

H1-FY19 Analyst Presentation



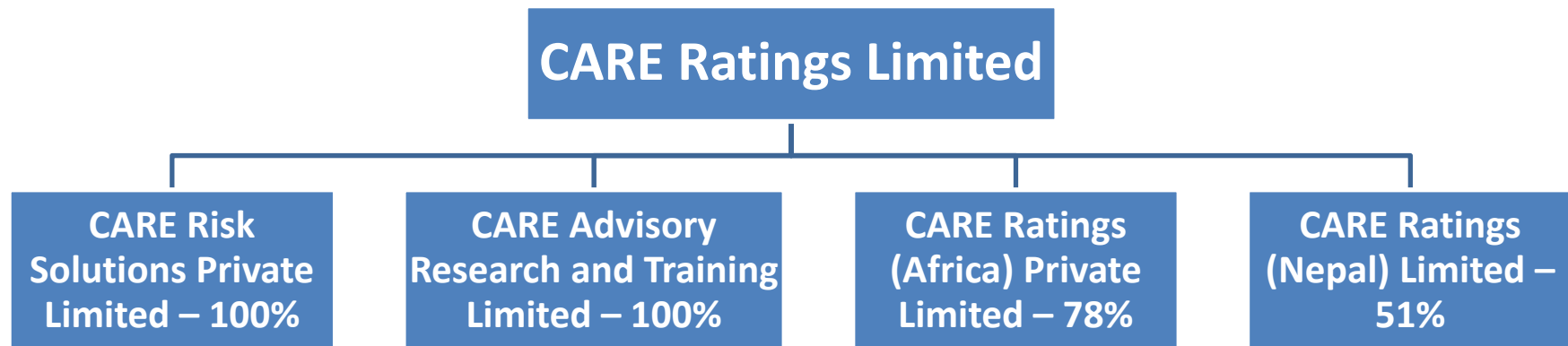
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CARE Ratings Group



Major Factors affecting results of H1-FY19

- Revenue estimate change impact of Rs. 13.87 crore resulting in higher operating income and Rs. 9.98 crore resulting in higher profit after tax has been adjusted in H1 FY18 (PY) column to make the performance comparable with current year in all the slides except slide no.10
- H1 FY19 includes ESOP charge of Rs. 7.17 crore resulting in higher expense.
- H1 FY19 mark to market gains on FMP's and Duration Product investment were lower as compared to MTM gains in H1 FY18. This has resulted in lower accrual of Other Income in H1 FY19.

Highlights: H1-FY19 (adjusted)

- **Growth in Financial Indicators (Consolidated)**

- Growth in Operating Income of 10.3% in H1-FY19 over H1-FY18 *
- Growth in Total Income of 8.9% over H1-FY18 *
- Operating Profit margin at 56.06% and PAT margin at 41.9% in H1-FY19 *

- **Growth in Financial Indicators(Standalone)**

- Growth in Operating Income of 9% in H1-FY19 over H1-FY18 *
- Growth in Total Income of 7.5% over H1-FY18 *
- Operating Profit margin at 59.2% and PAT margin at 44.2% in H1-FY19 *
- 1,621 new clients added during H1-FY19
- Interim Dividend of Rs. 6 per share declared by Board

- **Business Profile**

- Total volume of debt rated stood at Rs 8.13 lakh crore in H1-FY19 as against Rs 7.14 lakh crore in H1-FY18
- Total number of instruments rated were 4,276

* The Company had changed the revenue recognition policy prospectively from FY18. Accordingly, some income booked in previous year is not available in current year. The revenue for H1-FY18 is higher by Rs. 13.87 crore and PAT is higher by Rs. 9.98 crore in H1-FY18. The slides in this presentation compares H1-FY18 numbers excluding the impact of this change.

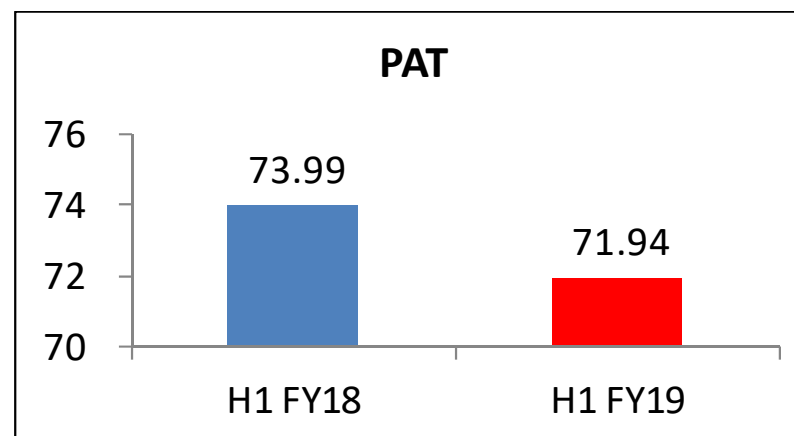
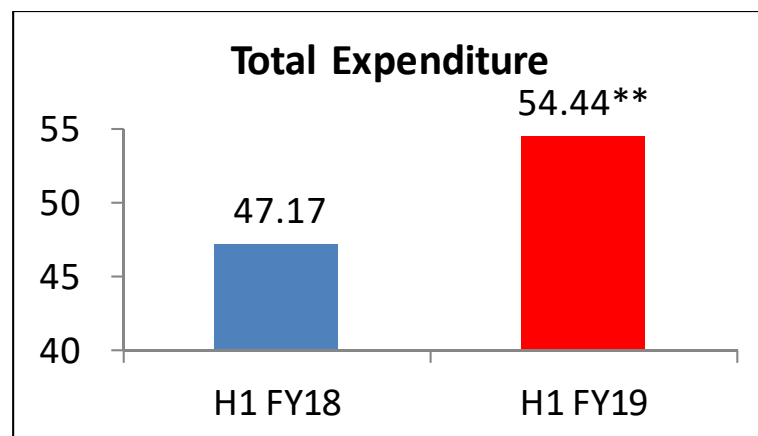
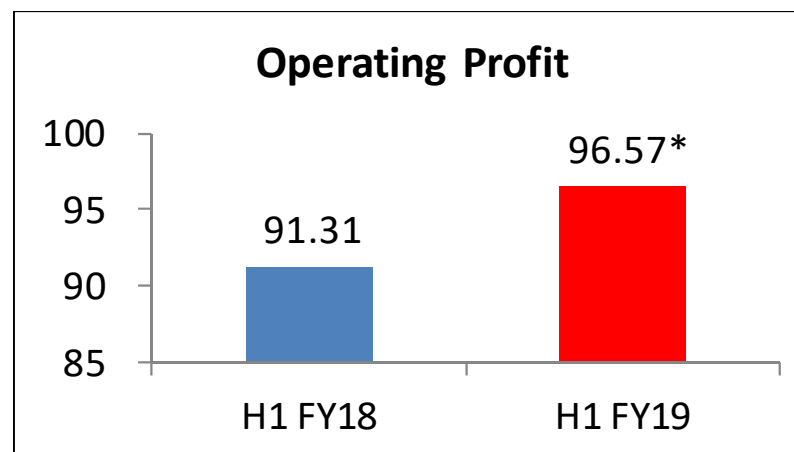
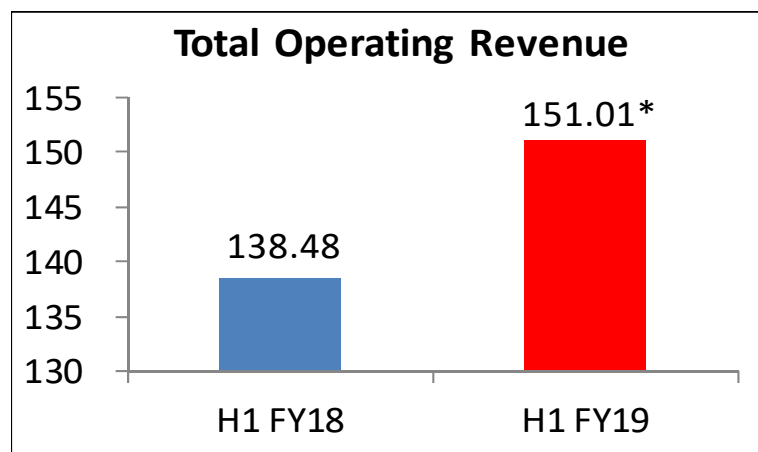
Adjusted Financials for analytical comparison

Particulars	Rs. Lakhs					
	Standalone			Consolidated		
	H1 FY19	H1 FY18	% Change	H1 FY19	H1 FY18	% Change
Revenue from Operations*	15,101	13,848	9.0%	15,665	14,200	10.3%
Total Expenses	5,444	4,717	15.4%	6,166	5,179	19.1%
Operating Profit *	9,657	9,131	5.8%	9,499	9,021	5.3%
ESOP Charge	717	127	465.3%	717	127	465.3%
Other Income	1,161	1,275	-9.0%	1,202	1,287	-6.6%
Profit Before Tax *	10,101	10,279	-1.7%	9,984	10,181	-1.9%
Provision for Tax	2,907	2,880	0.9%	2,921	2,896	0.9%
Profit After Tax *	7,194	7,399	-2.8%	7,063	7,285	-3.0%

Operating Profit margin (%)	63.95%	65.94%	60.64%	63.53%
Operating Profit margin (%) (after ESOP)	59.20%	65.02%	56.06%	62.64%
Profit Before Tax margin (%)	62.12%	67.97%	59.19%	65.74%
Net Profit margin (%)	44.24%	48.92%	41.88%	47.04%
Basic EPS for the quarter (Rs. per share)	24.42	28.38	23.92	24.73

* The Company had changed the revenue recognition policy prospectively from FY18. Accordingly, some income booked in previous year is not available in current year. The revenue for H1-FY18 is higher by Rs. 13.87 crore and PAT is higher by Rs. 9.98 crore in H1-FY18. The slides in this presentation compares H1-FY18 numbers excluding the impact of this change

Standalone-Financial Performance:H1-FY19 (Rs cr)(Adjusted)

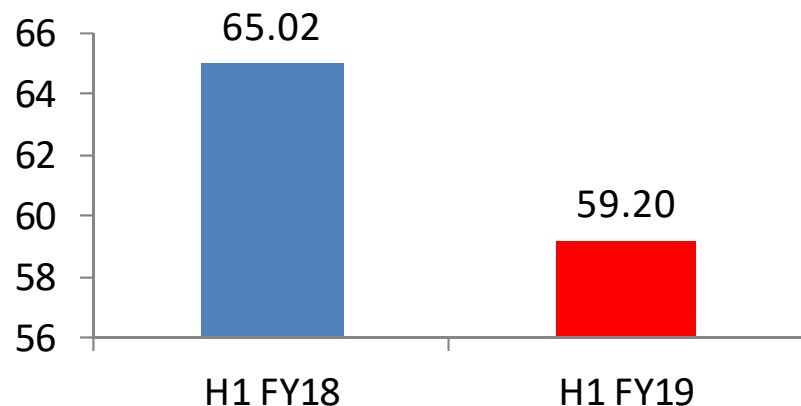


*Refer foot note in slide no.7

** Refer foot note in slide no.7 & Total expenditure excludes ESOP charges of Rs.7.17cr in H1FY19 & Rs.1.27Cr in H1FY18

Financial Performance: H1-FY19(Adjusted)

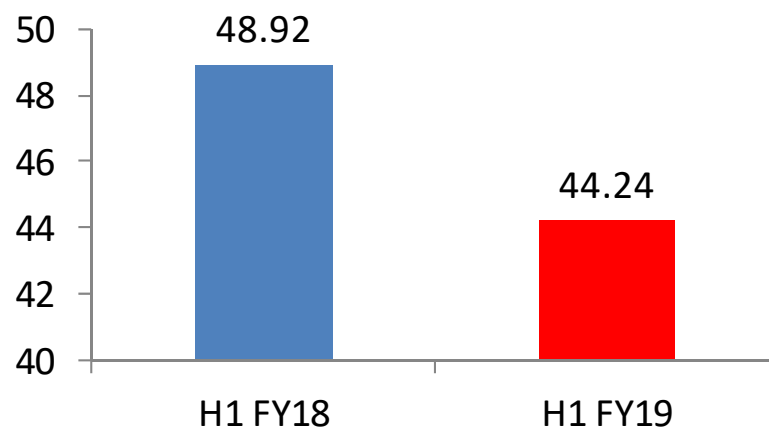
Operating Profit Margin (%)



H1 FY19 Operating profit margin stood at 59.20% mainly due to ESOP charges and increase in other expenses. Without the effect of ESOP charges Operating profit margin will be at 63.95%.

H1 FY19 PAT margin stood at 44.24% mainly due to lower other income on account of mark to market impact on investments, ESOP charges and increased other expenses.

PAT Margin (%)



H1FY19 Performance

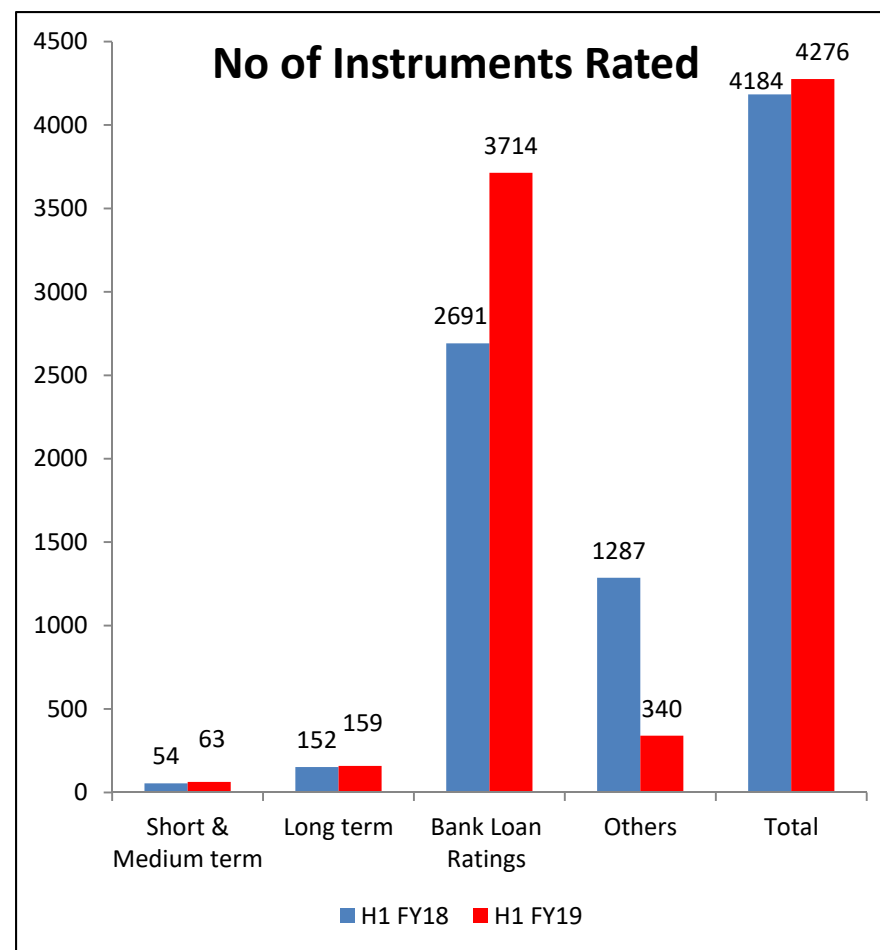
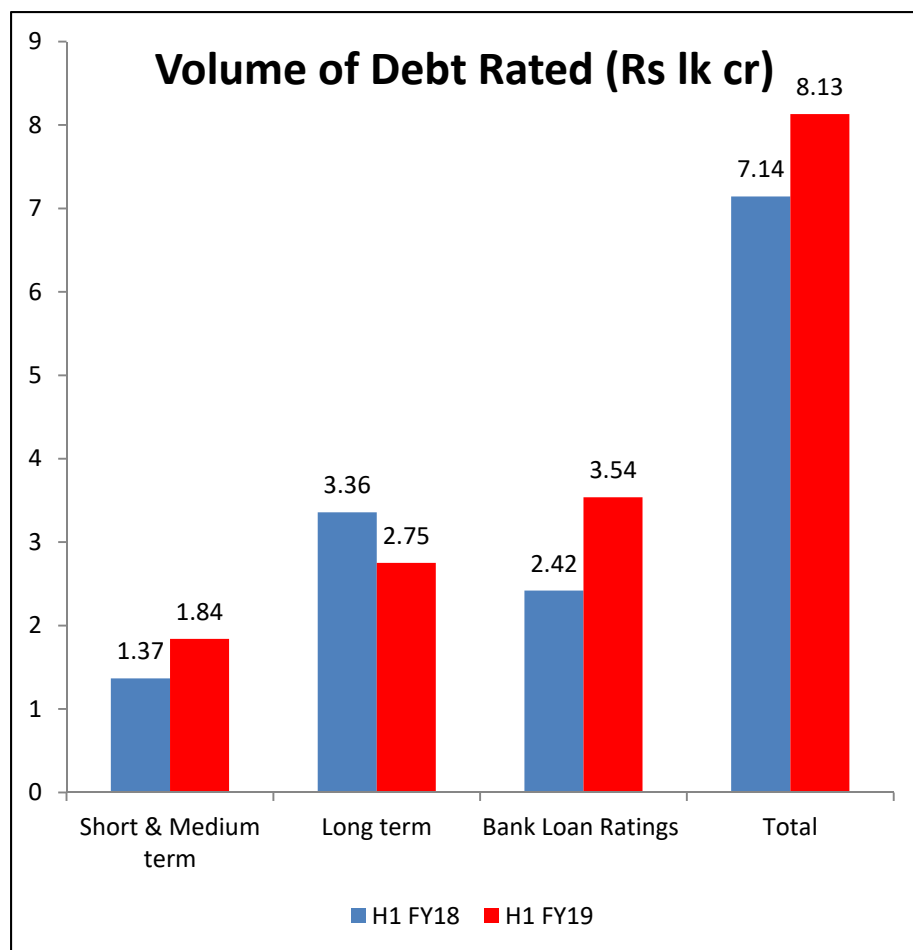
(As per audited result published in H1 FY19)

Rs. Lakhs

Particulars	Standalone			Consolidated		
	H1 FY19	H1 FY18	% Change	H1 FY19	H1 FY18	% Change
Revenue from Operations	15,101	15,235	-0.88%	15,665	15,586	0.50%
Total Expenses	5,444	4,717	15.40%	6,166	5,179	19.06%
Operating Profit (without ESOP)	9,657	10,518	-8.18%	9,499	10,408	-8.73%
ESOP Charge	717	127	465.27%	717	127	465.27%
Other Income	1,161	1,275	-8.97%	1,202	1,287	-6.60%
Profit Before Tax	10,101	11,666	-13.41%	9,984	11,567	-13.69%
Provision for Tax	2,907	3,269	-11.07%	2,921	3,284	-11.07%
Profit After Tax	7,194	8,397	-14.32%	7,063	8,283	-14.73%

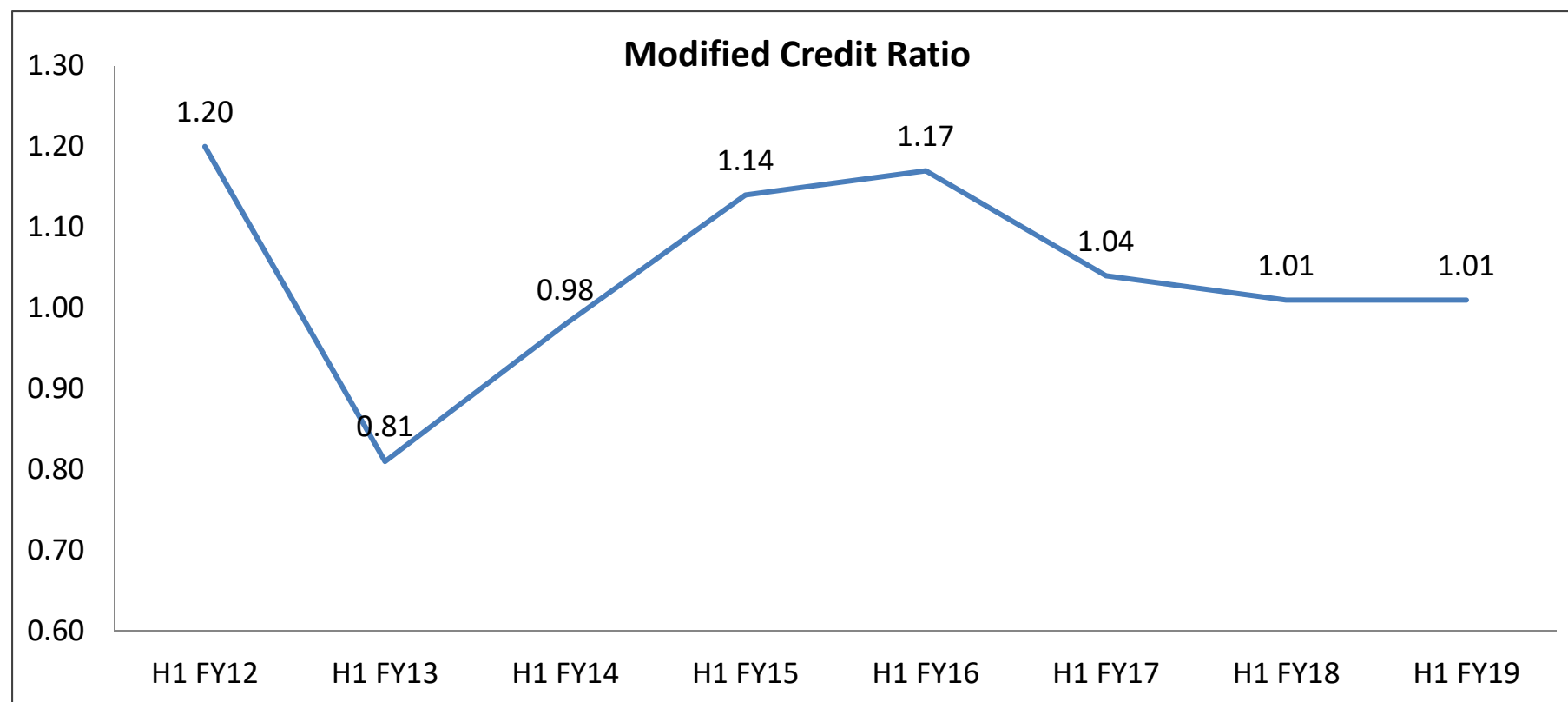
Operating Profit margin (%)	59.20%	69.03%	56.06%	66.77%
Profit Before Tax margin (%)	62.12%	70.66%	59.19%	68.56%
Net Profit margin (%)	44.24%	50.86%	41.88%	49.09%
Basic EPS for the quarter (Rs. per share)	24.42	28.38	23.96	28.11

Business Performance: H1-FY19



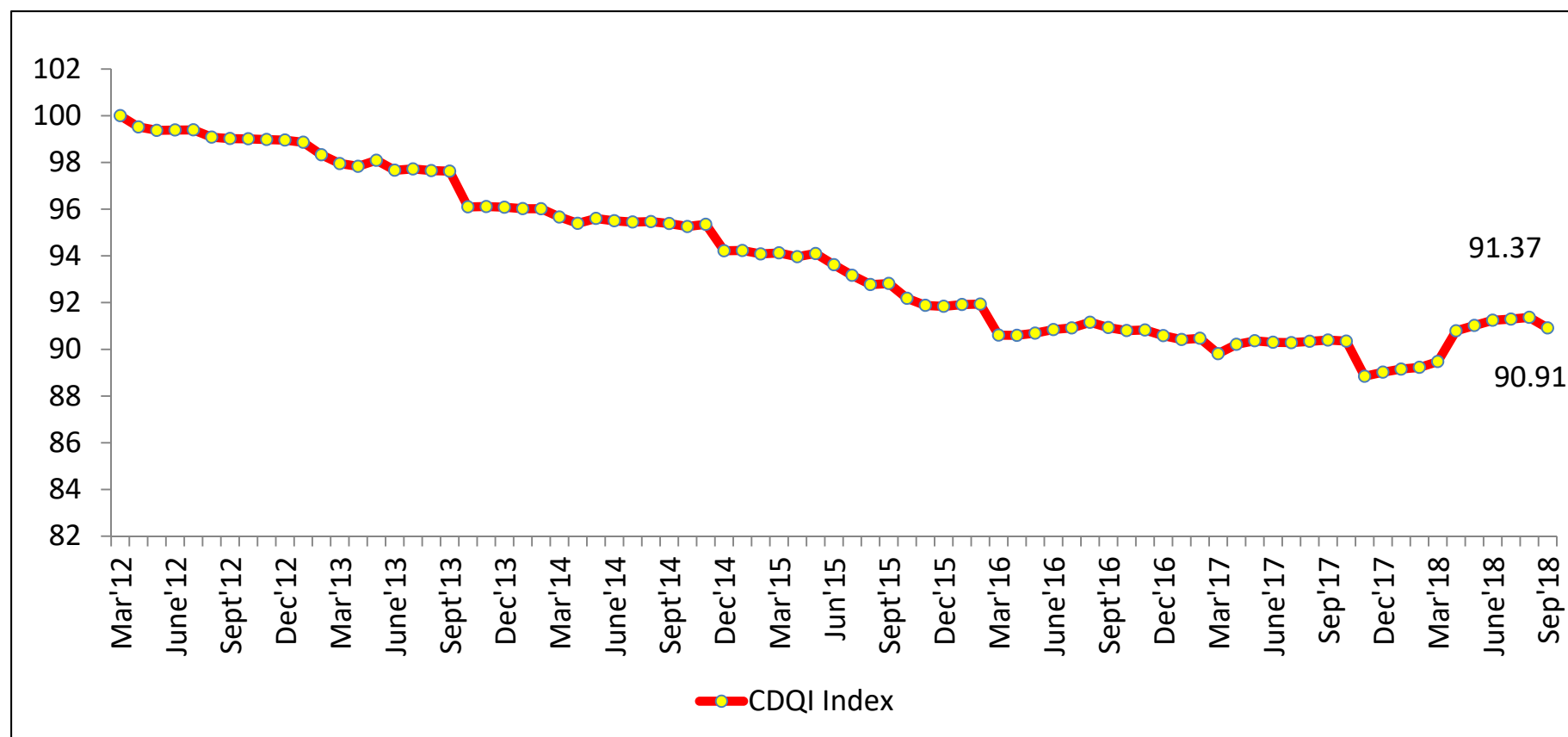
Rating Movement

CARE Ratings' Modified Credit Ratio (MCR) which is defined as the ratio of (upgrades and reaffirmations) to (downgrades and reaffirmations) for H1 FY19 was stable at 1.01 when compared with H1 FY18. It however was lower than the MCR during H1 FY15-17 (1.04 to 1.17).

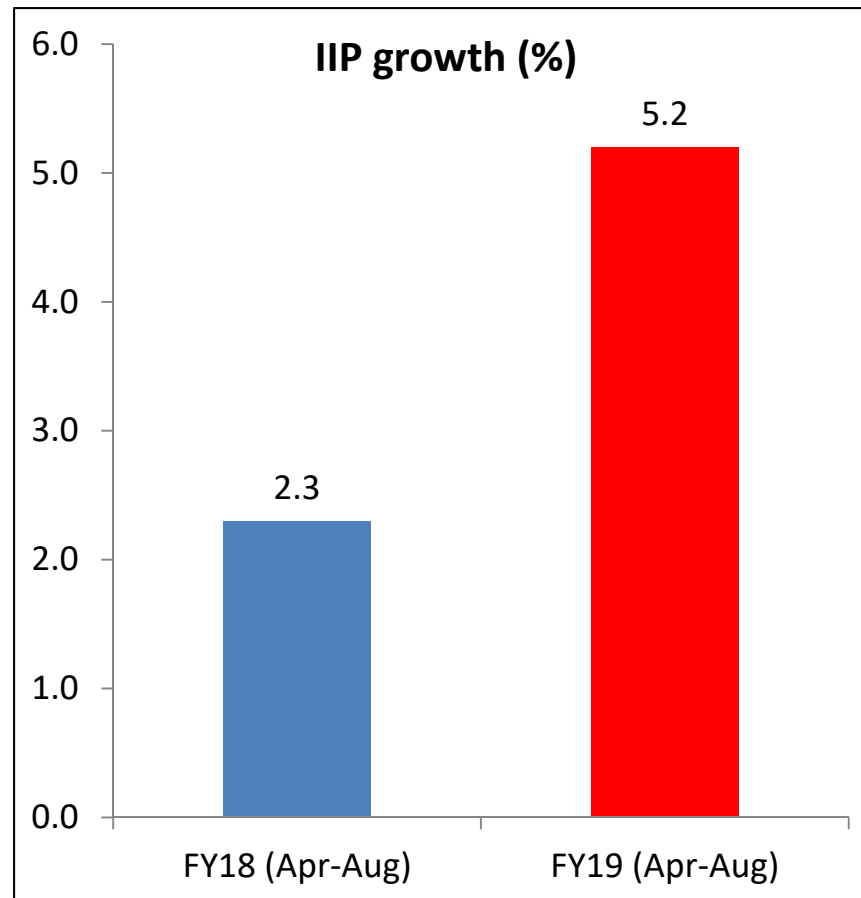
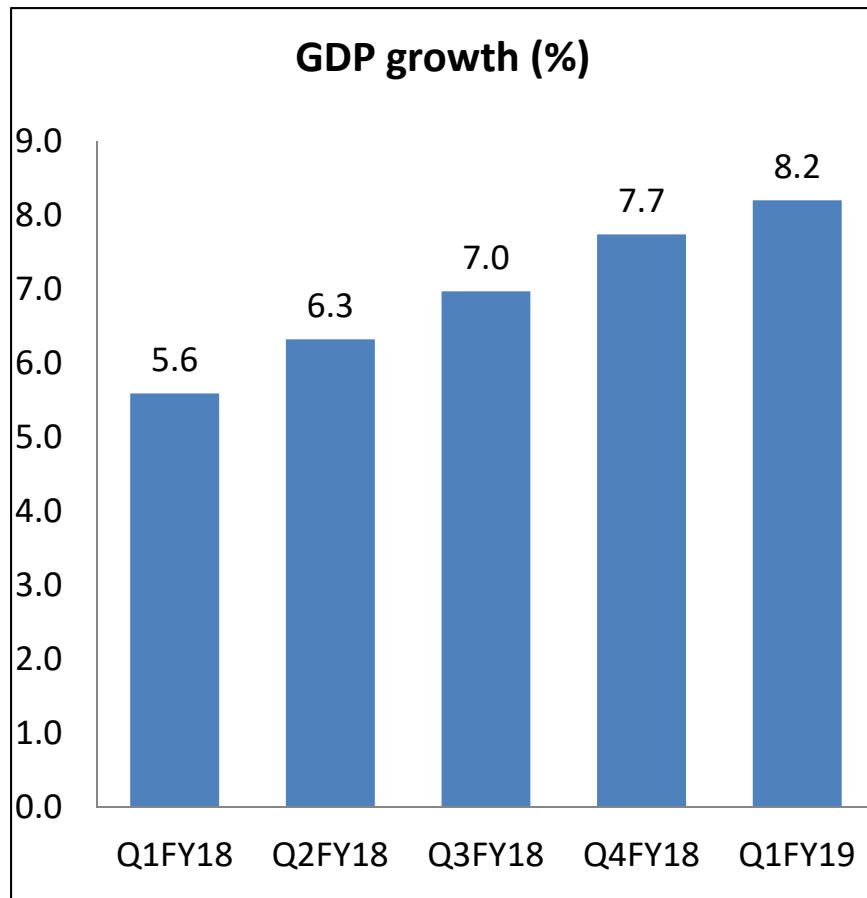


CARE Ratings Debt Quality Index (CDQI)

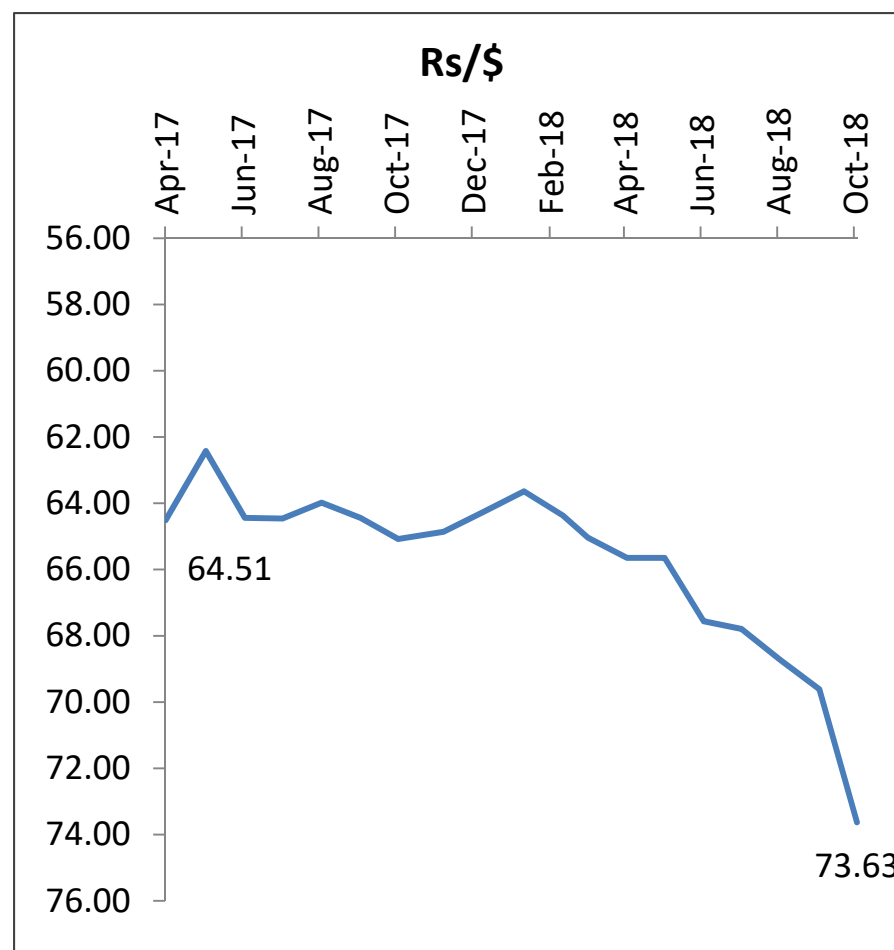
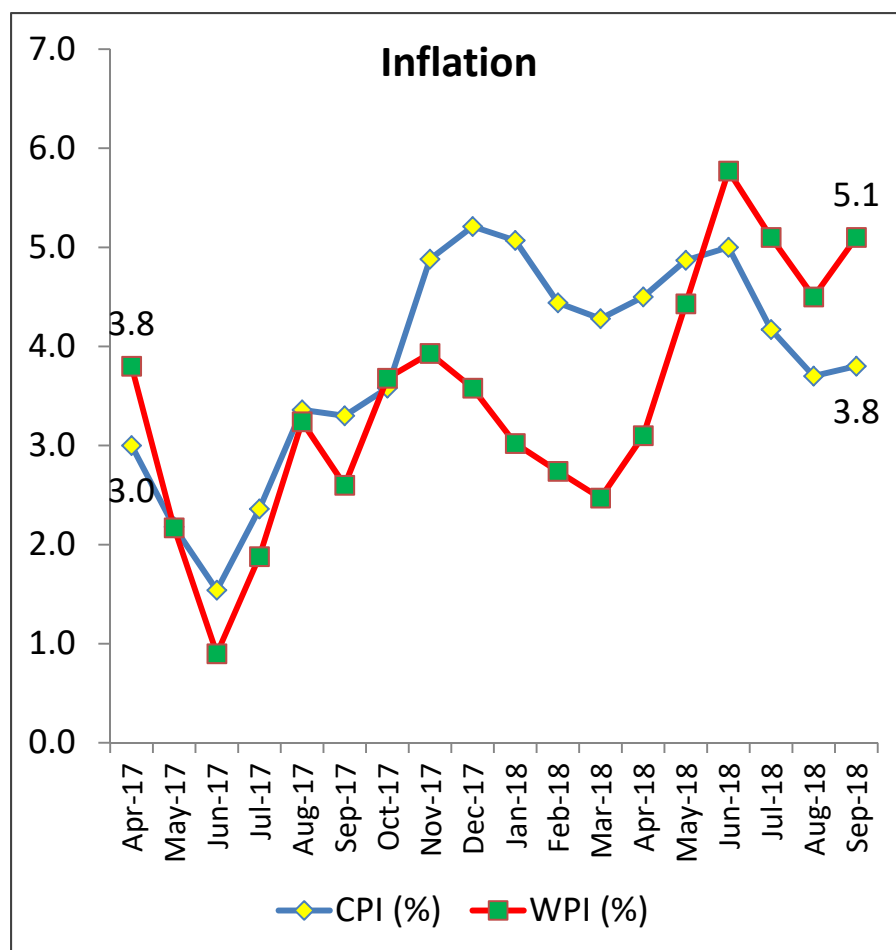
CDQI has been showing an improving trend in the nine months ended August 2018. In September 2018, it fell marginally



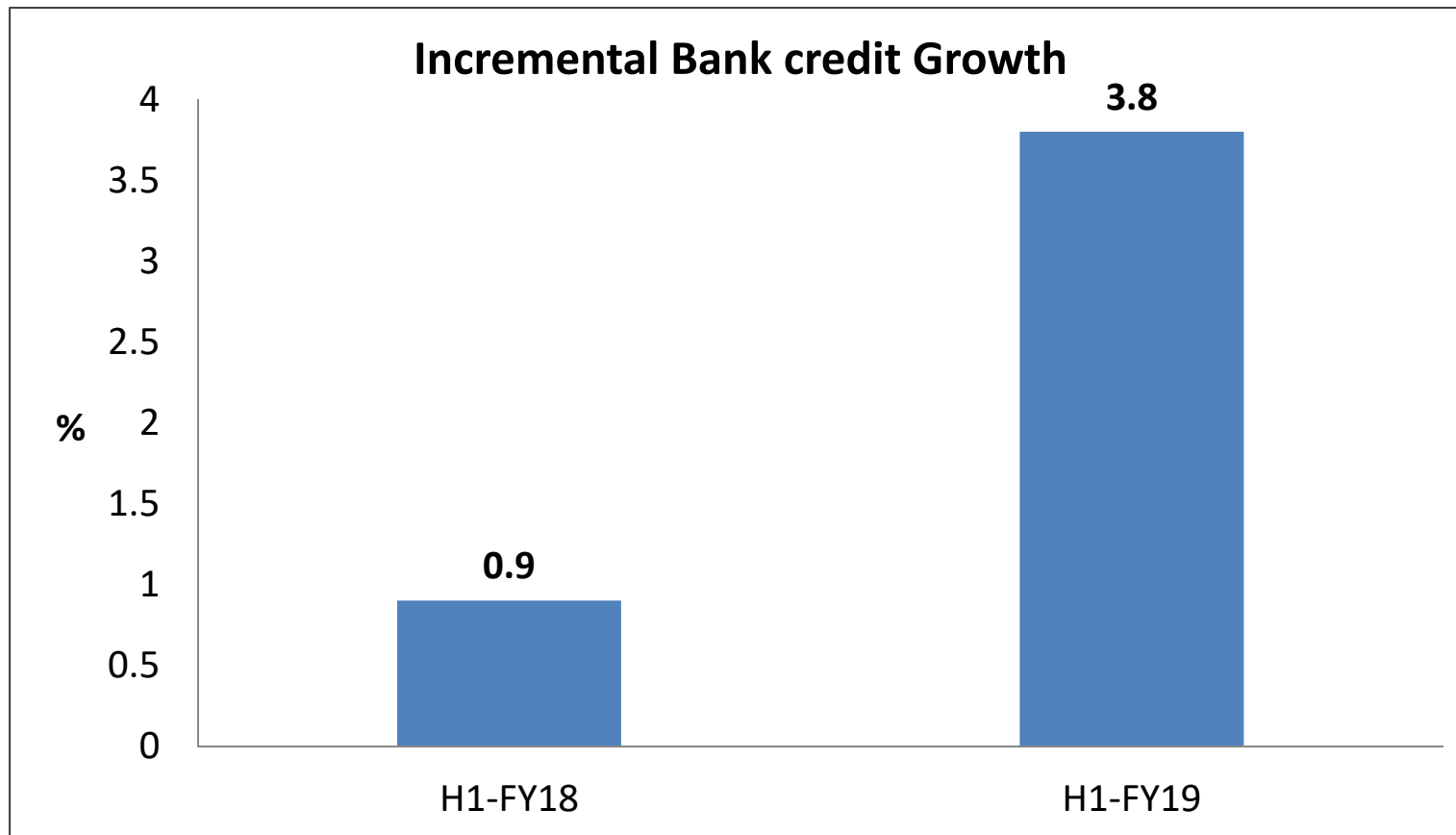
Economic Backdrop



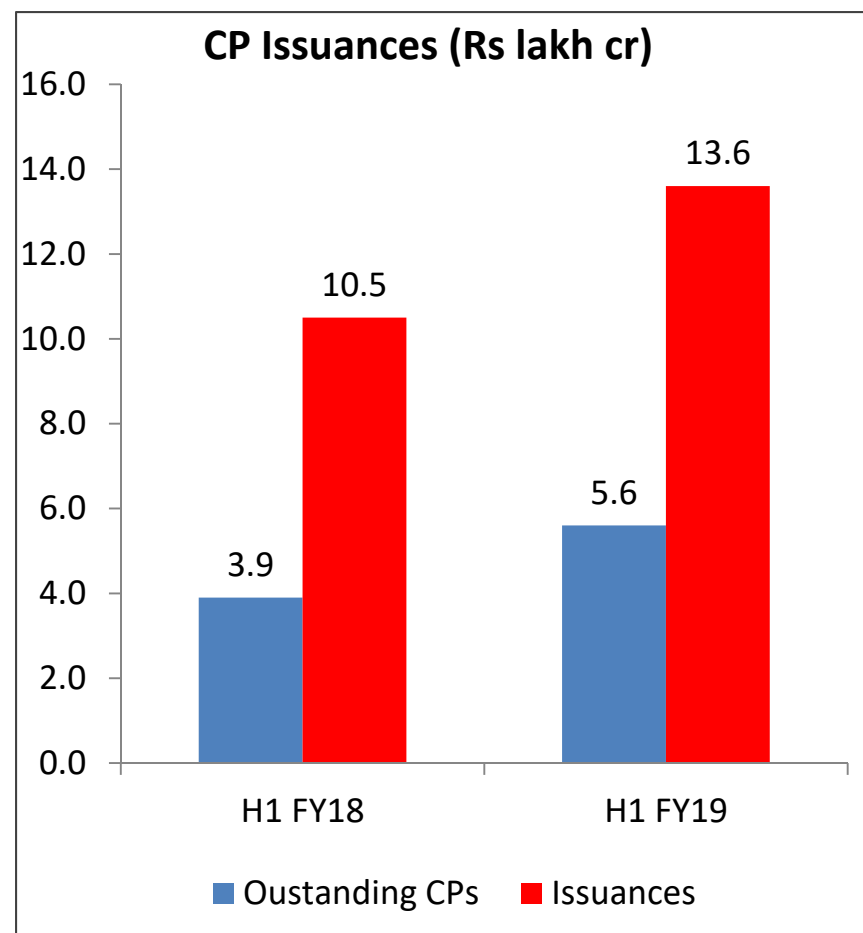
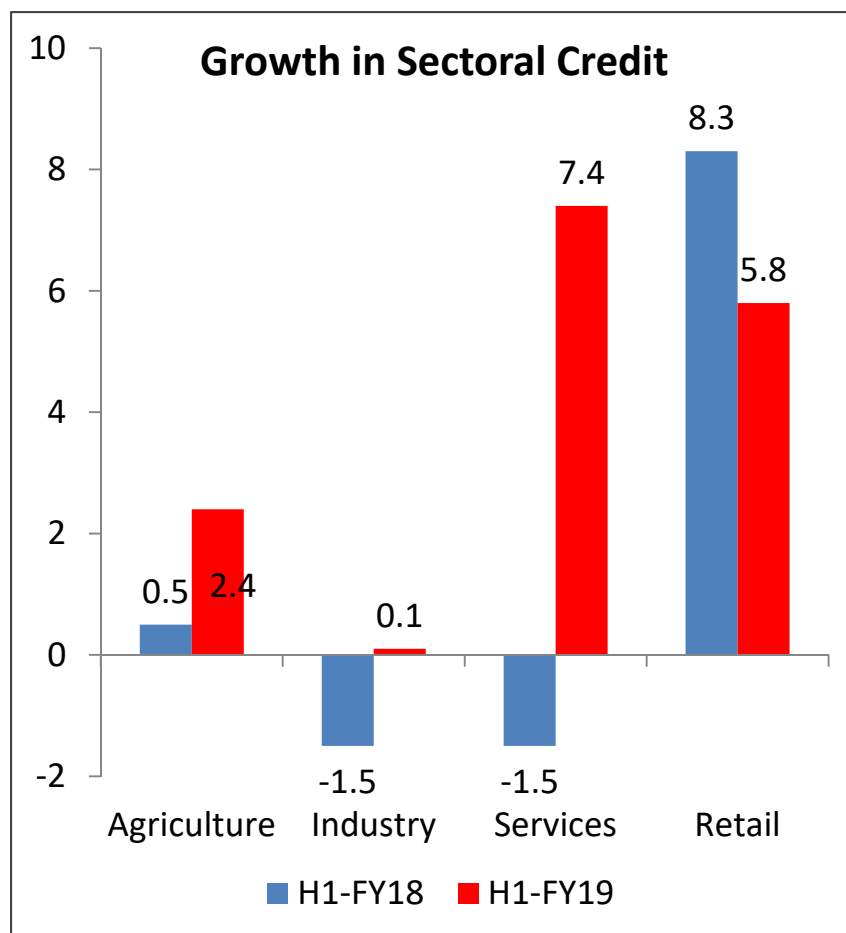
Economic Backdrop



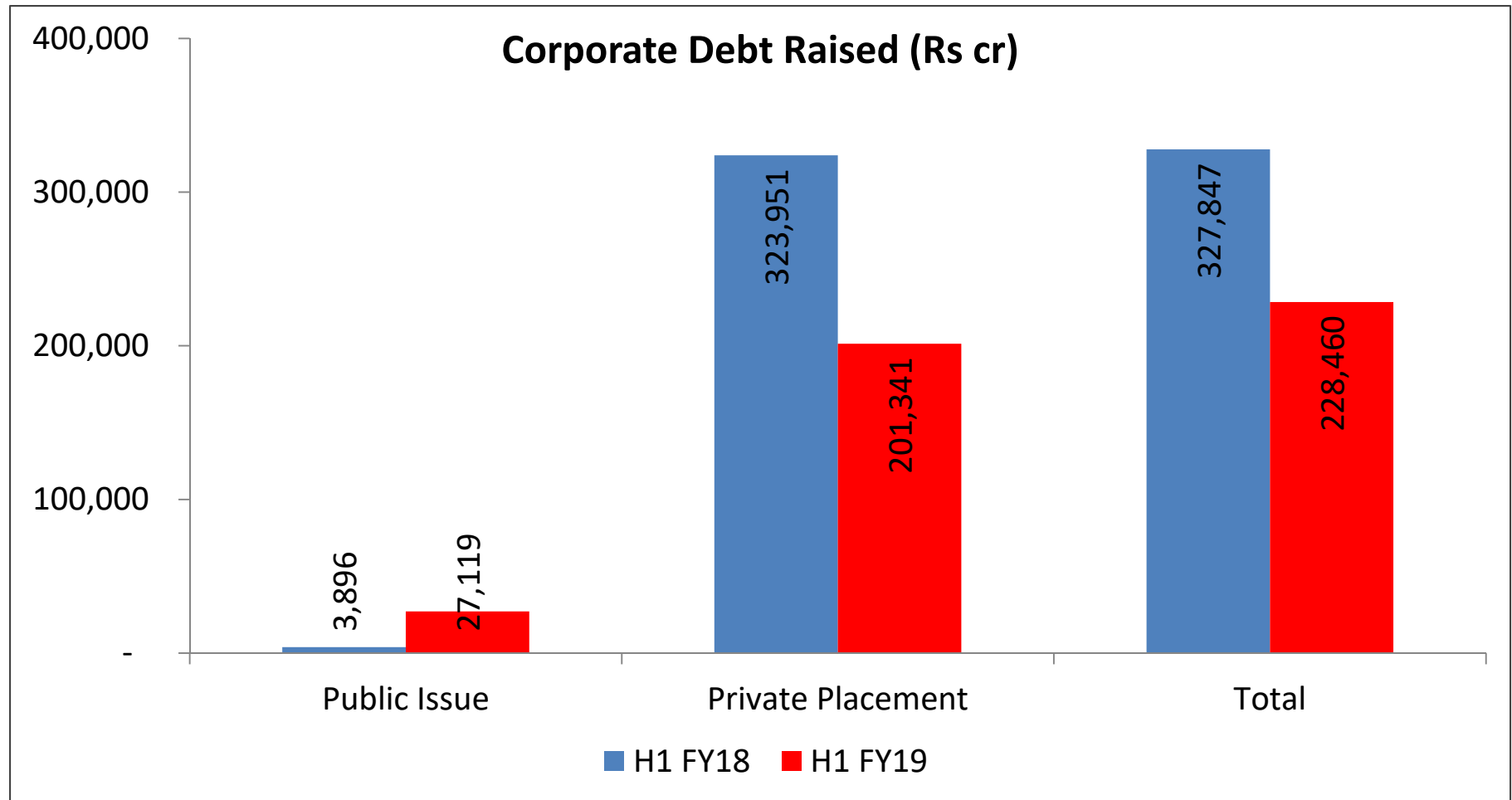
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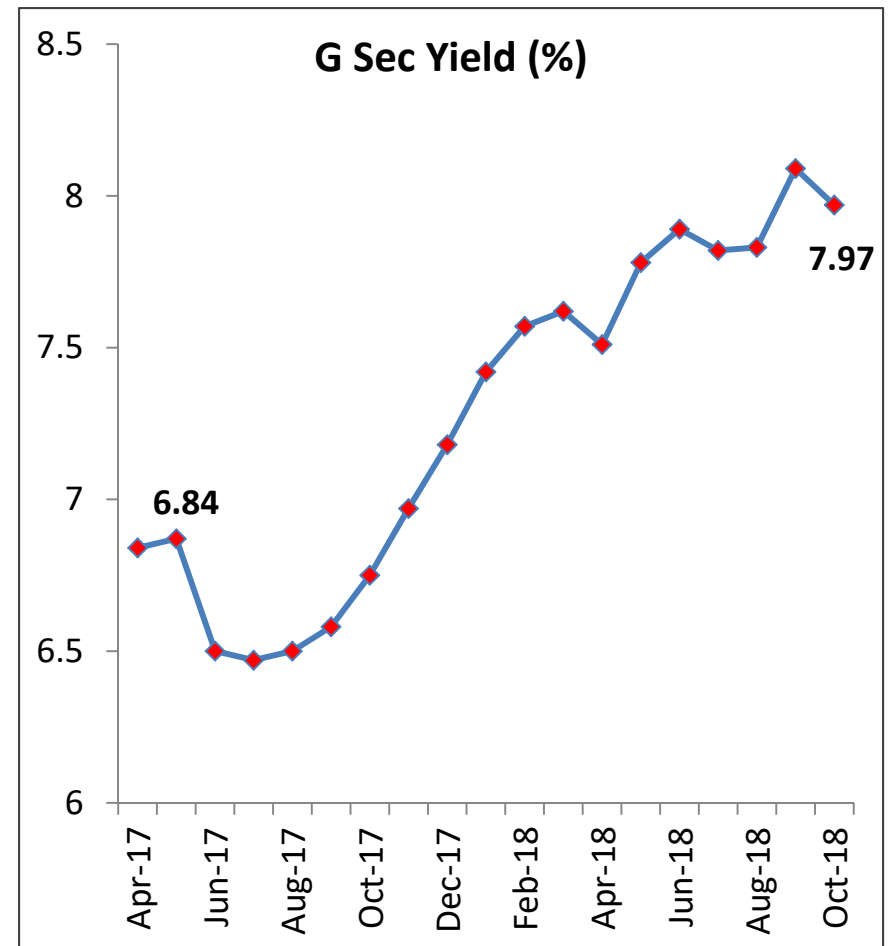
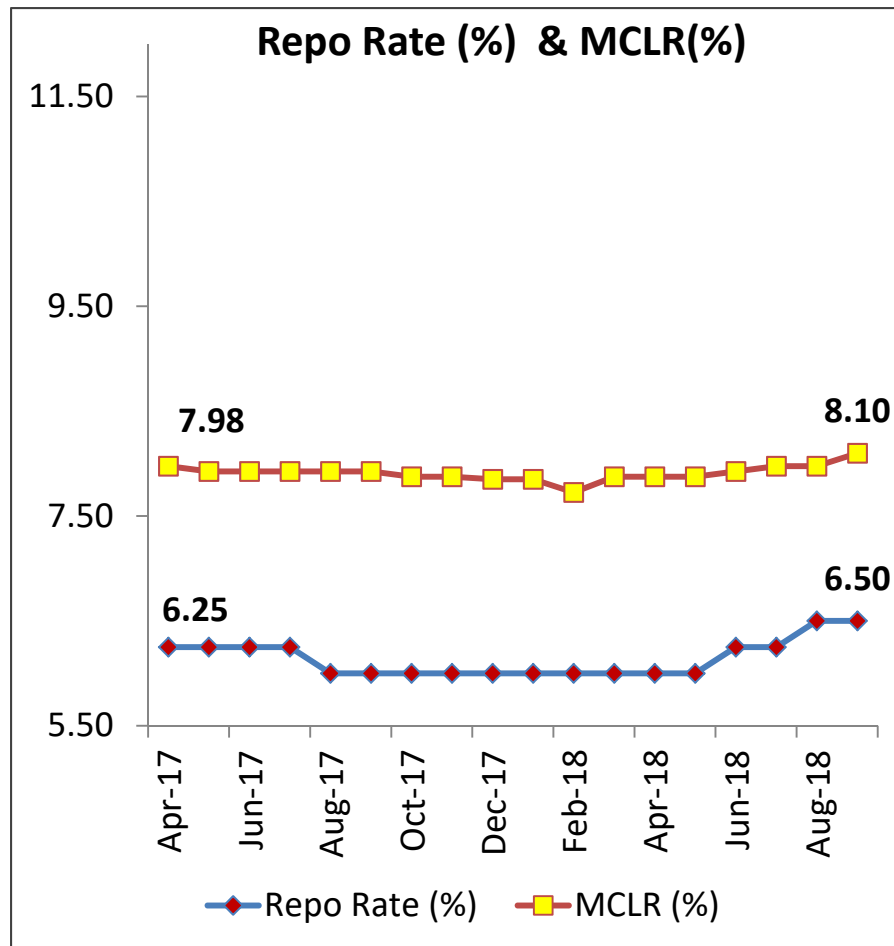
Economic Backdrop



Economic Backdrop



Economic Backdrop



Economy Overview

Positives

- Industrial output up
- Core sector growth up
- Favourable monsoon
- Expected improvement in GDP growth
- Increasing bank credit off take
- Commercial Paper issuances rose

Negatives

- Pick up in inflation
- Rising interest rates
- Exchange rate depreciated
 - Forex decline
 - FPI outflows
- Fall in debt issuances

Economic Outlook for FY19

- GDP growth is expected to be around ~7.5% in FY19
- Inflation expected to be around 5% in FY19
- Rupee to be in the range of Rs.73-74/\$
- RBI is expected to increase repo rate by another at least 25 bps in FY19 due to likely inflationary pressures

Thank You