



Celebrating Two Decades of Analytical Excellence

CARE Ratings

Q1 FY14 Results Presentation

Brief Snapshot



Second Largest Rating Company in India⁽¹⁾

Recurring Nature of Rating Business

High Margins & Profitability

International expansion

Wide Sectoral Coverage

Diversified Business Mix

External Rating Committee

(1) In terms of rating income FY13



Diversified Business Mix

1. Ratings

- Manufacturing & Services sector
- Finance sector
- Small & Medium Enterprises
- Structured Finance

2. Research & Gradings

- Industry & Customized Research reports
- CARE Industry Risk Metrics (CIRM) reports
- Grading services
- Training
- Valuations

3. International expansion

- Started operations in Maldives
- JV partner for setting up international rating agency – ARC Ratings
- Other markets

4. CARE Kalypto

- Risk Solutions for
 - Basel II, Credit risks, Operational risks, Fund Transfer Pricing, Asset Liability Management, Value at risk, Capital Adequacy Ratio
- Advisory Services

5. Investment income

Performance overview

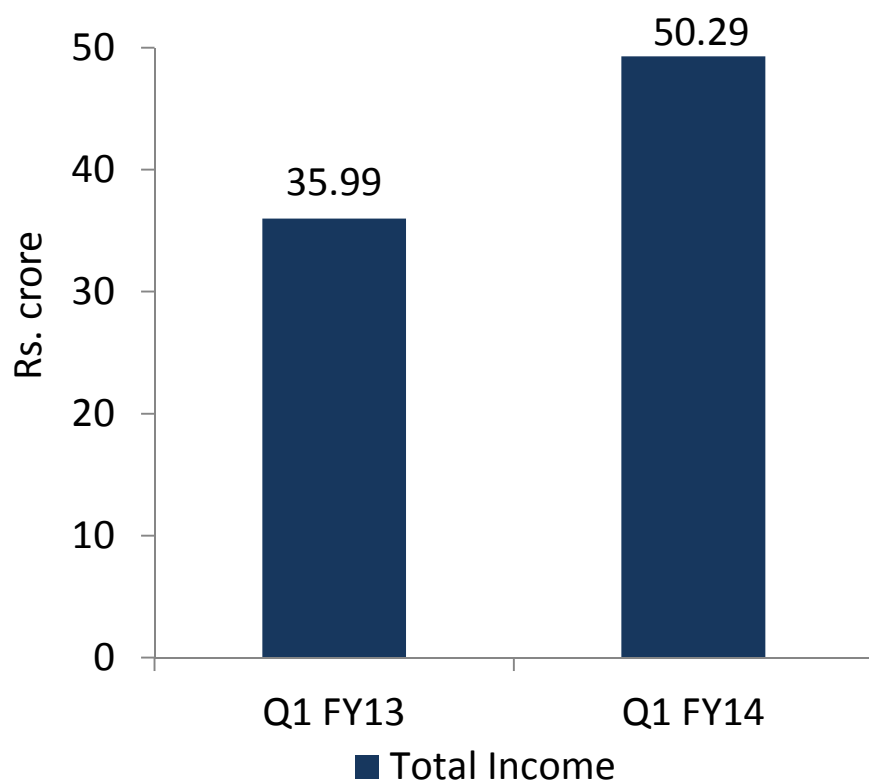
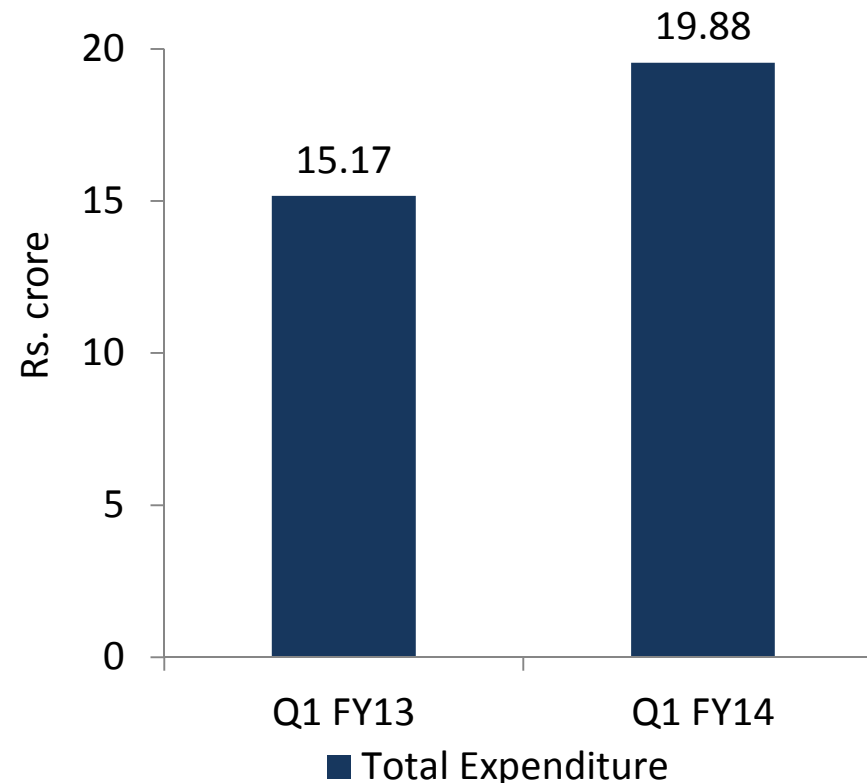
Key takeaways

- Top line growth of 39.7%
- Rating revenue growth of 25.3%
- Substantial expansion of debt volumes in both bank facilities and debt segments
- PBDT margins at 61.5% and PAT margins at 48.3%
- 596 new clients added during Q1FY14
- Interim dividend announced of Rs. 6 per share (Face value of Rs. 10 per share)

Financial Performance – Q1 FY14

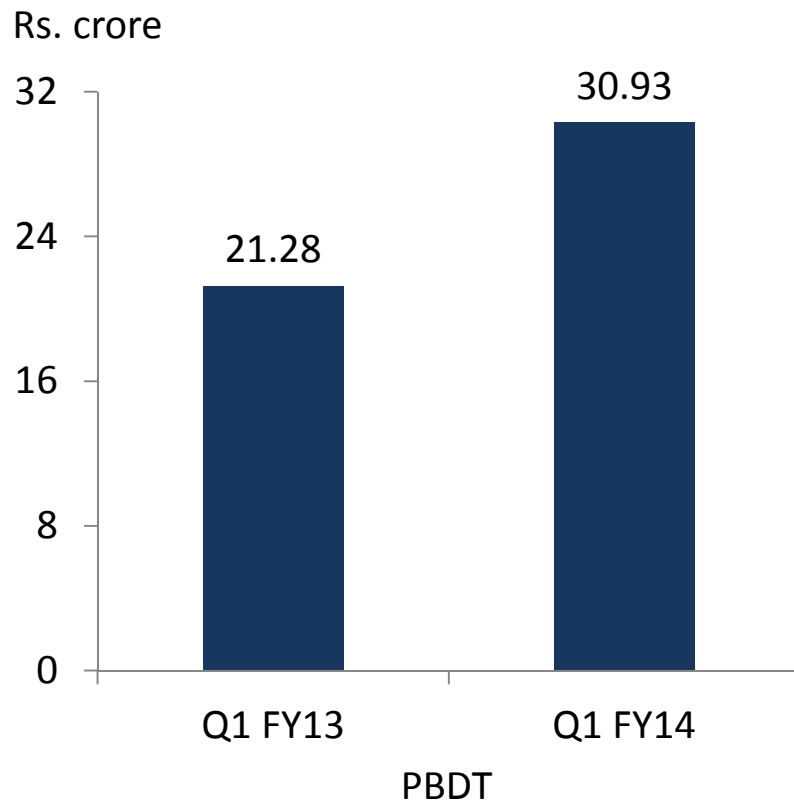
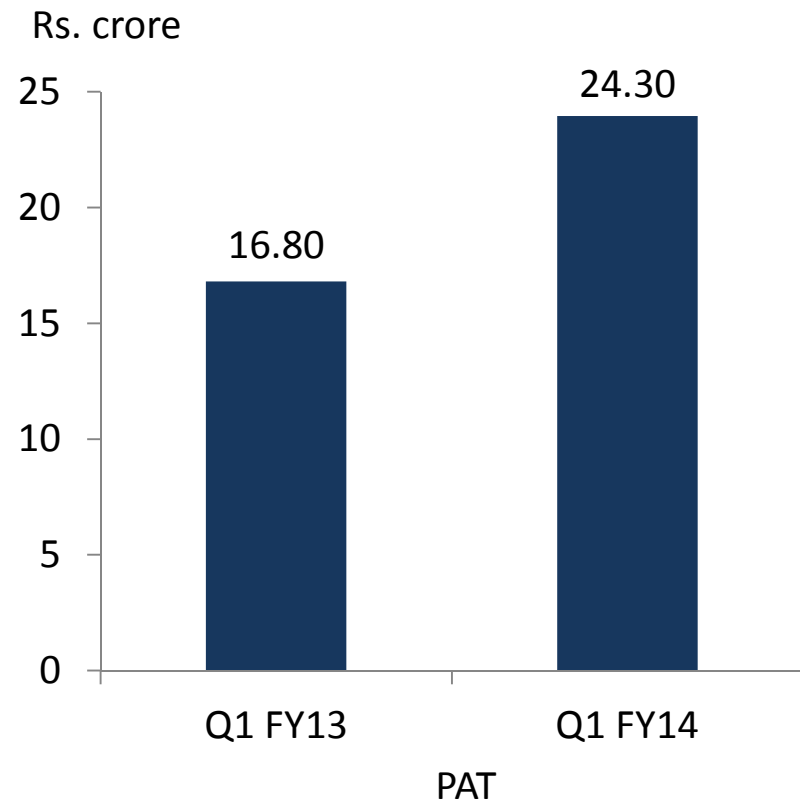
Rs. Crore	Q1 FY13	Q1 FY14	Growth (%)
Rating Revenue	27.50	34.45	25.3
Other Revenue	0.04	0.23	475.0
Total revenue	27.54	34.68	25.9
Other income	8.45	15.61	84.7
Total income	35.99	50.29	39.7
Employee cost	11.96	15.16	26.7
Other expenses	2.76	4.19	51.8
Depreciation	0.45	0.53	17.8
Total Expenses	15.17	19.88	31.0
PBDT	21.28	30.94	45.4
PBT	20.82	30.41	46.0
PAT	16.80	24.30	44.6

Income and Expenditure



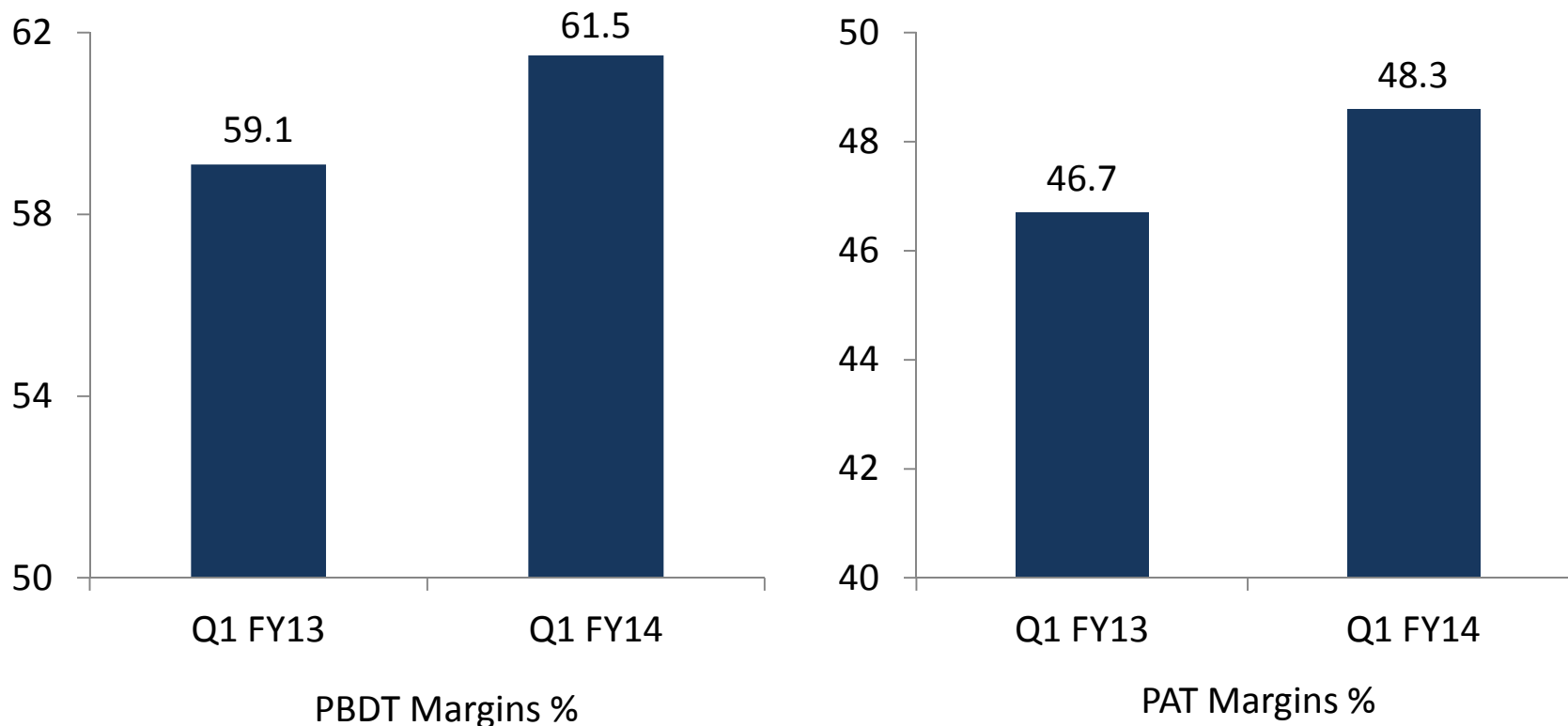
- Total income increased by 39.7%, while total expenditure by 31.0%
- Higher volumes of debt rated contributing to growth
- Other income up due to higher income from FMP investments which have matured
- Expenditure up on account of higher staff expenses involving increase in head count of human resources

Profitability



PBDT increased by 45.3%, while PAT by 44.6%

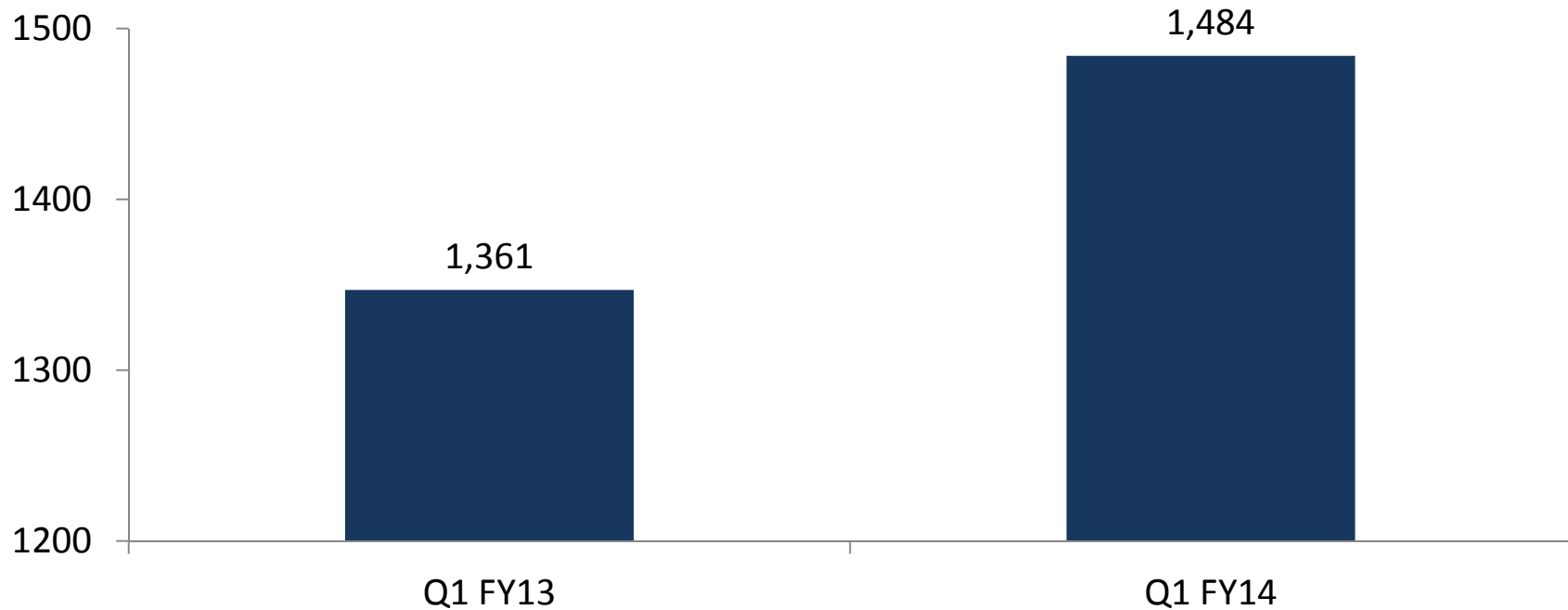
Profit Margins – PBDT & PAT



Both the PBDT and PAT margins witnessed an improvement in Q1 FY14

Business Profile

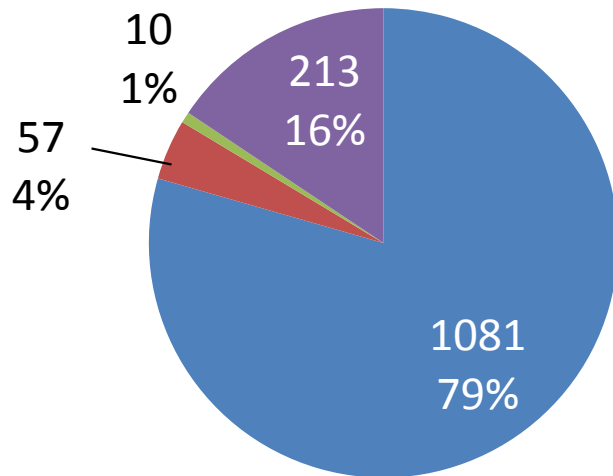
No of Assignments



Total number of assignments increased by 9.0% to 1,484 in Q1 FY14

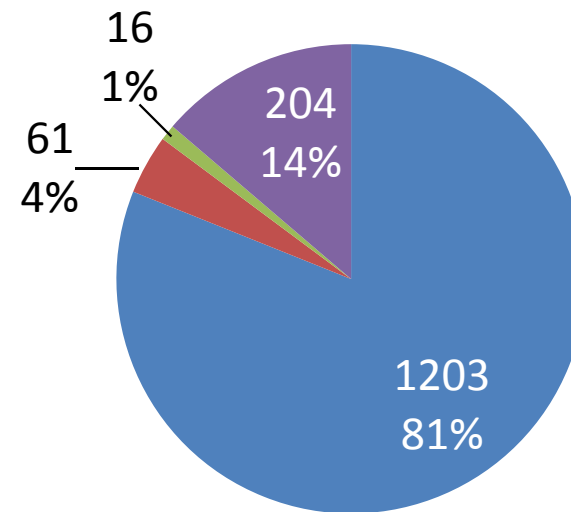
Break up - Number of Assignments

Q1FY13



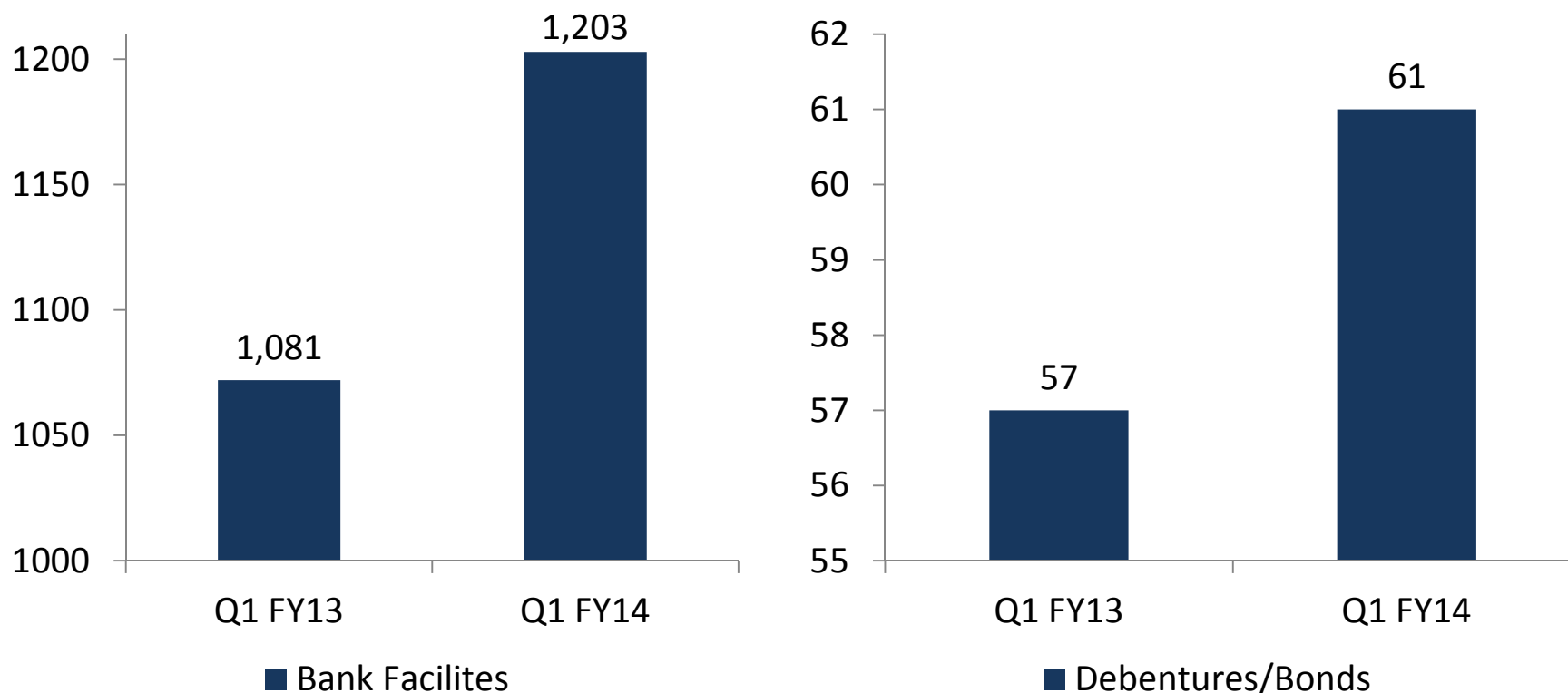
■ Bank Facilities ■ Debentures / Bonds
■ Short Term ■ Others

Q1FY14



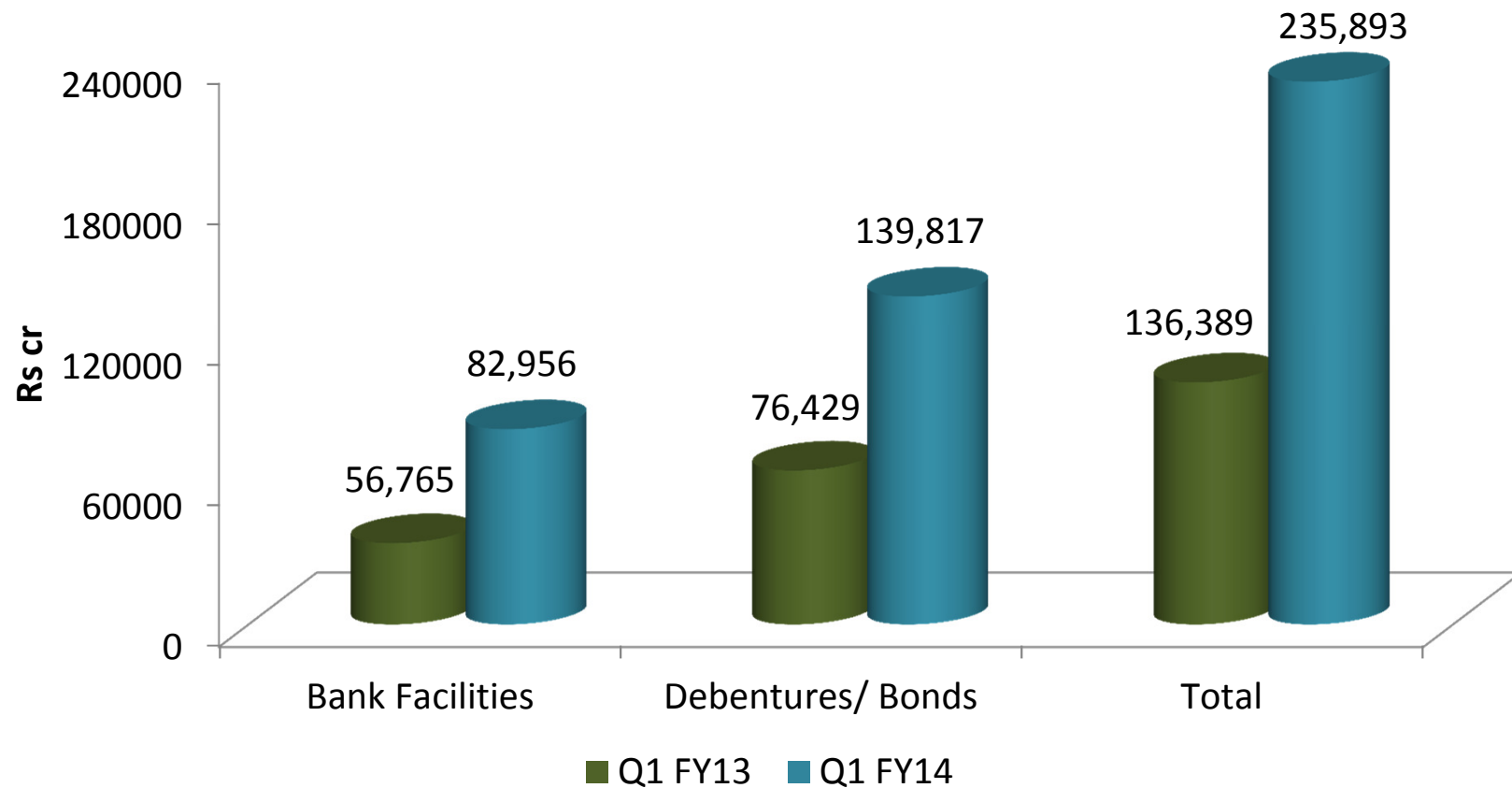
■ Bank Facilities ■ Debentures / Bonds
■ Short Term ■ Others

Bank Facilities & Debentures/Bonds



No of bank Facilities rated saw an increase of 11.2% while the number of debentures rated Increased by 7.0%

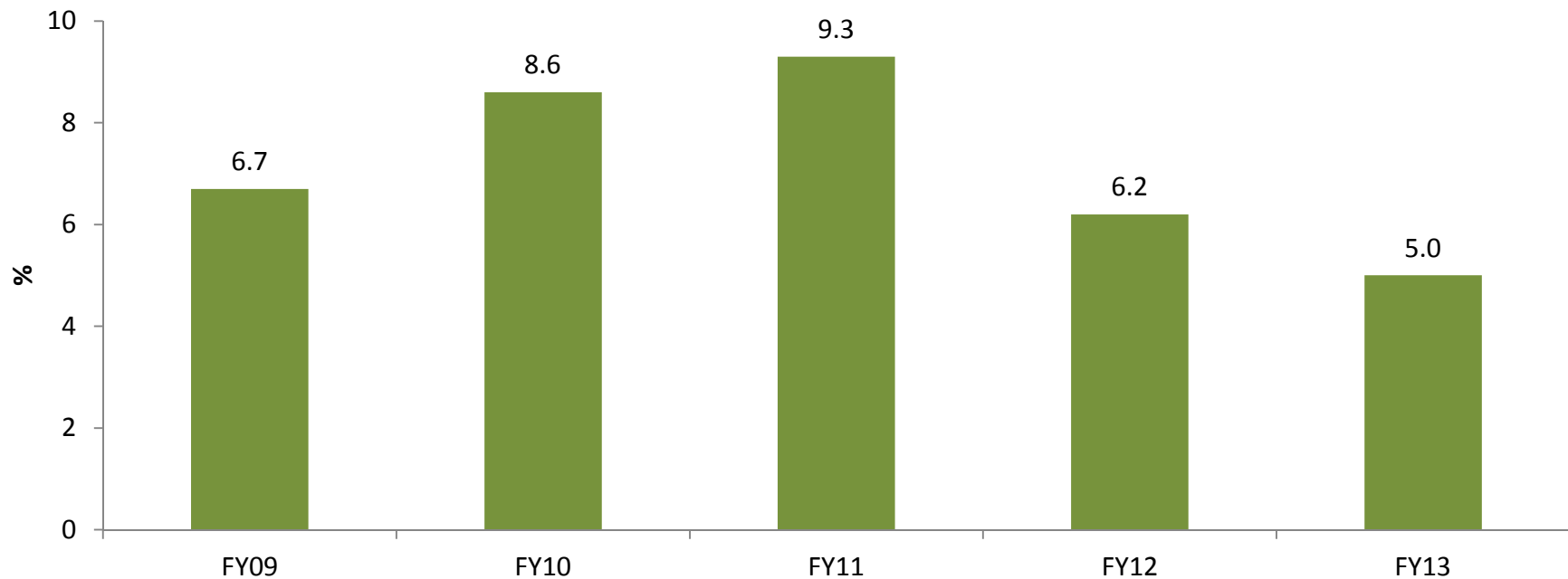
Volume of Debt Rated



Volume of debt rated increased in both bank facilities and debenture/bond segments

Economic Backdrop

Gross Domestic Product



FY14 GDP Prospects

Budget –
6.7%-6.9%

GoI – 5.5% -
6.0%

RBI – 5.5%

CARE 5.4%

Economy round up so far - Positives

Cumulative rainfall (1st June to 31st July): Actual 528.1 mm, Normal 452.4 mm and Departure +17%

Area under cultivation improved: As on 26th July total area under cultivation 747.78 lk hectare (635.05)

Inflation under control: WPI inflation moderated to 4.78% in Q1 FY14

Economy round up so far - Negatives

Rupee depreciating: declined by 9.8% in Q1 FY14

RBI tightened liquidity: increased the MSF rate to 300 bps above repo rate i.e. 10.25%, LAF auctions to be 0.5% of NDTL, banks required to maintain CRR balance of 99%

IIP growth stagnant: 0.1% Apr – May FY14 (0.6%)
Core Sector growth: 1.6% Q1 FY14 (6.9%)

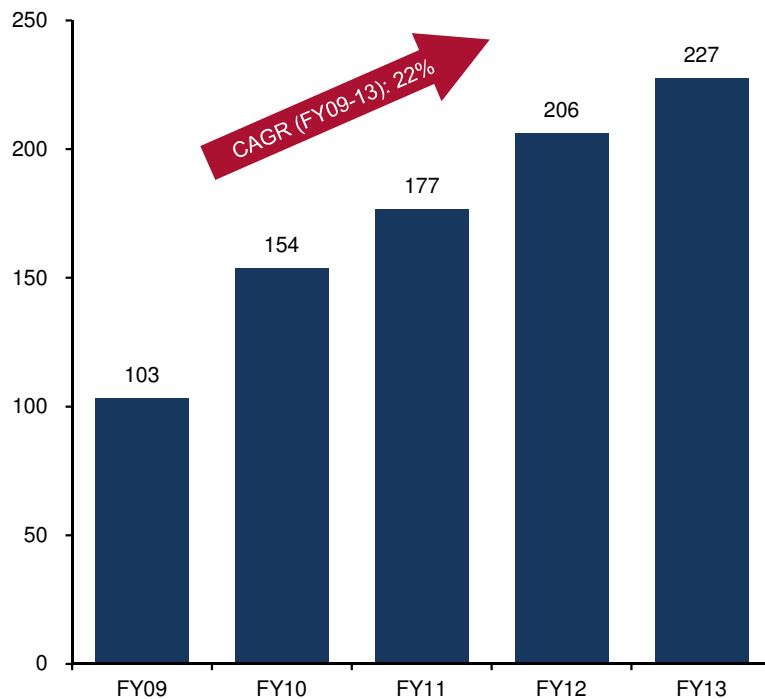
Growth in credit sluggish: 2.9% in Q1 FY14 compared with 3.3% in Q1 FY13

Financial Performance for past 5 years

Strong Financial Position and Profitability

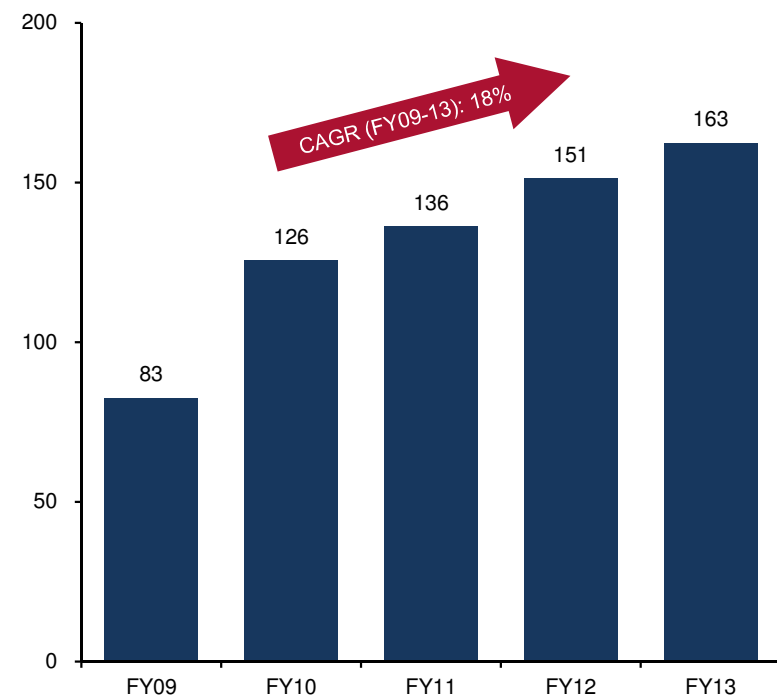
Total Income

(Rs. crore)



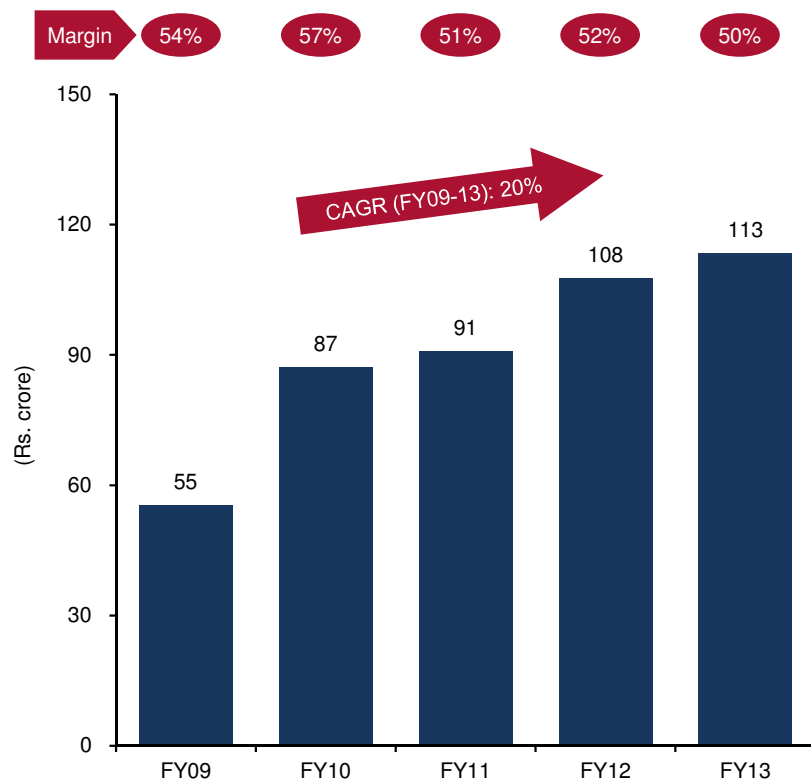
EBIDTA

(Rs. crore)

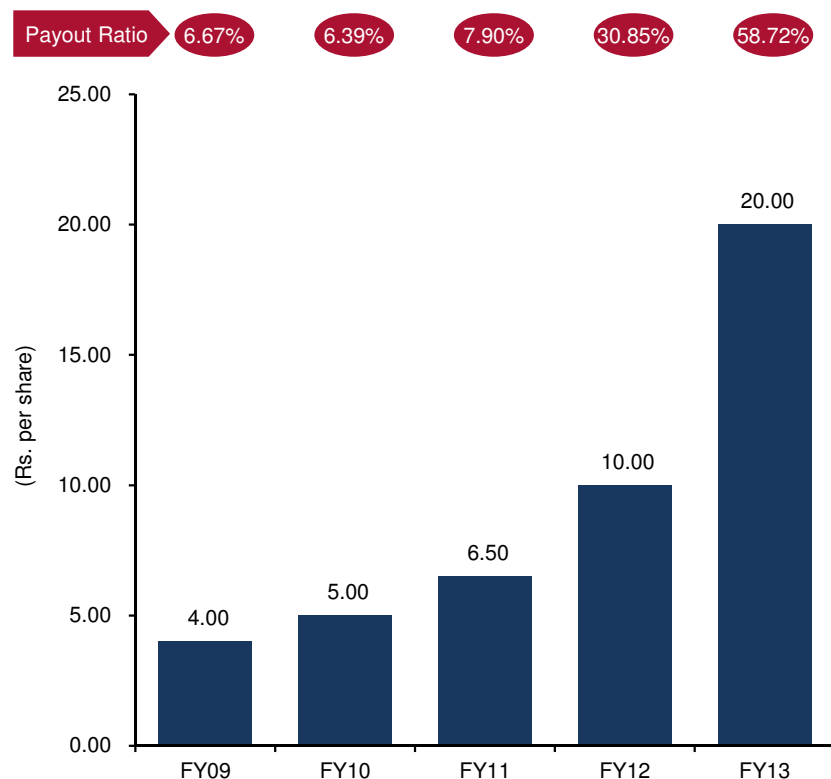


Strong Financial Position and Profitability

Profit After Tax



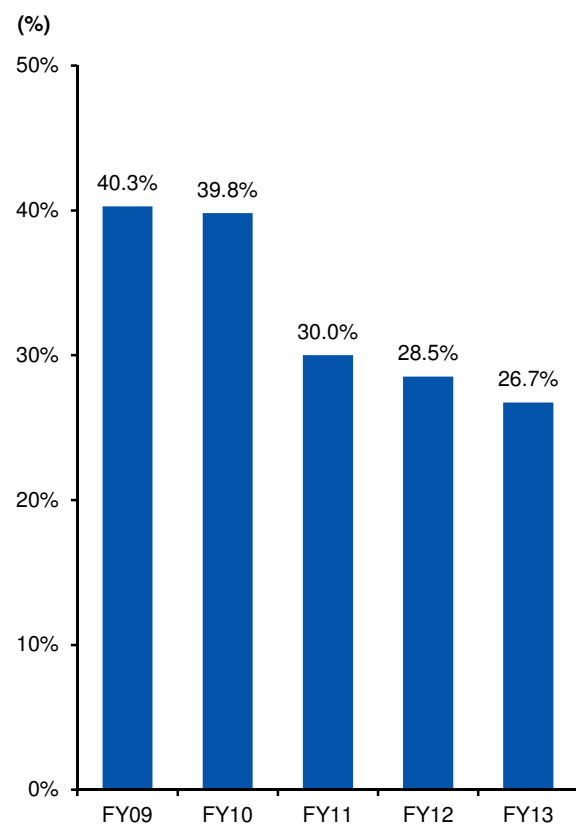
Dividend per share of Rs. 10



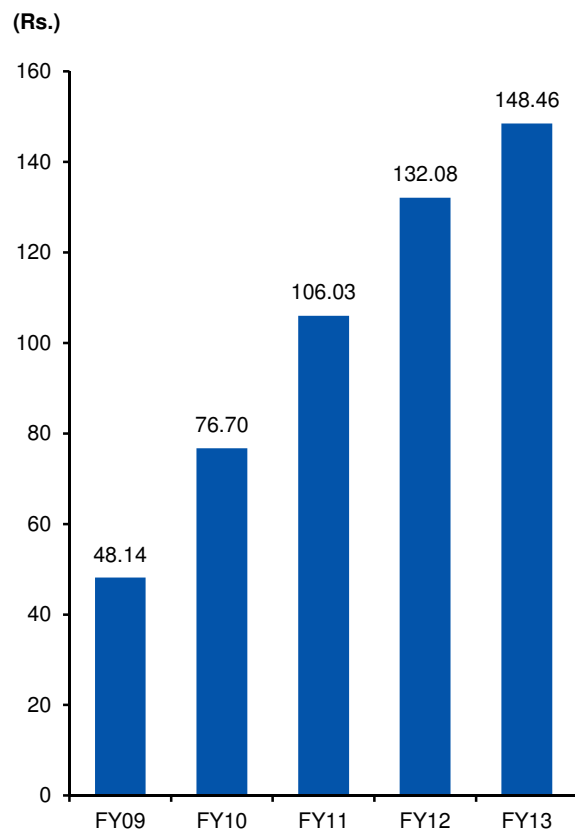
60% Interim dividend declared for Q1 FY14

Key Ratios

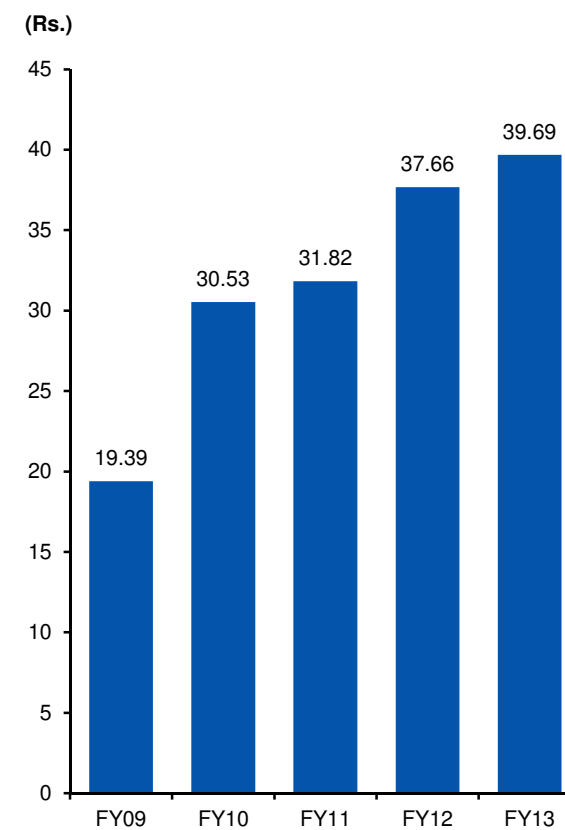
Return on Networth



Book Value Per Share



Earnings Per Share



Key sector challenges ahead

Sector challenges ahead

- Economic growth low presently
 - Bank credit and debt markets subdued and need to recover fast
- Interest rates will be lowered once the rupee stabilizes
- Investment of Rs. 1.5 lakh crore on infrastructure projects as announced by FM
 - This can provide boost to the debt market during the second half

Thank you