Print This Pa

Issuance of bonds & CP likely to be higher in H2FY18: CARE Ratings

CARE Ratings' sequential earnings were strong due to demand for rating on debt instruments which saw an 11 percent rise in volumes during the quarter.

The key highlights of the earnings were the year on year rating revenue increased by 13 percent in the second quarter ended September 2017. Operating profit was up 10.5 percent and operating margins came in at 72 percent versus 73.2 percent YoY.

The agency managed to add 1077 clients in Q2 and were able to rate 2410 instruments in Q2 versus 1770 in Q1.

Sharing further details and outlook going forward, Rajesh Mokashi, MD & CEO, CARE Ratings in an interview to CNBC-TV18 said the offtake of the volume of debt-rated has increased 6-7 percent and significant part of that has come from bond market.

The bond issuances along with commercial paper (CP) has increased substantially in the first half as the credit offtake to the industry sector has been low in the banking system, said Mokashi, adding that this trend is likely to continue.

The other thing that augers well for our industry is as per RBI regulations with regards to large corporate exposure for the banking system requires them to reduce their exposure to the banking system, which means many of these large corporates will shift to bond markets, said Mokashi.

According to him, bond issuance in the next financial year be even higher.

If the macros for the economy improve going forward, in second half, then the revenues for the company would also improve, said Mokashi.

When asked if they were expecting some business in the NCLT cases in terms of assessing the sustainability of resolution packages, Mokashi said some work had already come to them and as more and more cases go for decision making, more work will come.