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Expect uptick in consumption, good monsoon to aid business growth: CARE Ratings

Care posted a healthy growth in the number of assignments in the fourth quarter of FY17 but the topline growth was tepid.

The number of assignments were up 33.2 percent at 10,027 for the quarter. Active clients were up 3.6 percent quarter on quarter and 22 percent Year on Year. The number came in at 15,098.

Rajesh Mokashi, MD & CEO, CARE Ratings said from a macro perspective FY17 was a difficult year for the whole economy and despite that to grow at 6 percent is commendable. However, going forward the agency expects consumption cycle to pick up and good monsoon to aid business growth.

Now that some of the fundamentals and macros are in place, it would help credit offtake, so FY18 should be better than FY17, said Mokashi.

The net profit margin came in at 48.4 percent versus 43 percent for the same quarter last fiscal. Net sales were up 1.5 percent at Rs 76.4 crore versus Rs 75.2 crore in FY16 (Centrum at Rs 80.1 crore).

For the rating agency per se, if investment cycle picks up, then an all-round growth is expected for rating industry, he said.

In FY17 the upgrade to downgrade ratio declined and going forward if the economy picks up then upside will be more than the downside, he added.

The agencyâ€™s EPS for the full year stood at Rs 51, said Mokashi.

Talking about the business outlook for their agency, he said rating agency is an economy facing kind of business â€“ if fundamentals of credit offtake increases, bond market borrowings increase then that translates into more business for rating agencies.

For full discussion, watch video