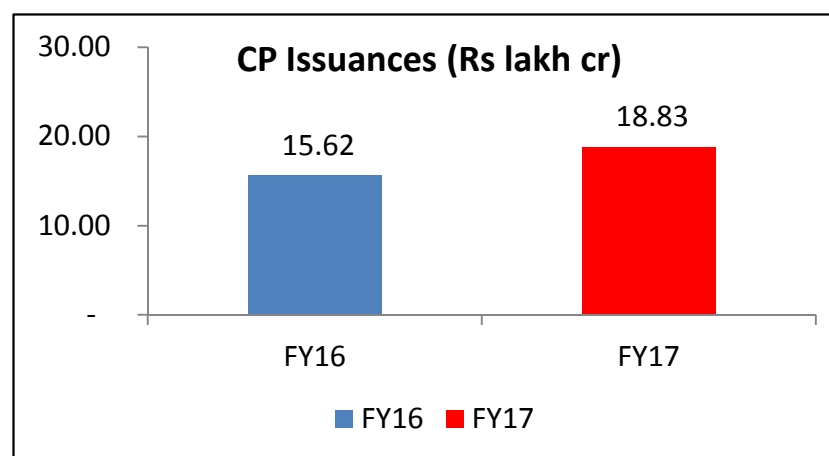
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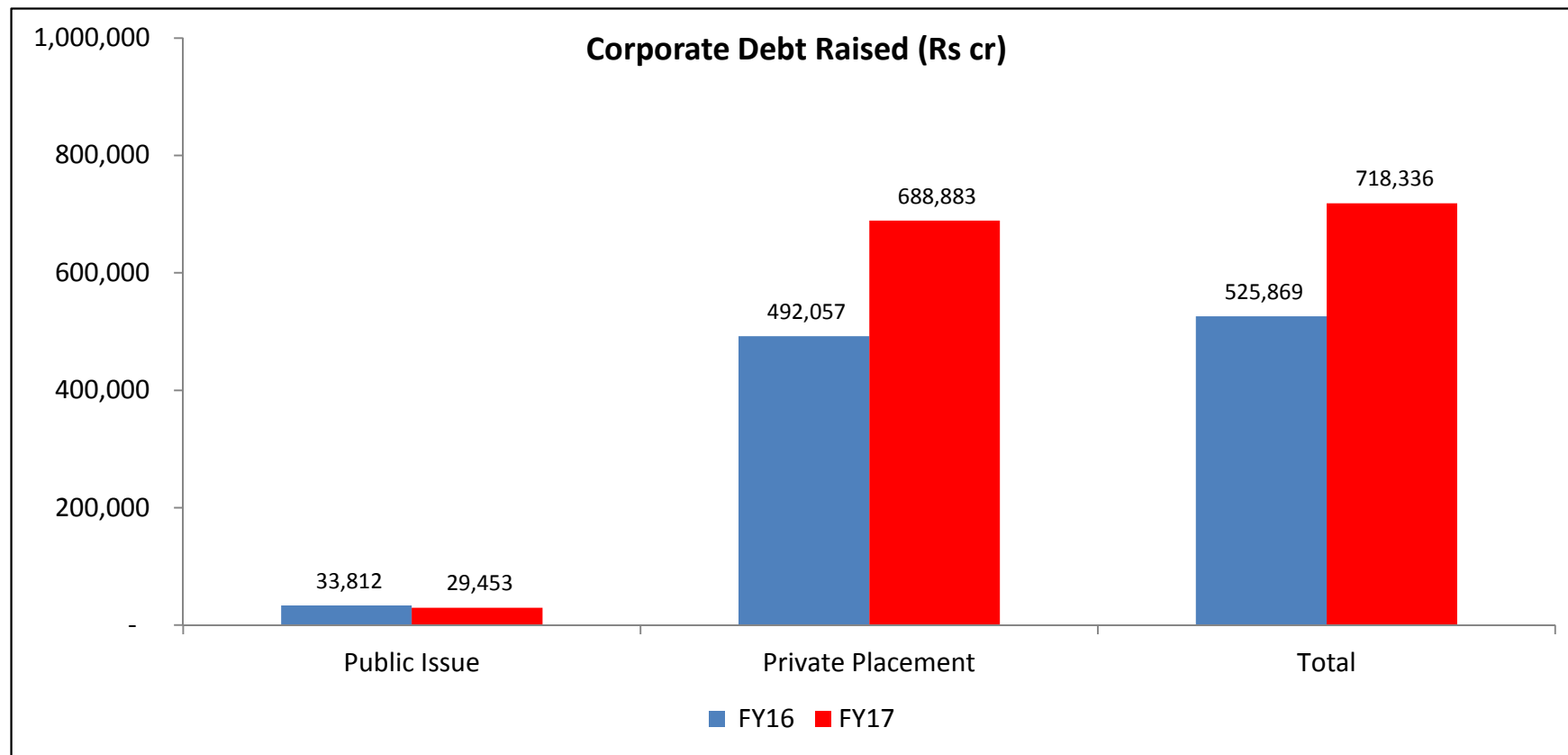
Source: RBI; WSS



Source: RBI; sectorial deployment of credit

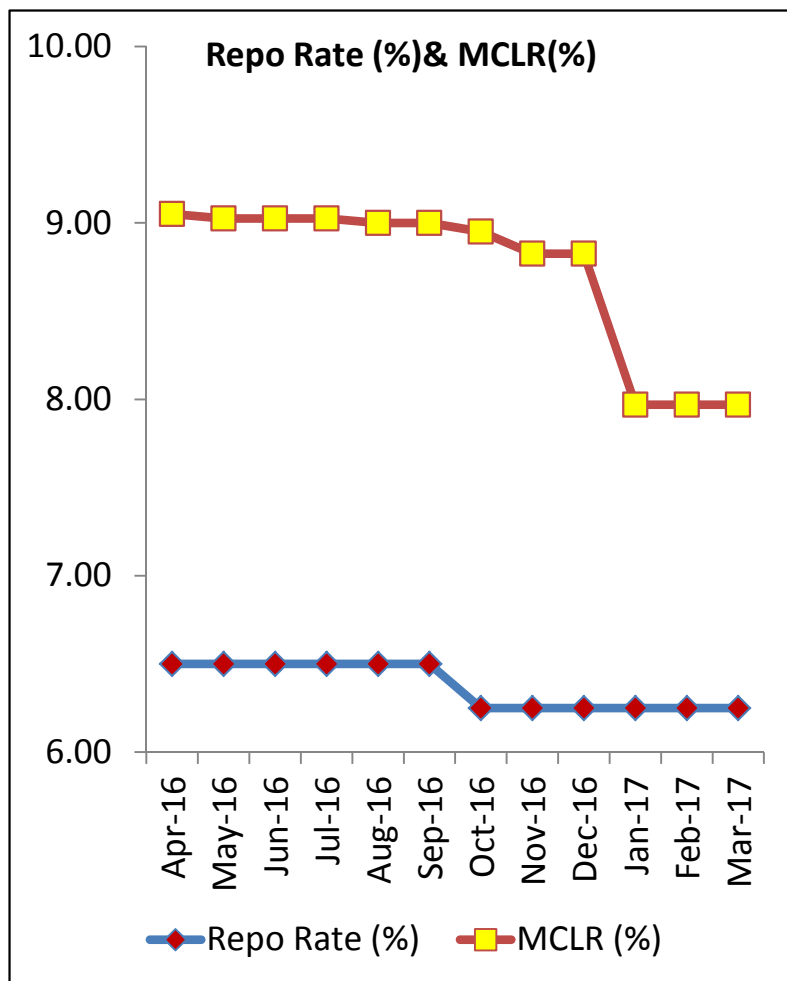


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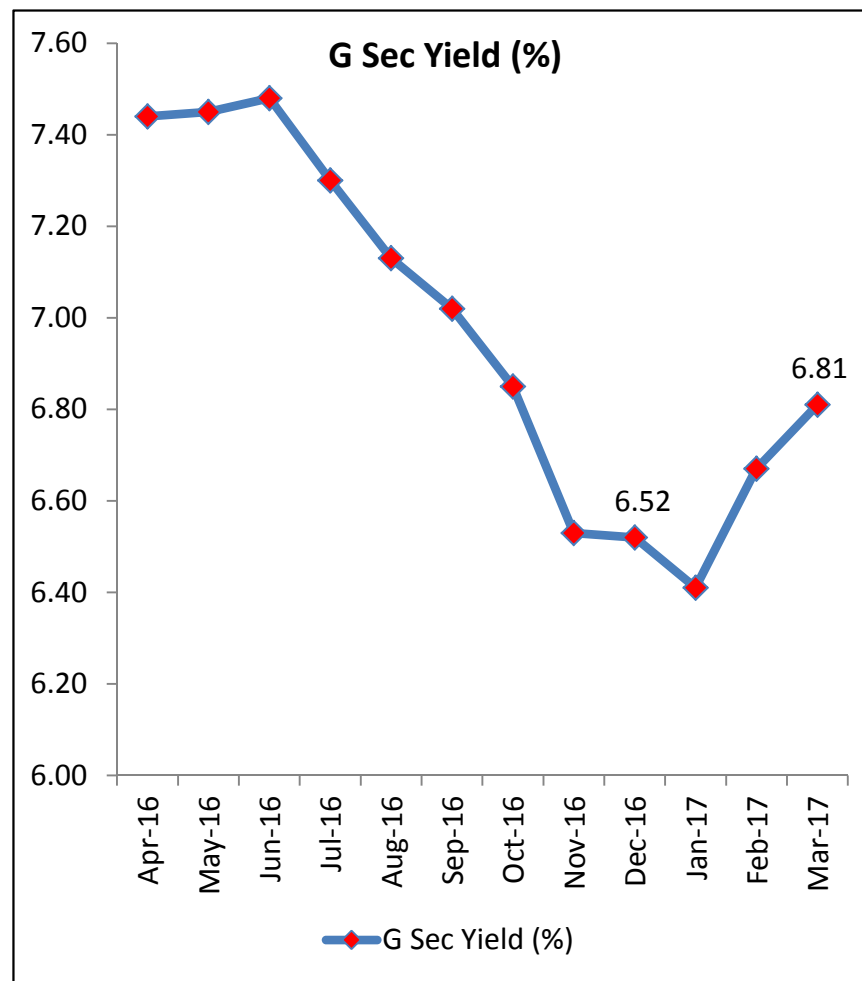


Source: Prime Database

Economic Backdrop



Source: RBI



Source: FIMMDA

Economic Outlook for FY18

- GDP growth to improve to 7.6% - 7.8%
- Inflation expected in the range of 4.5% - 5%
- Rupee to be in the range of Rs.65 – 66
- Increase in capital formation
- RBI to maintain neutral monetary policy stance; contingent upon turnaround of monsoon, firming global commodity prices, increase in the house rent allowance and implementation of GST.
 - normal monsoon in the upcoming season, then we can expect a 25 bps rate cut from the RBI only after September'17 provided inflation is contained in the range of 4.5-5%.

Thank You