

Date: November 8, 2022
SE/2022-23/71

To,

The General Manager Corporate Relation Department BSE Limited Phiroze Jeejeebhoy Towers 14 th Floor, Dalal Street Mumbai 400 001 Scrip Code: 534804	The National Stock Exchange India Ltd. Listing Department Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051 Scrip Code: CARERATING
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Dear Sir/ Madam,

SUB: PRESS RELEASE AND INVESTOR PRESENTATION FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Please find enclosed herewith the Press Release and Investor Presentation of CARE Ratings Limited for the quarter ended September 30, 2022 as per the requirement of Regulation 30 and Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the above on record.

Thanking you,

Yours faithfully,

For CARE Ratings Limited

Nehal
Navinchandra
Shah

Digitally signed by Nehal
Navinchandra Shah
Date: 2022.11.08
22:10:35 +05'30'

Nehal Shah

Company Secretary & Compliance Officer

Encl: As Above

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.
Phone: +91-22-6754 3456 • Email: care@careedge.in • www.careedge.in

Press Release Financial Results for Q2 & H1FY23

November 8, 2022



The Board of Directors of CARE Ratings Limited approved the financial results for Q2 FY23 in the Board meeting held on November 8, 2022.

State of the Economy

Although, GDP growth accelerated to 13.5% y-o-y in Q2 FY23; the growth was a modest 3.8% when compared to the pre-pandemic period of Q2 FY20. High-frequency economic indicators continue to depict a mixed picture. Indicators like auto sales, E-way bills, GST Collections are recording healthy improvement while other indicators like PMI and IIP lost some momentum. Survey-based forward-looking indicators hinted at pessimism towards non-essential spending. Inflation continued to pose a challenge, as it remained higher than the upper limit of RBI for straight nine months. Inflationary pressure could result in further monetary tightening by the central bank.

Fundraising by businesses remained suppressed in the second quarter of FY23. Corporate bond issuances in Q2 FY23 stood at Rs. 2.0 lakh crore, lower by 5.45% compared to the corresponding quarter of FY22. Issuances of commercial paper stood at Rs. 3.8 lakh crore in Q2FY23, lower by 38.3% compared to the corresponding quarter of FY22.

Gross Bank credit continued to register double-digit growth in the current fiscal. Bank credit grew at 15.3% y-o-y in September 2022 compared with the 6.7% growth in the previous year. There was strong credit growth of 20% recorded by services and 19.6% growth recorded by the retail segment. Industrial sector credit recorded a growth of 12.6%, even while growth in credit demand from large industries remained relatively lower at 7.9%. However, credit demand from large industries has shown a marked improvement from contraction of 2.1% seen in the previous year.

Standalone Results

CARE Ratings' standalone income from operations was up by 12% to Rs. 77.49 crore in Q2FY23, compared with Rs. 69.30 crore in the corresponding quarter of the previous year. Bank loan ratings segment led this growth, with sustained momentum in initial ratings business. Total income was up by 14% to Rs.86.12 crore in Q2FY23, compared with Rs. 75.83 crore in Q2FY22. Total expenses have decreased by 3% during this period compared to Q2FY22. Operating profit increased by 27% to Rs. 44.68 crore in Q2FY23 from Rs. 35.19 crore in Q2FY22. Net profit increased by 29% to Rs. 38.47 crore in Q2FY23 from Rs. 29.76 crore in Q2FY22.

Operating profit margin and net profit margin were 58% and 45% respectively in Q2FY23, which reflected good growth compared to corresponding quarter of the previous year.

For H1, income from operations was up by 14% to Rs. 126.23 crore in H1FY23, compared with Rs. 111.07 crore in the corresponding half year of the previous year. Bank loan ratings segment led this growth, with sustained momentum in initial ratings business. Total income was up by 14% to Rs.142.19 crore in H1FY23, compared with Rs. 125.25 crore in H1 FY22. Total expenses have decreased by 8% during this period compared to H1FY22 (majorly due to ESOP impact of resigned employees in Q1 FY23). Operating profit increased by 51% to Rs. 63.71 crore in H1FY23 from Rs. 42.31 crore in H1FY22. Net profit increased by 39% to Rs. 56.55 crore in H1FY23 from Rs. 40.65 crore in H1FY22.

Operating profit margin and net profit margin were 50% and 40% respectively in H1FY23, which reflected good growth compared to corresponding half year of the previous year.

Consolidated Results

CARE Ratings' consolidated total income was up by 13% to Rs.93.23 crore in Q2FY23, compared with Rs. 82.29 crore in Q2FY22. Operating profit increased by 25% to Rs. 42.00 crore in Q2FY23 from Rs. 33.53 crore in Q2FY22. Net profit increased by 29% to Rs. 34.86 crore in Q2FY23 from Rs. 27.07 crore in Q2FY22.

For H1, total income increased by 12% to Rs. 155.32 crore in H1 FY23 from Rs. 138.81 crore in H1 FY22. Operating profit increased by 38% to Rs. 58.13 crore in H1FY23 from Rs. 42.17 crore in H1FY22. Net profit increased to Rs. 48.99 crore in H1FY23 from Rs. 38.62 crore in H1FY22, an increase of 27%.

The consolidated financials include those of CARE Ratings and its four subsidiaries.

"India's economy is recording relatively healthy growth even in midst of the global headwinds. However, we need to be cautious given the strong interlinkages of Indian economy with the global economies. While the global demand is slowing down, the most crucial aspect would be for the domestic demand to continue recovering. With the deleveraging in the last few years and rising capacity utilisation level, we can expect the private capex cycle to pick up in the next few months, said **Mehul Pandya, MD & CEO, CARE Ratings Ltd.**"



For further information, contact:

Jinesh Shah Chief Financial Officer jinesh.shah@careedge.in
Mradul Mishra Director – Corporate & Marketing Communication mradul.mishra@careedge.in

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456 | CIN: L67190MH1993PLC071691





Ratings • Advisory • Research • Risk Solutions

Investor Presentation Q2 & H1 FY23

November 08, 2022

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CareEdge Group

CARE Ratings Limited

CARE Risk Solutions Private Limited (100%)

CARE Advisory Research & Training Limited (100%)

CARE Ratings (Africa) Private Limited (78%)

CARE Ratings Nepal Limited (51%)



Vision

A global research & analytics company that enables risk mitigation and superior decision making



Mission

To provide best-in-class tools, analysis and insights, enabling customers to make informed decisions.



Values

Integrity, Pursuit of Excellence, Commitments, Fairness

STRATEGY



Group Approach:

Synergize multiple offerings with a singular thrust



Technology:

Drive digital transformation in ratings business and enhance product quality



Talent:

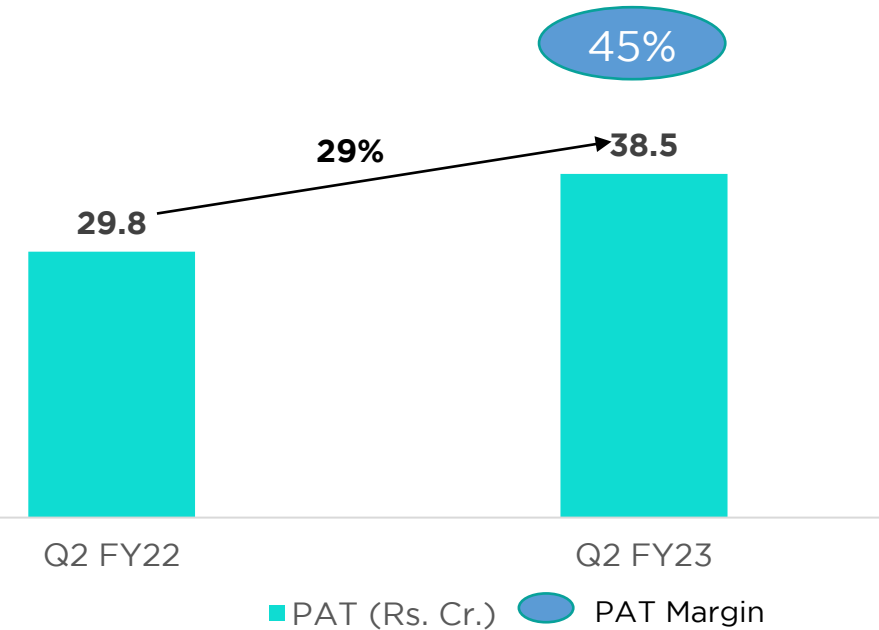
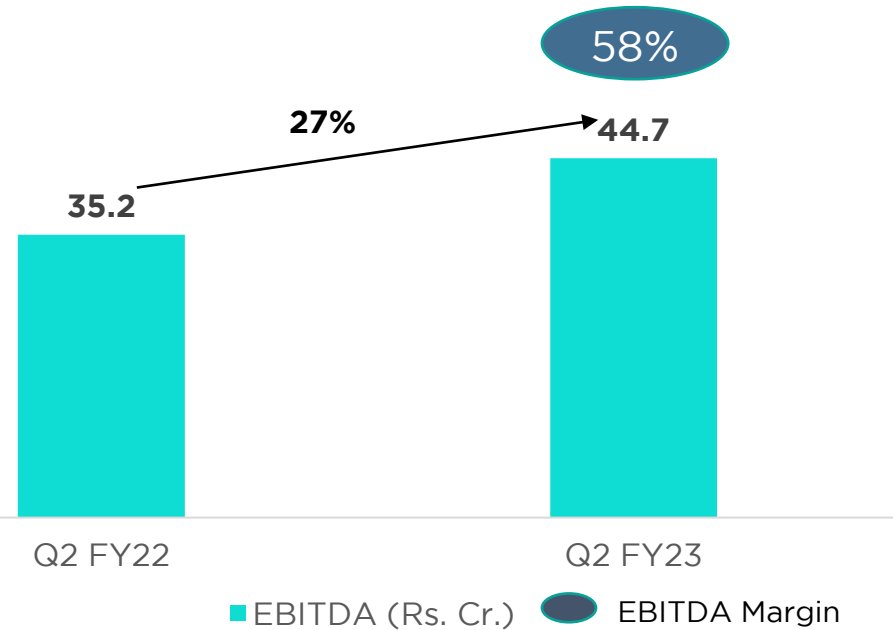
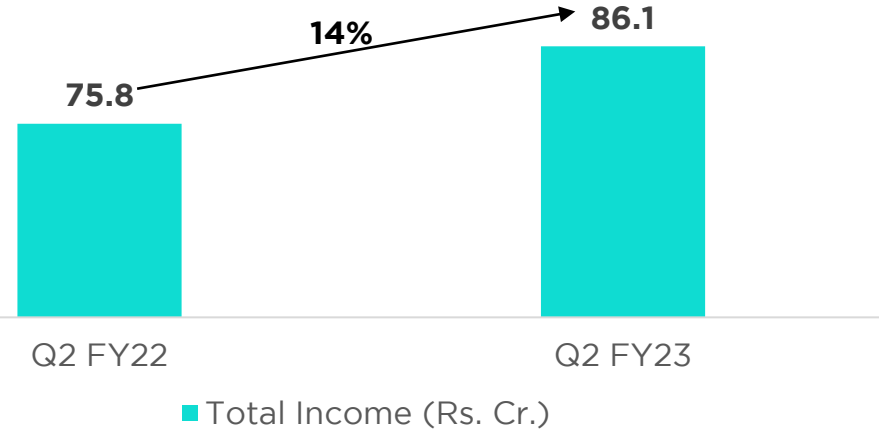
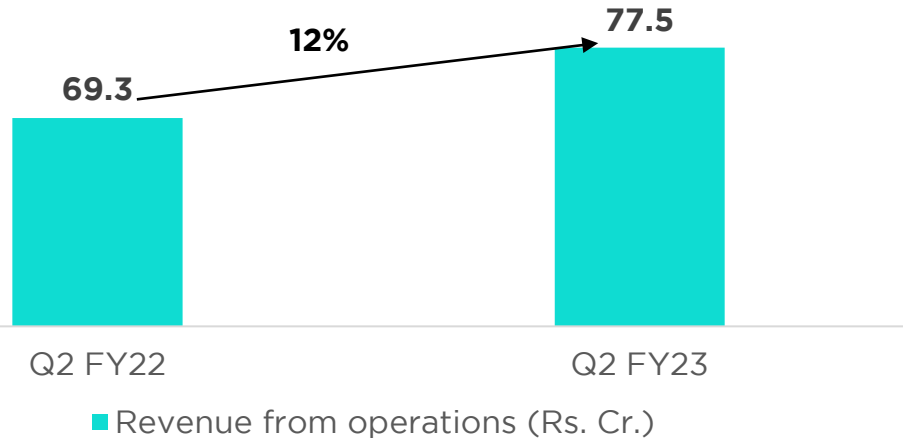
Drive employee and culture-centric initiatives for growth and cultural transformation



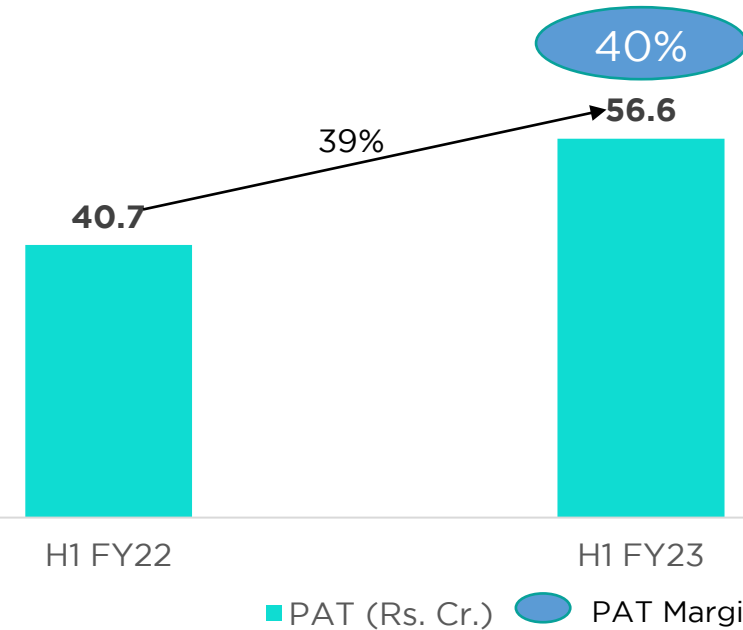
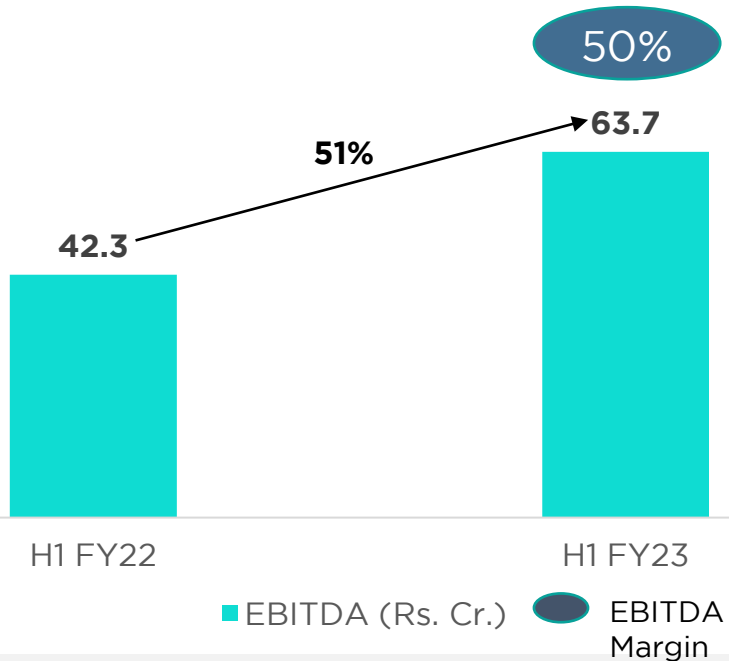
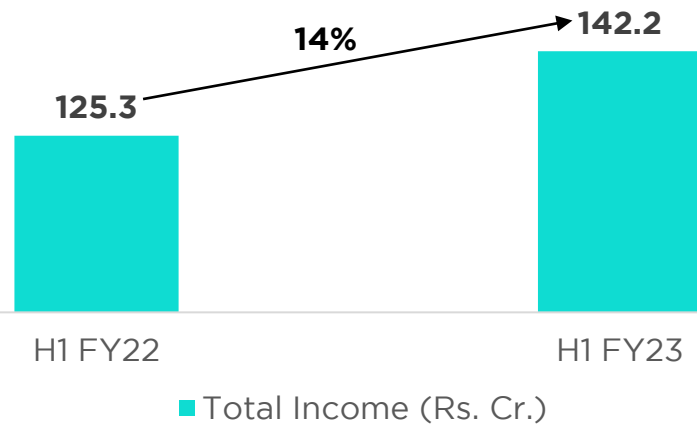
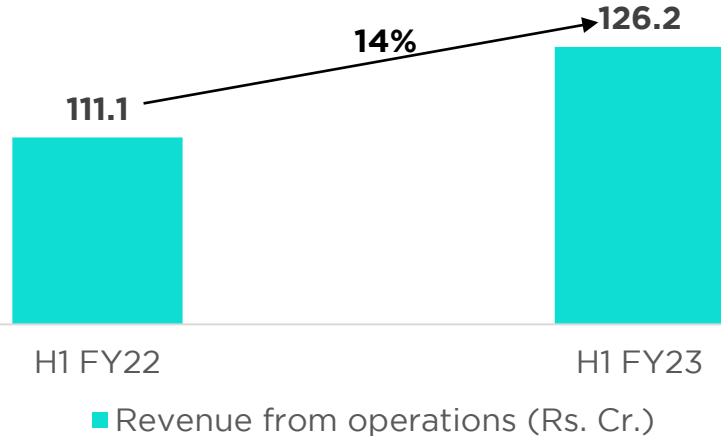
Branding:

Create a distinguished brand worthy of a financial powerhouse

Financial Performance - Q2 FY23 (Standalone)



Financial Performance - H1 FY23 (Standalone)



Financial Performance – Q2 FY23

Q2 FY23 compared with Q2 FY22

(Rs. in Crore)

Particulars	Standalone		% Change	Consolidated		% Change
	Q2 FY23	Q2 FY22		Q2 FY23	Q2 FY22	
Total Income	86.12	75.83	14%	93.23	82.29	13%
Total Expenses	34.82	35.86	(3%)	45.45	44.80	1%
Profit Before Tax (PBT)	51.30	39.96	28%	47.78	37.49	27%
Provision for Tax	12.83	10.20	26%	12.92	10.42	24%
Profit After Tax (PAT)	38.47	29.76	29%	34.86	27.07	29%
Profitability						
PBT (%)	60%	53%		51%	46%	
PAT (%)	45%	39%		37%	33%	
Basic EPS (Rs. Per share)	12.98	10.10		11.57	9.03	

Financial Performance – H1 FY23

H1 FY23 compared with H1 FY22

(Rs. in Crore)

Particulars	Standalone		% Change	Consolidated		% Change
	H1 FY23	H1 FY22		H1 FY23	H1 FY22	
Total Income	142.19	125.25	14%	155.32	138.81	12%
Total Expenses*	66.49	72.30	(8%)	86.34	87.34	(1%)
Profit Before Tax (PBT)	75.70	52.95	43%	68.98	51.47	34%
Provision for Tax	19.15	12.30	56%	19.99	12.85	56%
Profit After Tax (PAT)	56.55	40.65	39%	48.99	38.62	27%
Profitability						
PBT (%)	53%	42%		44%	37%	
PAT (%)	40%	32%		32%	28%	
Basic EPS (Rs. Per share)	19.07	13.80		16.18	12.78	

*Reduction in expenses majorly due to ESOP impact of resigned employees in Q1 FY23.



Reports & Publications:

The economics, ratings & industry research teams published their views on various developments blended with the expertise of our rating and research specialists.

Published in Q2 FY23

Daily	66
Fortnightly	7
Monthly	34
Special reports	28



Knowledge Sharing Forums:

CareEdge senior management, economics, sector specialists, industry research teams along with business development leaders participated in 25 knowledge-sharing forums in Q2.

Highlights:

- Sachin Gupta, Chief Rating Officer, interacted with PowerLine magazine on the revamped distribution sector scheme.
- Opinion pieces by Rajani Sinha, Chief Economist published in Moneycontrol on the capex cycle & in Hindu Business Line on challenges faced by RBI on inflation vs economic growth.
- Rajani Sinha, Chief Economist - Panel discussion on 'Changing Geopolitical Dynamics: An opportunity for EU-India Cooperation' in the 30th Annual General Meeting of The Council of EU Chambers of Commerce in India. This session was attended by Shri Rahul Narwekar, Speaker, Maharashtra State Assembly and Shri Nitin Gadkari, Minister of Road Transport and Highways of India, who made a special guest appearance via a video message.
- Rajani Sinha, Chief Economist - Panel discussion at Economics Summit' of Conventus'22' held by The Economics Club of IMI New Delhi.





Knowledge Sharing Forums:

- Sanjay Agarwal, Senior Director, panel speaker at a discussion on 'Outlook on NBFCs' at IDBI Bank Large Corporate and Mid Corporate.
- Nehal Shah, Senior Director, was a guest lecturer for 'Communication for Finance Professionals', an eight-lecture series, in XLRI PGDF, Jamshedpur.
- Rajashree Murkute, Director, CareEdge, discussed the likely tariff hike in the telecom sector with ET NOW Swadesh.
- Maulesh Desai, Director, CareEdge, made a presentation on 'Infrastructure Projects Evaluation; Transportation' to ACRAA (The Association of Credit Rating Agencies in Asia)
- Kiran Surve, CEO, CARE Risk Solutions, shared his views on the FSI space as the technologies entering the industry evolve and business models change in the post-pandemic era in a Mint-Oracle conversation.



CSR

CareEdge won the bronze award at the National CSR Summit & Awards - Amrit Mahotsav Series - organised by Vision India Forum



Employee Connect

In a continuing weekly event - 'High-Tea with MD' - CareEdge MD & CEO Mehul Pandya interacted with some of the young and bright minds of the company over tea.

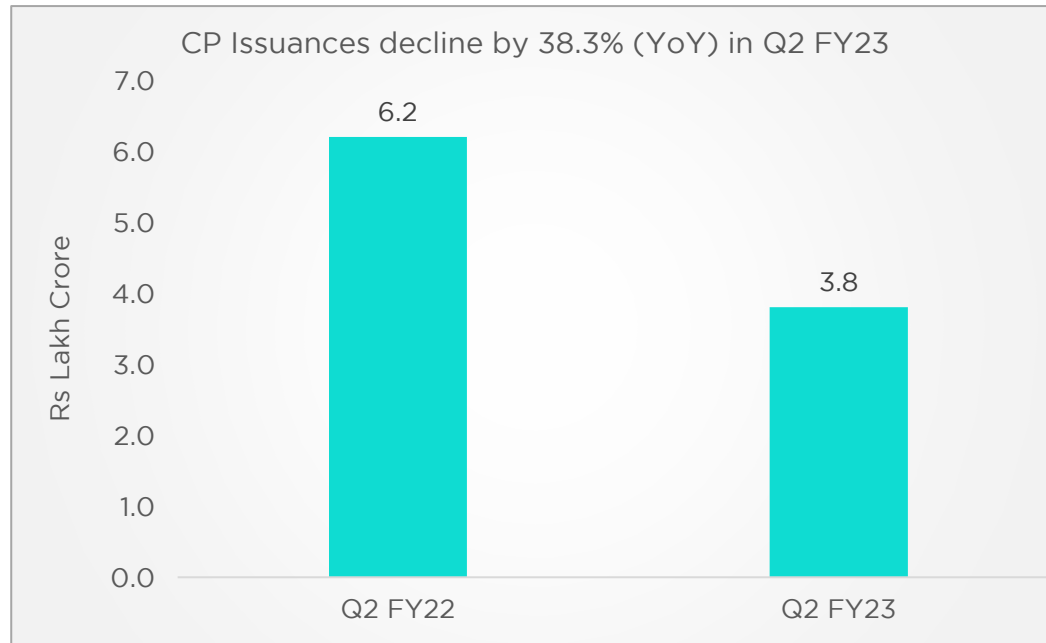


Webinar

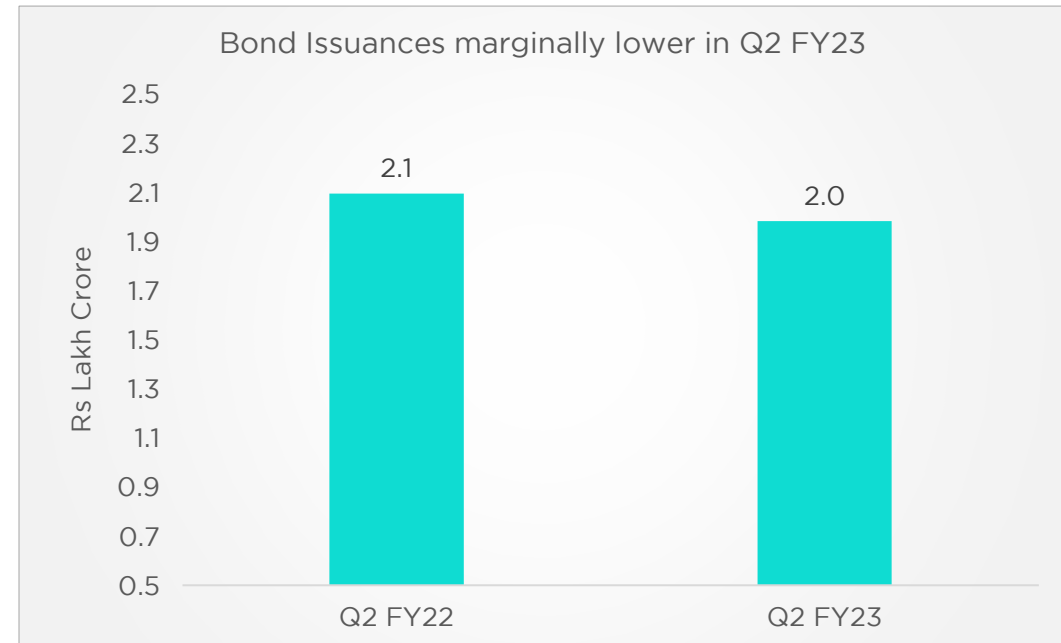
- Small Finance Banks: Credit Cost Challenges Wane and Capital Challenges Emerge
 - Steel: Short-term setback! Will it regain its lustre?
 - Indian CPD Industry: War Casts a Shadow Over Glittering Diamond Industry
 - Debt Mutual Funds: Migration towards lower credit risk continues
 - Securitisation: Performance Trends for Retail Asset Classes
 - After Pandemic Gain, Pharma Feels Some Pain
 - Coal Production Grows to Hit Fresh Milestone of 382 MT in H1FY23
- Healthy Growth



Fund Raising Remains Subdued



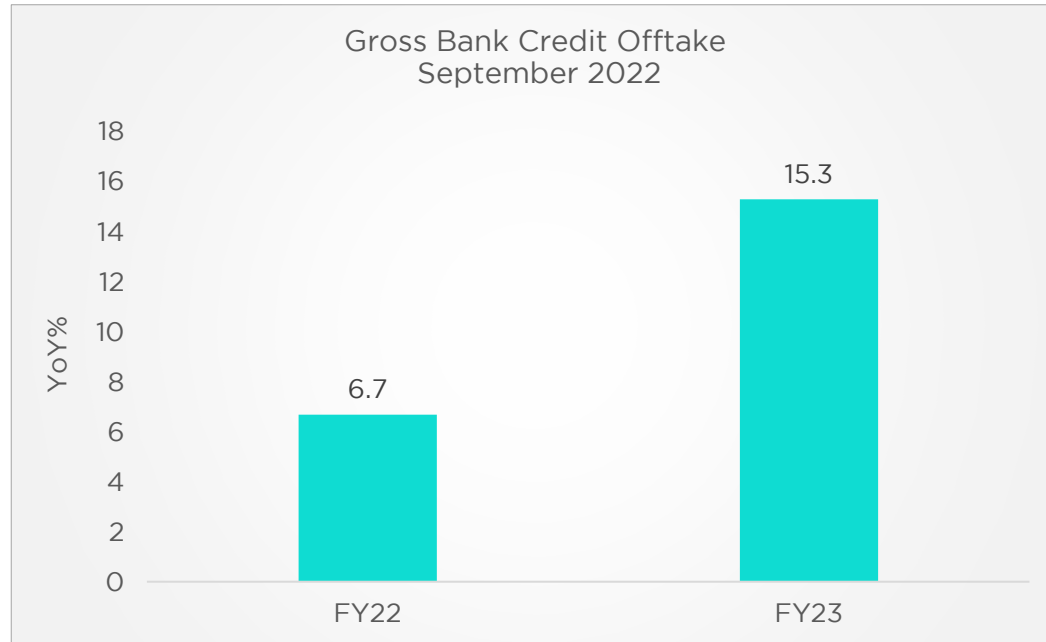
Source: CEIC



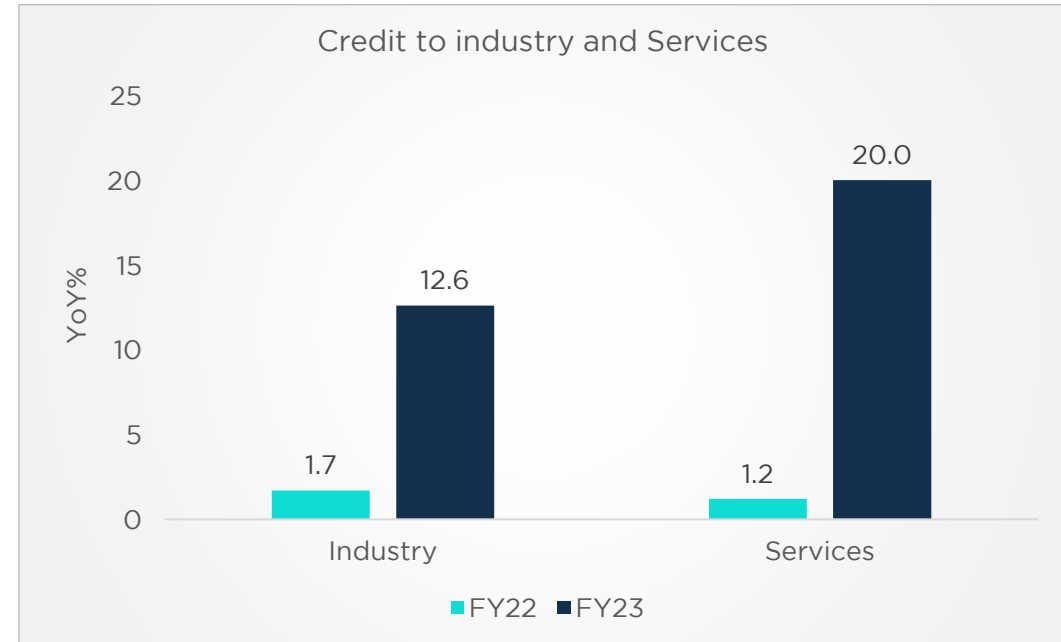
Source: Prime database

- Issuances of commercial paper (CPs) and corporate bonds remained muted in Q2 FY23 compared to last year.
- However, there has been improvement in Corporate Bond issuances in Q2 FY23 when compared to Q1 FY23 (increase by 107% QoQ).

Bank Credit Continues to Improve



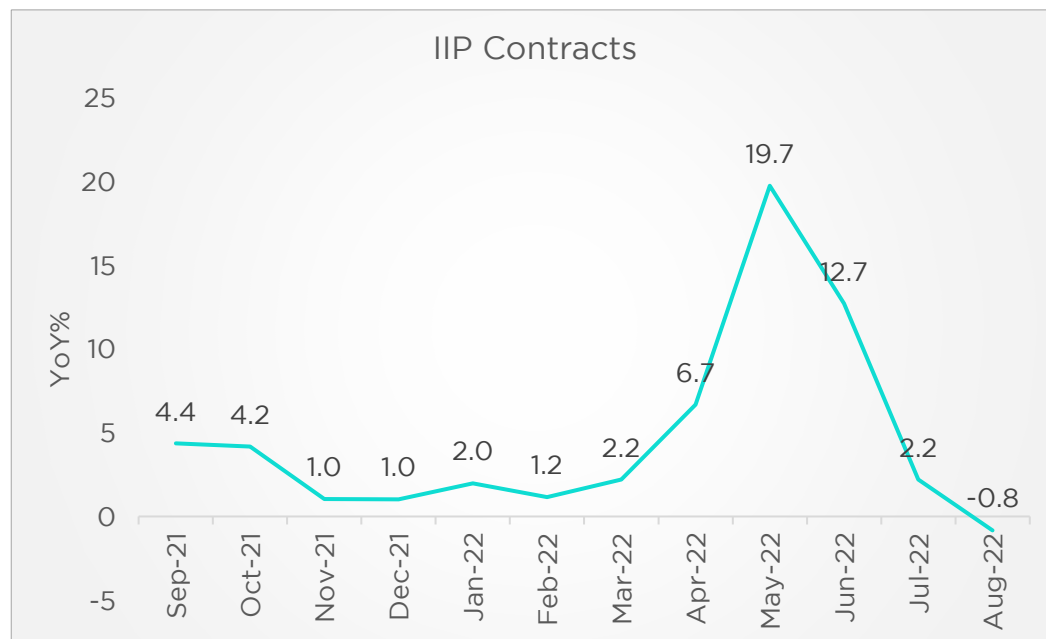
Note: Data till September 2022, Source: RBI



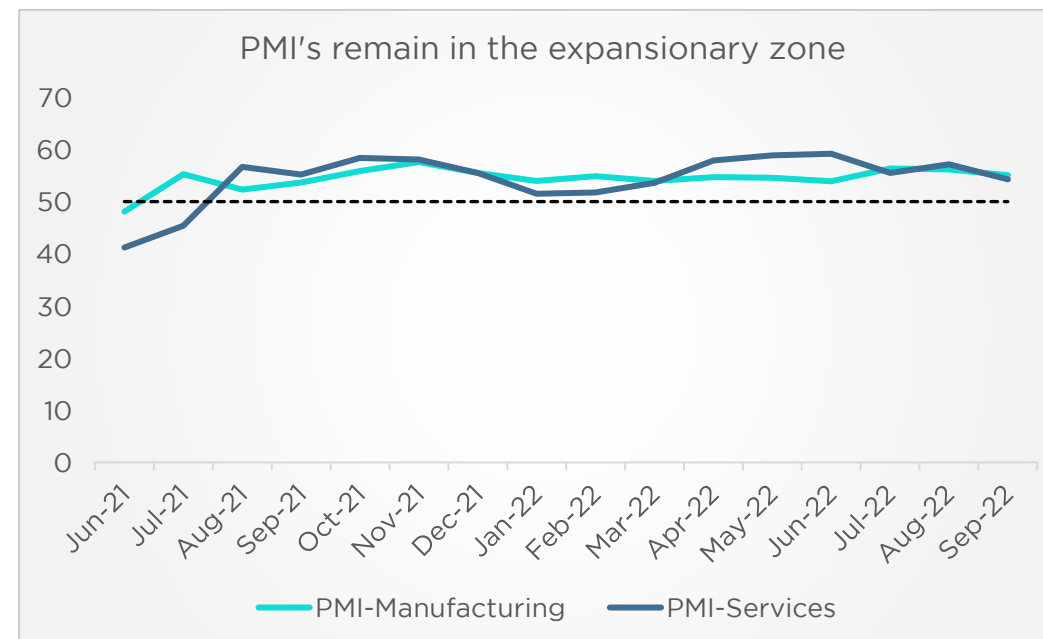
Source: RBI

- Growth in bank credit has been driven by the services (20% growth), followed by retail segment (19.6% growth).
- Credit to industrial sector has grown by 12.6%. However, credit growth for large enterprises relatively lower at 7.9% (YoY).

Moderation in Industrial Activity



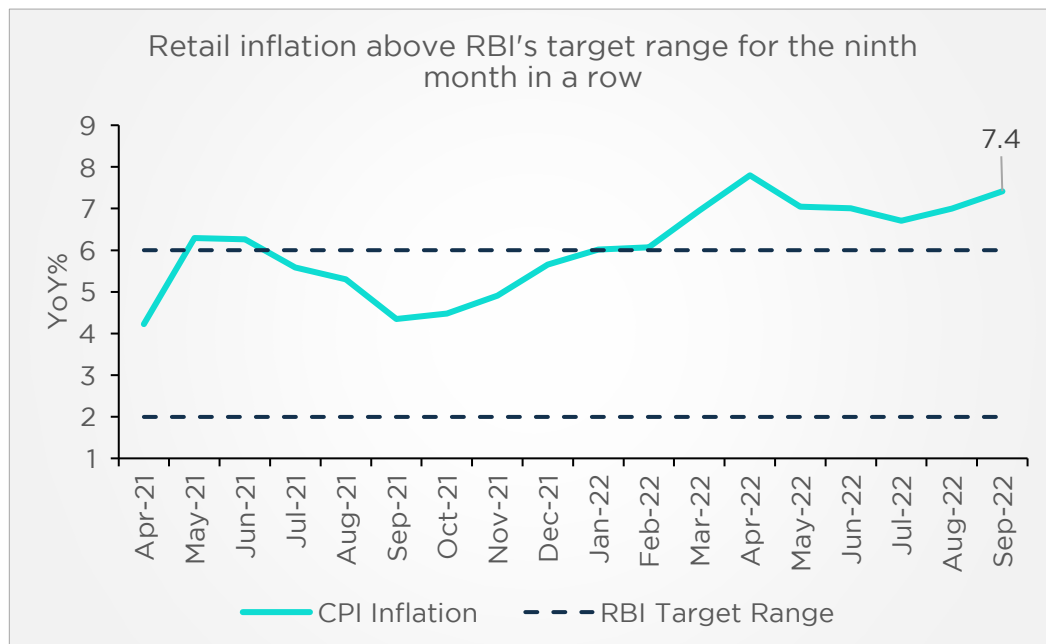
Source: MOSPI



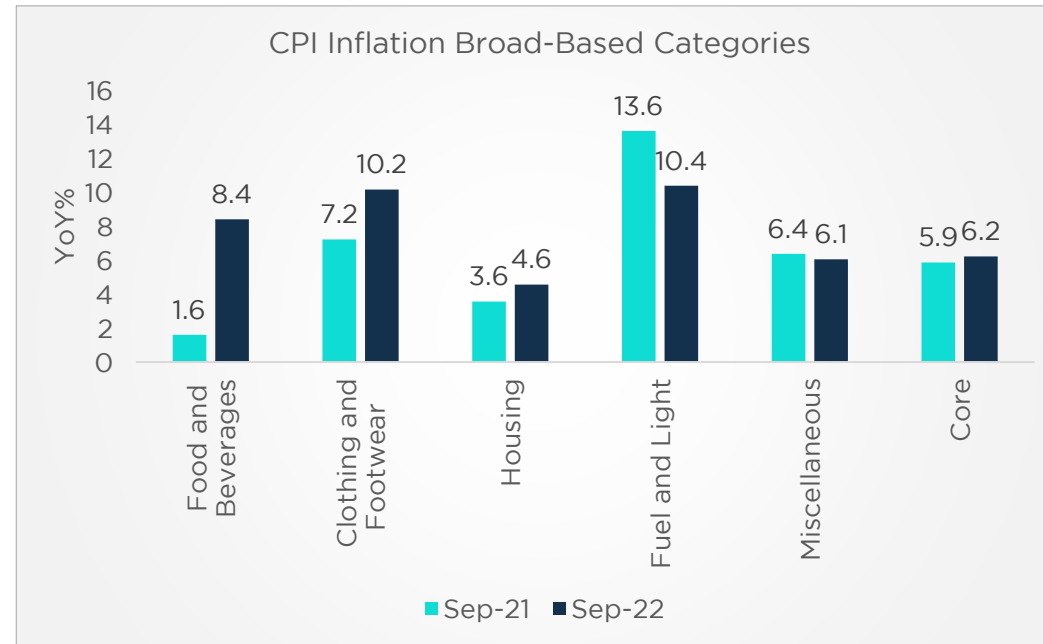
Source: IHS Markit

- Index of Industrial Production (IIP), contracted 0.8% (YoY) in August as compared to growth of 2.2% in July. However, IIP has grown by 4% compared to Aug 19 (pre-pandemic period). Core sector has recorded healthy improvement in September.
- Manufacturing and Services PMI inch down but remain in expansion zone.

Inflation Remains Elevated



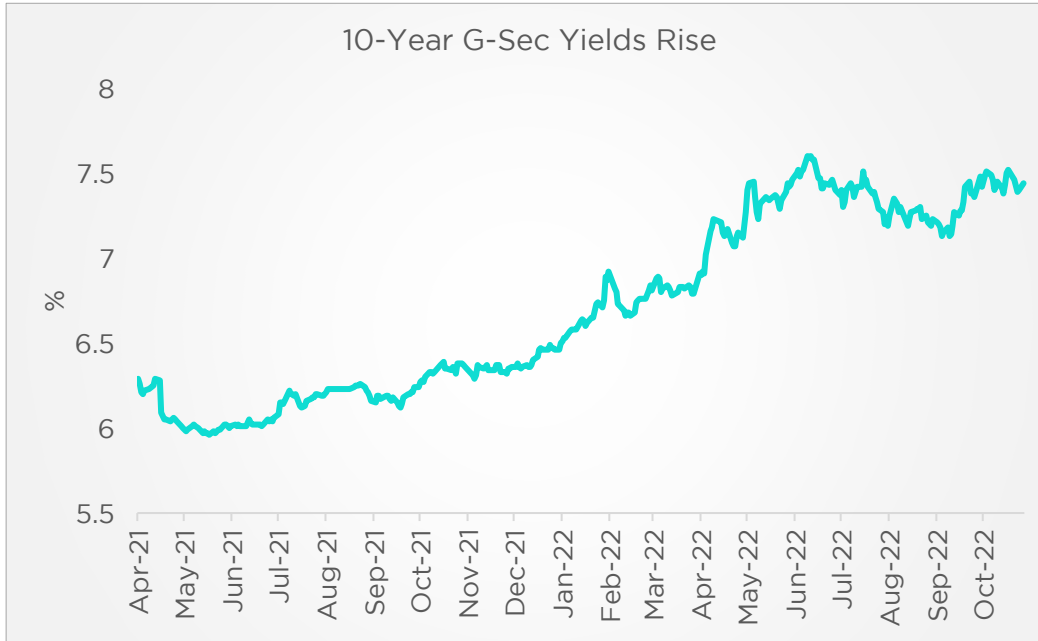
Source: MOSPI



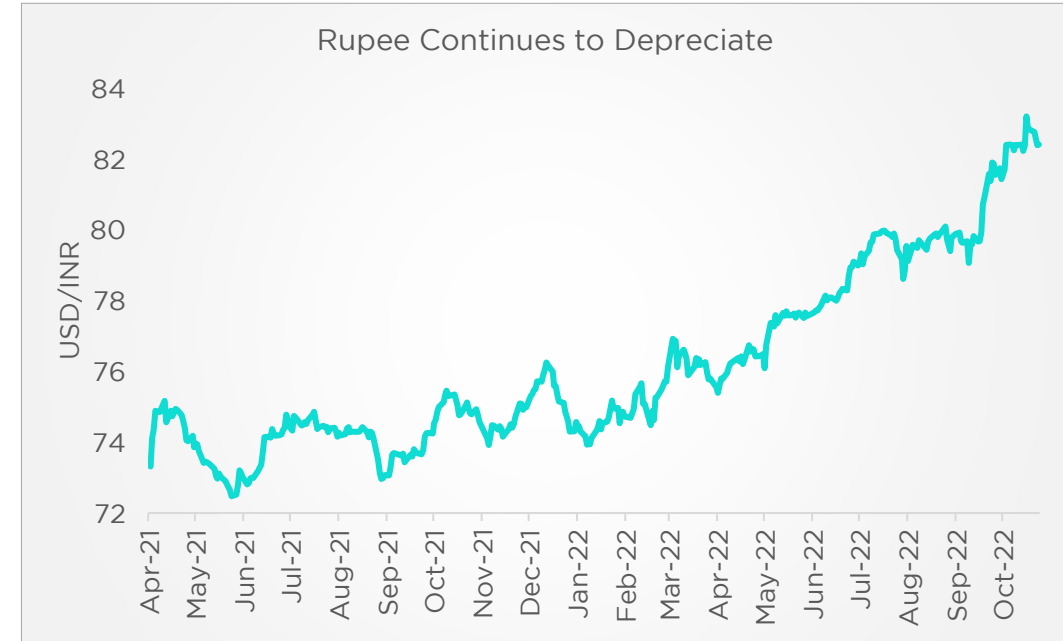
Source: MOSPI & CareEdge Calculation

- Retail inflation climbs to 5-month high in September.
- Food inflation increased to 8.4% from 7.6% in August 2022.
- Retail price pressures continues to remain broad based, with core inflation sticky above 6%

Yields Rise & Weakening Pressure on Rupee Continues



Source: CEIC



Source: CEIC

- Bond yields rise amid inflationary pressure and tightening by the central bank.
- Dollar appreciation and FII outflows continues to put weakening pressure on Indian rupee

Thank You!

About Us

CareEdge is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE Ratings Ltd, the parent company in the group, is one of the leading credit rating agencies in India. Established in 1993, it has a credible track record of rating companies across multiple sectors and has played a pivotal role in developing the corporate debt market in India. The wholly-owned subsidiaries of CARE Ratings are (I) CARE Advisory, Research & Training Ltd, which offers customised advisory services, credible business research and analytical services (II) CARE Risk Solutions Private Ltd, which provides risk management solutions.

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel. : +91-22-6754 3456 | CIN: L67190MH1993PLC071691 | investor.relations@careedge.in

Connect

