CARE Ratings
Professional Risk Opinion

Date: October 30, 2021
SE/2021-22/49

To,

The General Manager **Corporate Relation Department** **BSE Limited** Phiroza Jeejeebhoy Towers 14th 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**

Dear Sir/ Madam,

SUB: PRESS RELEASE AND INVESTOR PRESENTATION ALONG WITH DETAILS OF EARNINGS CALL

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

We wish to inform you that we have scheduled a conference call with analyst/ investors to discuss the financial results for the quarter and half year ended September 30, 2021 (Q2FY2022 & H1FY22 Financial Results) on Monday, November 01, 2021, at 2.00 PM (IST) to 3.00 PM (IST).

The participants may use the below link to attend the call.

Please Click and Register on:

https://attendee.gotowebinar.com/register/6698151587795933195

The above information is also being made available on the Company's website i.e., www.careratings.com.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,
For CARE Ratings Limited

Nehal Shah

CARE RATINGS LIMITED MUMBAI INDIA

Nehal Shah
Company Secretary & Compliance Officer
Encl: As Above

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Professional Risk Opinion

October 29, 2021

Press Release

Financial Results for Q2 FY22 and H1 FY22

The Board of Directors of CARE Ratings approved the financial results for Q2 FY22 and H1 FY22 in the Board meeting held on 29th of October 2021.

Consolidated results
CARE Ratings consolidated total income decreased by 1.9% from Rs. 83.87 crore in Q2 FY21 to Rs. 82.29 crore in Q2 FY22. Total expenses Increased by 23.8% during this period. Operating profit decreased by 20% from Rs. 41.92 crore to Rs. 33.53 Crore and net profit from Rs.35.84 crore to Rs. 27.07 crore, a decrease of 24.5%.

The consolidated financials include those of CARE Ratings and its four subsidiaries. For H1 FY22 total income increased by 6.15% and net profits decreased by 15.2 %.

Standalone results
CARE Ratings standalone total income decreased by 4.8% from Rs. 79.65 crore in Q2 FY21 to Rs. 75.83 crore in Q2 FY22. Total expenses have increased by 19.8% during this period. Operating profit decreased by 18.9% from Rs. 43.42 crore to Rs. 35.20 crore while net profit decreased from Rs. 38.00 crore to Rs. 29.76 crore.

Operating profit margin and net profit margin were 50.8% and 39.3% respectively in Q2 FY22.

For H1FY22 total income increased by 3.12 crores and net profits decreased by 7.27 crores respectively. Operating profit margin and net profit margin were at 38.1% and 32.5% respectively.

The progressive easing of lockdown restrictions across states since June led to increased mobility and activity. Various economic indicators reflected higher levels of economic activity. Industrial output, PMI for manufacturing and services, e-way bills, toll collections, GST collection, power consumption among others have witnessed a notable improvement in the second quarter over the first quarter of the current financial year. Economic activity in the first quarter, it may be recollected, was adversely impacted by the reimposition of lockdowns across states to control the second wave of the pandemic.

There has been stability in bond market activity in Q2 F22 with total corporate bond issuances amounting to Rs.1.77 lakh crore (Rs.1.71 lakh crore). Issuances in the second quarter were considerably higher i.e., by 95% than in the first quarter of FY22. However, despite the improvements in the second quarter, the overall issuances in the first half of the current fiscal have been 30% lower than that in the same period of last year. In 2020, the RBI had announced a series of LTRO and TLTRO operations which helped the corporate bond market. This year, while there have been announcements made for special LTROs for small finance banks the response has been limited.

Bank credit growth, although better in the current year relative to 2020 continues to be subdued. The incremental bank credit growth as of end September'21 was 0.1% as against the degrowth of 1% in the corresponding period of last year. On a sector-wise basis for the first five months of FY22, although the incremental credit growth to industry and services sector continues to be in contractionary territory, the decline has been less severe. The credit growth to industry and services during Apr-Aug'21 was (-) 1.8% as against the degrowth of 3% in the same period of last year.

Issuance of commercial paper in the second quarter of this fiscal at Rs.6.22 lakh crore is a 50% increase over the same period of 2021 and 60% higher than in Q1.

There has been stability in the overall environment in the credit and debt markets during Q2 following the easing of the lockdown restrictions.

The company has persevered with its outreach effort during this period. This was in terms of holding webinars on various subjects as well as bringing out thematic reports on different industries as well as economy to share our views on these subjects. With the lockdown being widespread the company reintroduced the 'work-from-home' model which worked quite seamlessly.

'The broad-based economic recovery is encouraging and could bear good tidings for a revival in the investment cycle in the next few months. This in turn holds promise for the debt and credit markets. However, we would be cautious in our outlook as we need to see how demand in the festival cum post-harvest season plays off. While we would be working towards expediting our surveillance assignments and bringing in new business, we are sanguine on our subsidiary businesses accelerating in the next two quarters' said Ajay Mahajan, MD & CEO of CARE Ratings. He further added, 'We remain focussed on our stated goal of diversification and developing other viable businesses for the CARE Group'.

The Board of Directors have recommended an interim dividend of Rs.7/- per share (of Rs. 10/- face value) for the second quarter of FY22.

For further information contact:

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Jinesh Shah , CFO — Jinesh.shah@careratings.com
Nehal Shah, Head - Compliance, Legal & Secretarial — nehal.shah@careratings.com

CARE Ratings Limited
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Tel. : +91-22-6754 3456 I CIN: L67190MH1993PLC071691

Connect:

Investor Presentation Q2'FY22 & H1' FY22

October 29, 2021

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CARE Ratings 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%)

CARE Group Vision & Strategy

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

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

Values
Integrity, Pursuit of Excellence, Commitment, Fairness

STRATEGY

Group Approach:
To synergize multiple offerings with a singular thrust

Technology:
Drive digital transformation in ratings business and enhance product quality

Talent:
Employee and culture centric initiatives to drive growth and cultural transformation

Re-branding:
To Create a distinguished brand worthy of a financial powerhouse

Financial Performance – Q2 FY22

Rs. in Crore

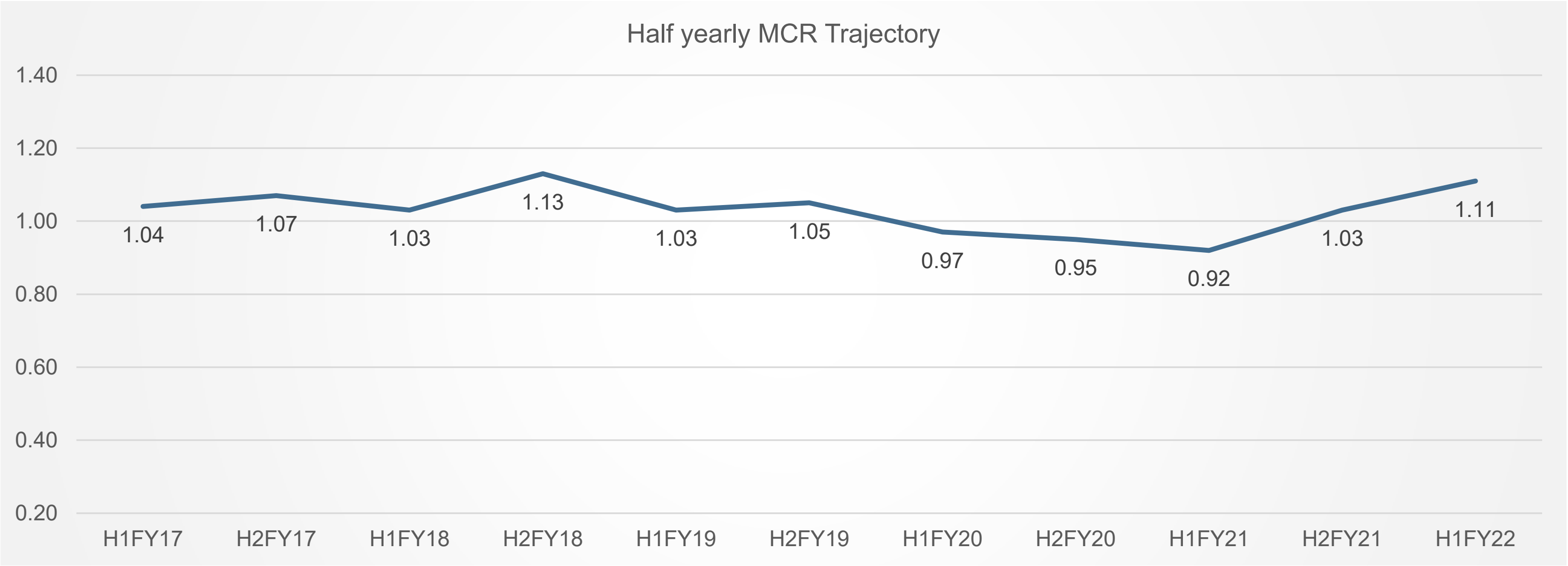
Particulars	Standalone		% Change	Consolidated		% Change
	Q2 FY21	Q2 FY22		Q2 FY21	Q2 FY22	
Total Income	79.65	75.83	*(4.80%)*	83.87	82.29	*(1.89%)*
Total Expenses	29.93	35.87	*19.84%*	36.18	44.79	*23.80%*
Profit Before Tax (PBT)	**49.72**	**39.96**	***(19.62%)***	**47.69**	**37.49**	***21.39%***
Provision for Tax	11.72	10.20	*13.00%*	11.85	10.42	*12.06%*
Profit After Tax (PAT)	**38.00**	**29.76**	***(21.67%)***	**35.84**	**27.07**	***24.47%***
Profitability						
PBT (%)	**62%**	**53%**		**57%**	**46%**	
PAT (%)	**48%**	**39%**		**43%**	**33%**	
Basic EPS (Rs. per share)	**12.90**	**10.10**		**12.04**	**9.03**	

Financial Performance – H1 FY22

Rs. in Crore

Particulars	Standalone		% Change	Consolidated		% Change
	H1 FY21	H1 FY22		H1 FY21	H1 FY22	
Total Income	122.13	125.25	2.55%	130.77	138.81	*6.15%*
Total Expenses	60.02	72.30	20.46%	70.73	87.34	*23.48%*
Profit Before Tax (PBT)	**62.12**	**52.95**	**(14.75%)**	**60.04**	**51.47**	***(14.27%)***
Provision for Tax	14.19	12.30	(13.36%)	14.50	12.85	*(11.38%)*
Profit After Tax (PAT)	**47.93**	**40.66**	**(15.17%)**	**45.54**	**38.62**	***(15.19%)***
Profitability						
PBT (%)	**51%**	**42%**		**46%**	**37%**	
PAT (%)	**39%**	**32%**		**35%**	**28%**	
Basic EPS (Rs. per share)	**16.27**	**13.80**		**15.21**	**12.78**	

Improvement in credit quality during first half of FY22



Source: CARE Ratings

- The **Modified Credit Ratio (MCR)** is defined as the ratio of (upgrades and reaffirmations) to (downgrades and reaffirmations).
- The credit quality of the rated entities improved in the second half of FY21 with the improving trend continuing in H1 FY22.
- Majority of the entities (73%) saw their credit ratings being reaffirmed in H1 FY22.

Out-Reach Activities

Reports & Publications

The Economics, Ratings & Industry Research teams published their views on various developments blended with the expertise of our rating and research specialists.

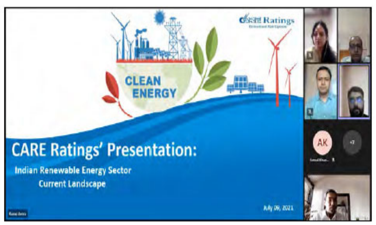
Published in Q2 FY22	
Daily	61
Weekly	33
Fortnightly	07
Monthly	59
Special reports	44

Out-Reach Activities

Knowledge Sharing Forum (KSFs):
The Senior Management team at CARE Ratings, Sector Specialists, Industry and BFSI Research teams along with Business Development teams participated in multiple knowledge sharing forums

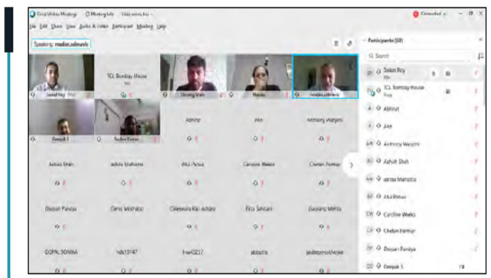
33 Knowledge sharing forums were conducted in Q2

- An interactive session was conducted with IDBI Capitals team on 9th July 2021 (Corporate Finance & restructuring) headed by Mr. Amod Khanorkar, Senior Director. Presentations were made by Mr. Sudhir Kumar, Mr. Kunal Arora & Mr. Hardik Shah on Renewables & InVITS. Also present were Mr. Saikat Roy & Mr. Chirag Ganguly. This initiative was arranged by Ms. Priyanka Athale from Business Development team.

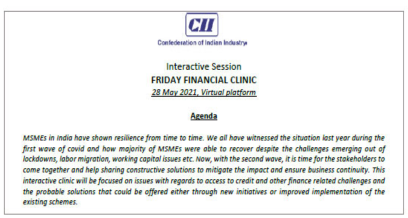


- As part of knowledge sharing forum organised by DRO team, Ms. Rajashree Murkute, Director and Mr. Maulesh Desai, Associate Director conducted a presentation on 26th August 2021 through digital platform on "India Road Sector" with Federal Bank, Corporate Banking Team. The session was attended by Mr. Kapil Bhatia, Regional Head – North and 20 members from Corporate Banking, Commercial Banking and Risk vertical. The session was coordinated by Mr. Puneet Arora, Associate Director from Business Development team, DRO.

- A session on "Economic Update & Outlook at Tata Chemicals Limited's finance team forum on 16th July 2021. Mr. Saikat Roy, Senior Director was also present in this discussion.



Mr. Padmanabh Bhagavath, Senior Director was invited as a panel speaker at CII's interactive session on 'Friday Financial Clinic', May 28th 2021. A presentation made was on Ratings for MSMEs.

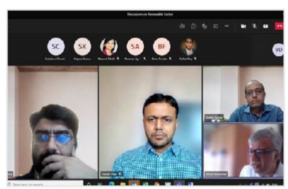

CII
Confederation of Indian Industry

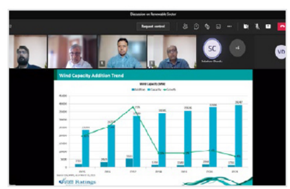
Interactive Session
FRIDAY FINANCIAL CLINIC
28 May 2021, Virtual platform

Agenda

MSMEs in India have shown resilience from time to time. We all have witnessed the situation last year during the first wave of covid and how majority of MSMEs were able to recover despite the challenges emerging out of lockdowns, labor migration, working capital issues etc. Now, with the second wave, it is time for the stakeholders to come together and help sharing constructive solutions to mitigate the impact and ensure business continuity. This interactive clinic will be focused on issues with regards to access to credit and other finance related challenges and the probable solutions that could be offered either through new initiatives or improved implementation of the existing schemes.

Mr. Amod Khanorkar, Senior Director, along with Mr. Sudhir Kumar, Director, Mr. Kunal Arora, Associate Director and Mr. Hardik Shah, Associate Director conducted Sectorial Presentation on Renewable along with Mr. Saikat Roy, Sr. Director and Ms. Meenal Sikchi, Director Business Development. This was attended by Mr. Subahoo Chordia, Fund Manager, Edelweiss Infrastructure Yield Fund with his investment and Sekura Road / Energy platform team. This was facilitated by Mr. Vaibhav Dedhia, Asst. Director, Business Development. 8th June 2021





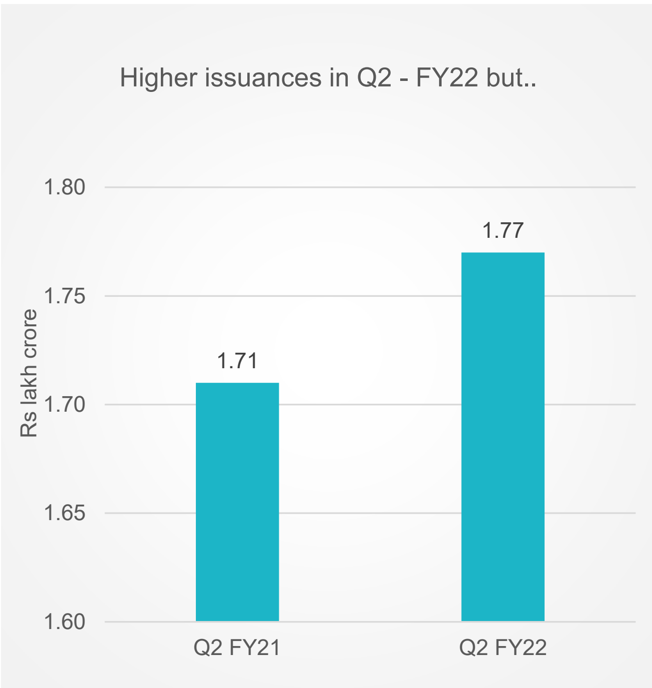
- Mr. Amod Khanorkar, Senior Director along with Ms. Rajashree Murkute, Director and Mr. Maulesh Desai, Associate Director conducted a presentation on Road Sector for HDFC Bank on 4th August 2021. Mr. Saikat Roy, Senior Director & Ms. Meenal Sikchi, Director from Business Development also gave their inputs. This was attended by Mr. Ritesh Sampat, Executive Vice President, Head – Debt Capital Markets & Project Finance and his team. The session was facilitated by Mr. Vaibhav Dedhia, Assistant Director from the Business Development.

Out-Reach Activities

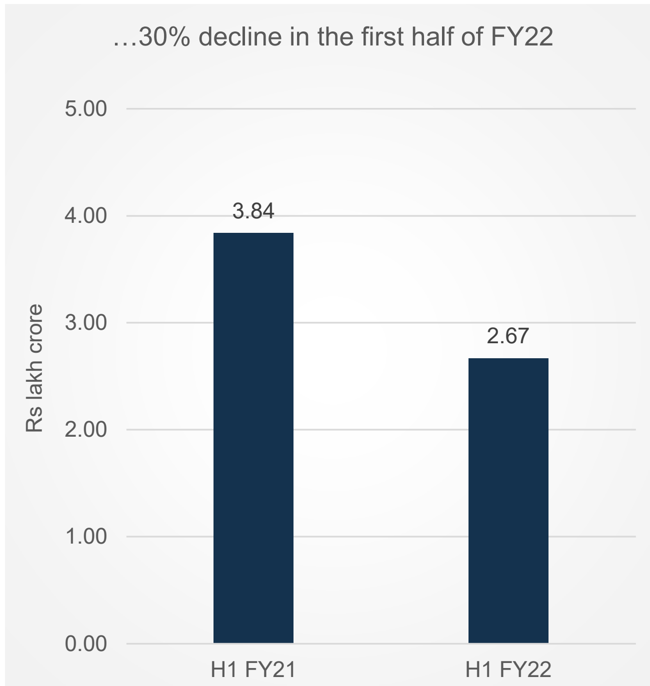
Webinars

In continuation of our Knowledge Dissemination series, CARE Ratings conducted 6 webinars in Q2. Representations were made by Industry Experts invited as Guest Speakers along with CARE Ratings Senior Management and Sector Specialists.

Subdued corporate bond market activity in H1 FY22, while CP issuances gathered momentum



Source: Prime database



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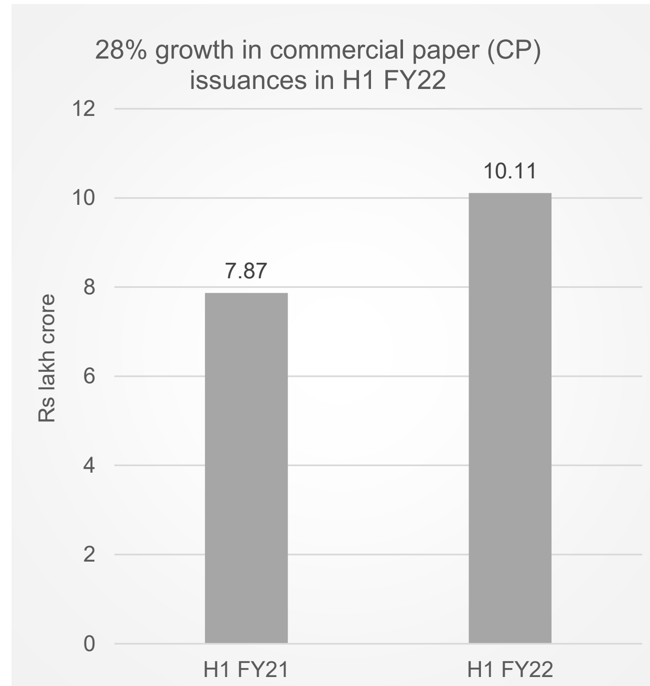
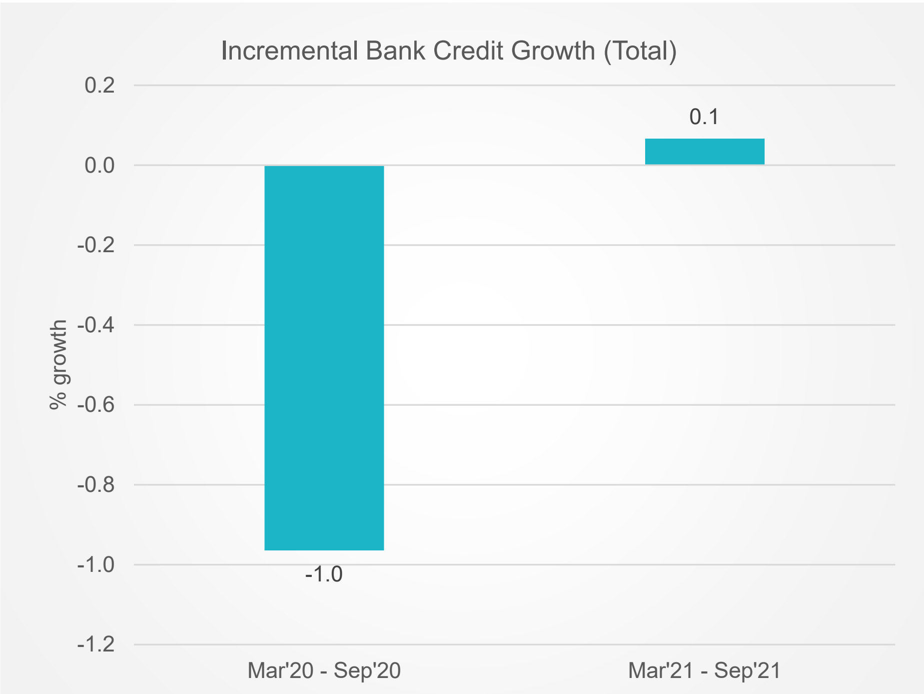
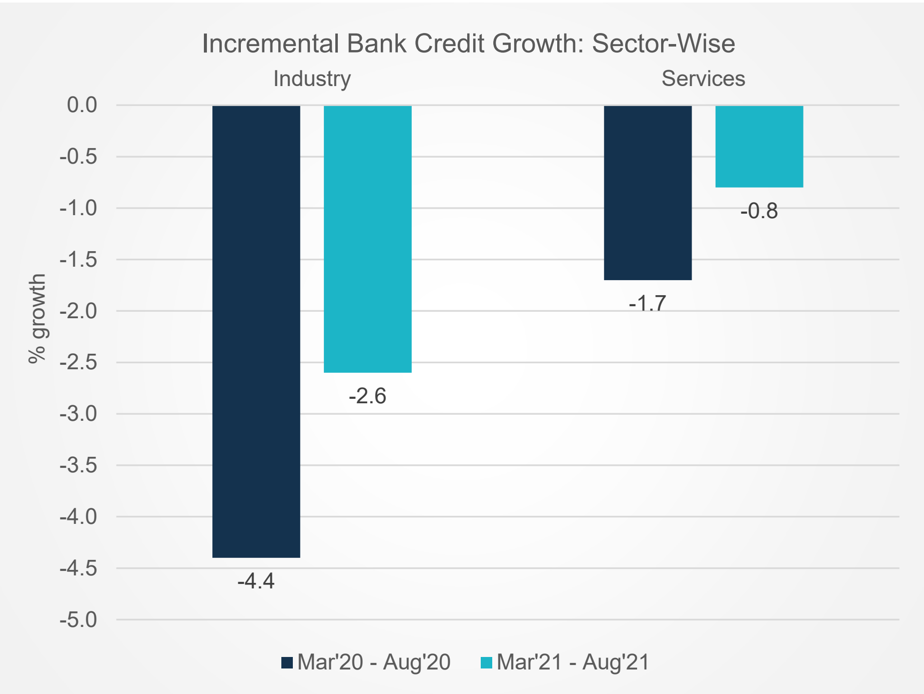


Source: RBI

Bank credit growth flat in H1 with contraction across sectors less severe than last year

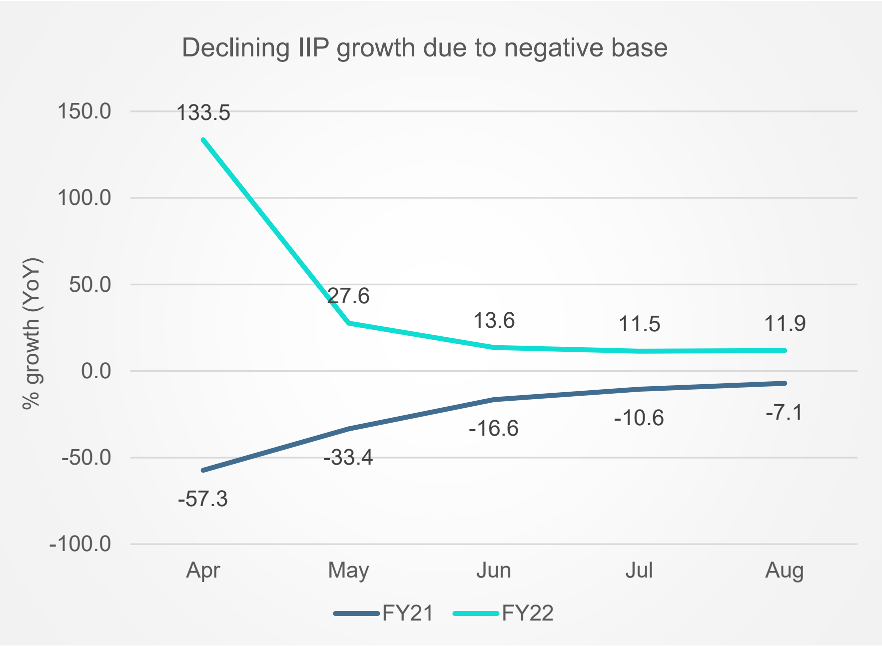


Source: RBI



Source: RBI

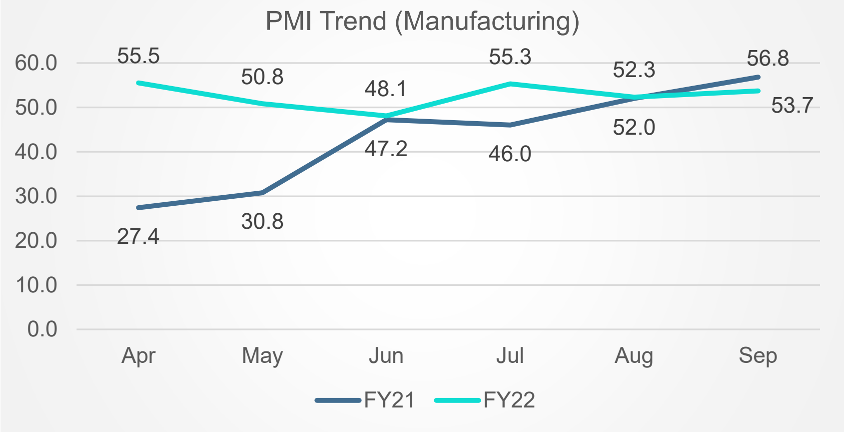
Economic indicators point towards sharp recovery, but..

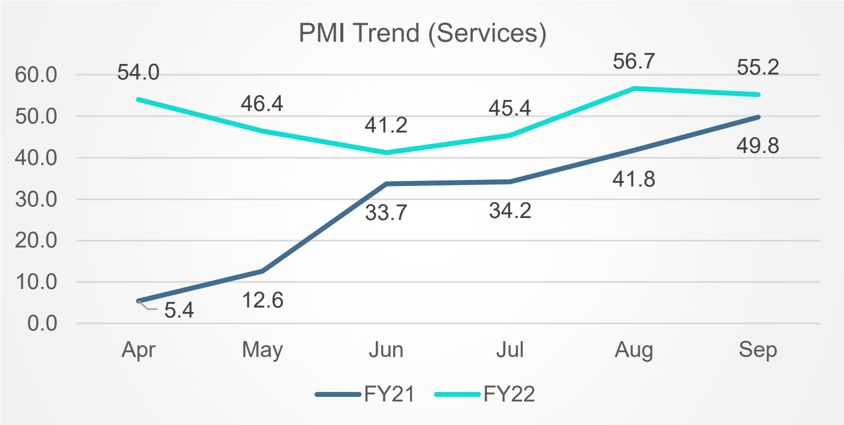


Source: Office of Economic Advisor

- Industrial production has grown 28.6% YoY in the first five months of FY22, broadly on account of negative base last year (-25%).

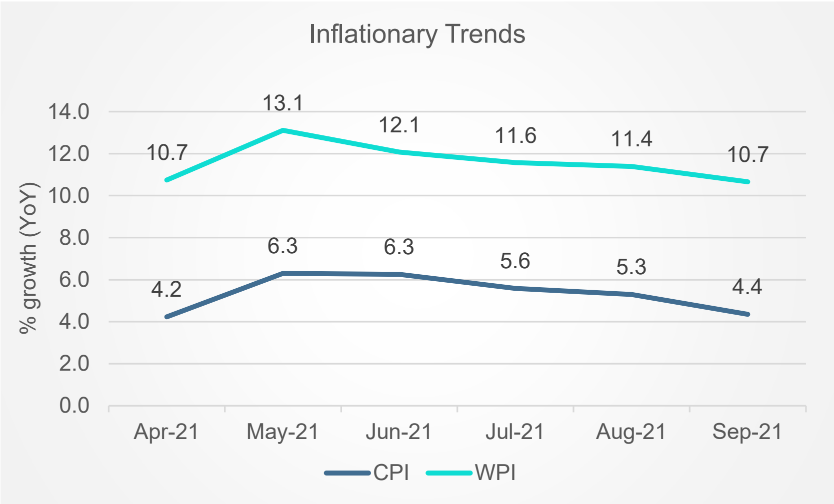
Encouraging PMI trends across manufacturing and services in the first half of FY22.





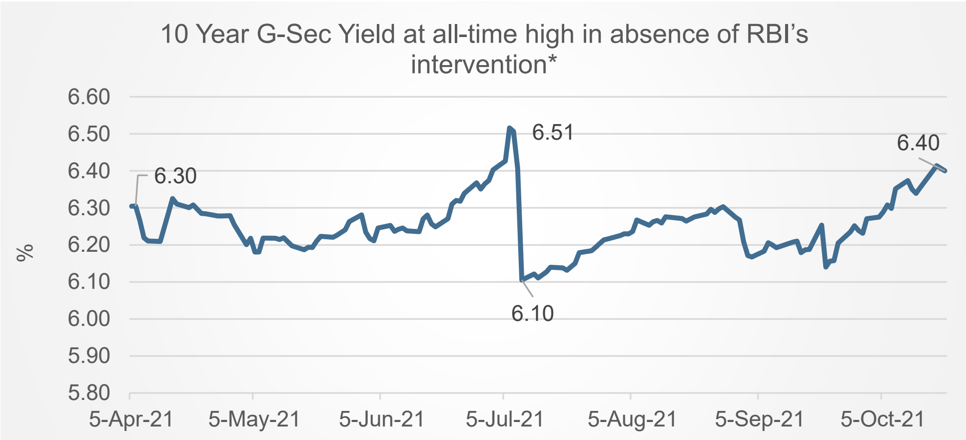
Source: IHS Markit

..Elevated price levels and G-Sec yields along with weak domestic currency could dampen the growth momentum

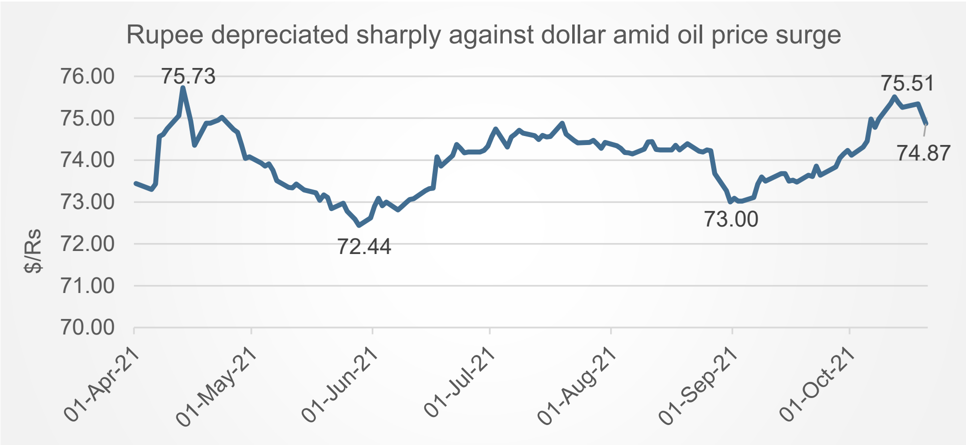


Source: MOSPI

Both retail and wholesale inflation has been declining since May'21. However, the gap between CPI and double-digit WPI inflation indicates towards persistent price pressures in the economy.



Source: FBIL; *data till October 20, 2021



Crystal-ball gazing till March 2022

1. We expect private investment to pick up only gradually and will be at best stable in H2-FY22
   - New announcements low in Q1 and Q2
   - Fructification of festival demand the critical factor
2. See traction in capacity utilization rates to 70-72% mark by March
   - Will hence manifest in investment plans materializing for some sectors such as steel, pharma, FMCG
3. Government capex plans to materialize for the centre, though not necessarily for all states
4. Bond yields will remain elevated in the band of 6.30-6.50% for the next 5 months
   - Policy repo rate not to alter this year though reverse repo rate may be hiked by 15 bps in feb.

Thank You