

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

Nehal Shah
Company Secretary & Compliance Officer
Encl: As Above



CARE Ratings Ltd.

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:

Ajay Mahajan, MD & CEO
Jinesh Shah, CFO
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CARE Ratings Limited

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Connect:

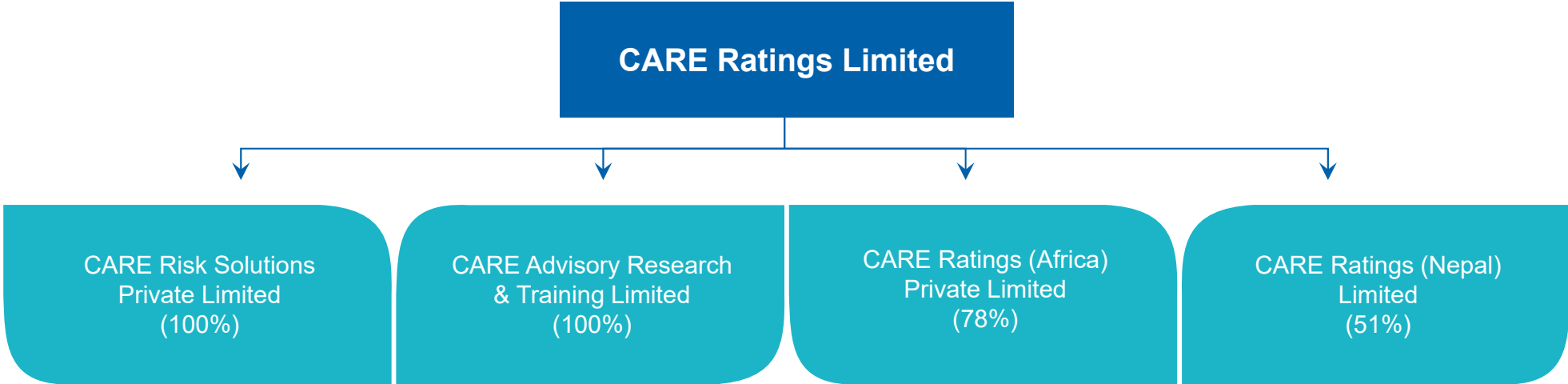


Investor Presentation Q2'FY22 & H1' FY22

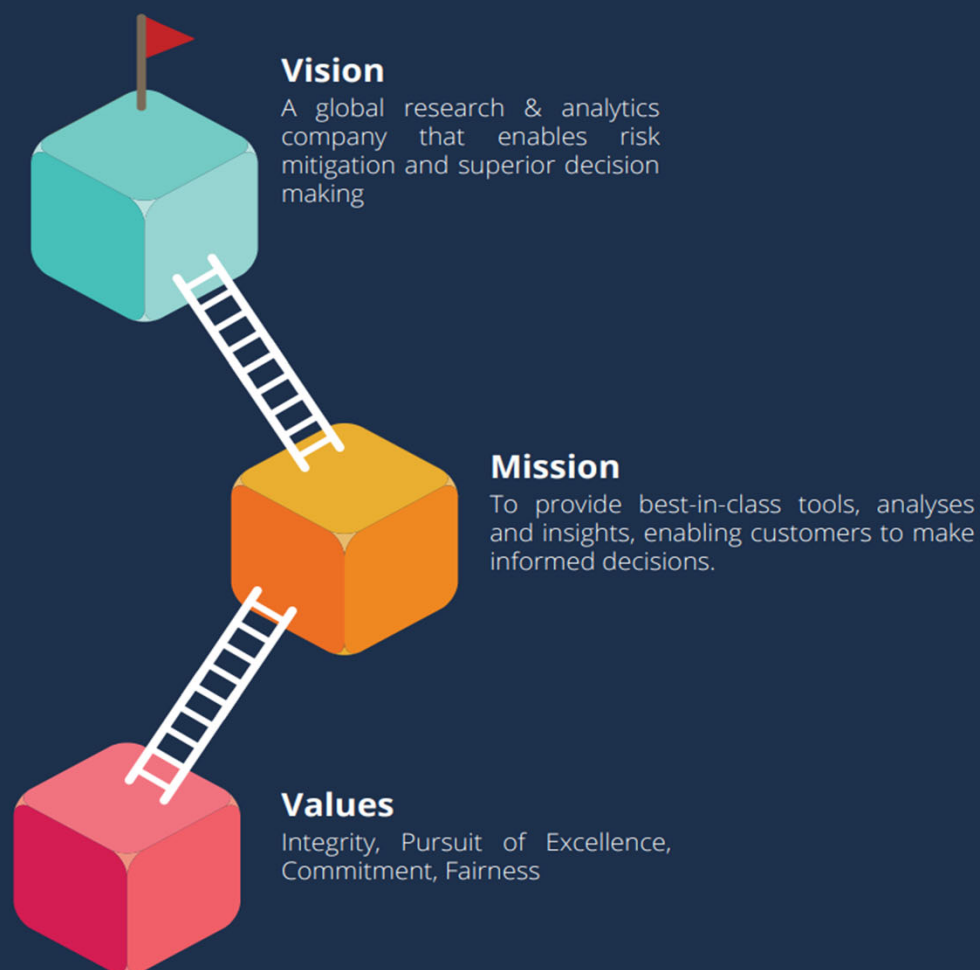
October 29, 2021

TABLE OF CONTENTS

1. CARE Group and Vision
2. Results
3. Outreach
4. Macro environment



CARE Group Vision & Strategy



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

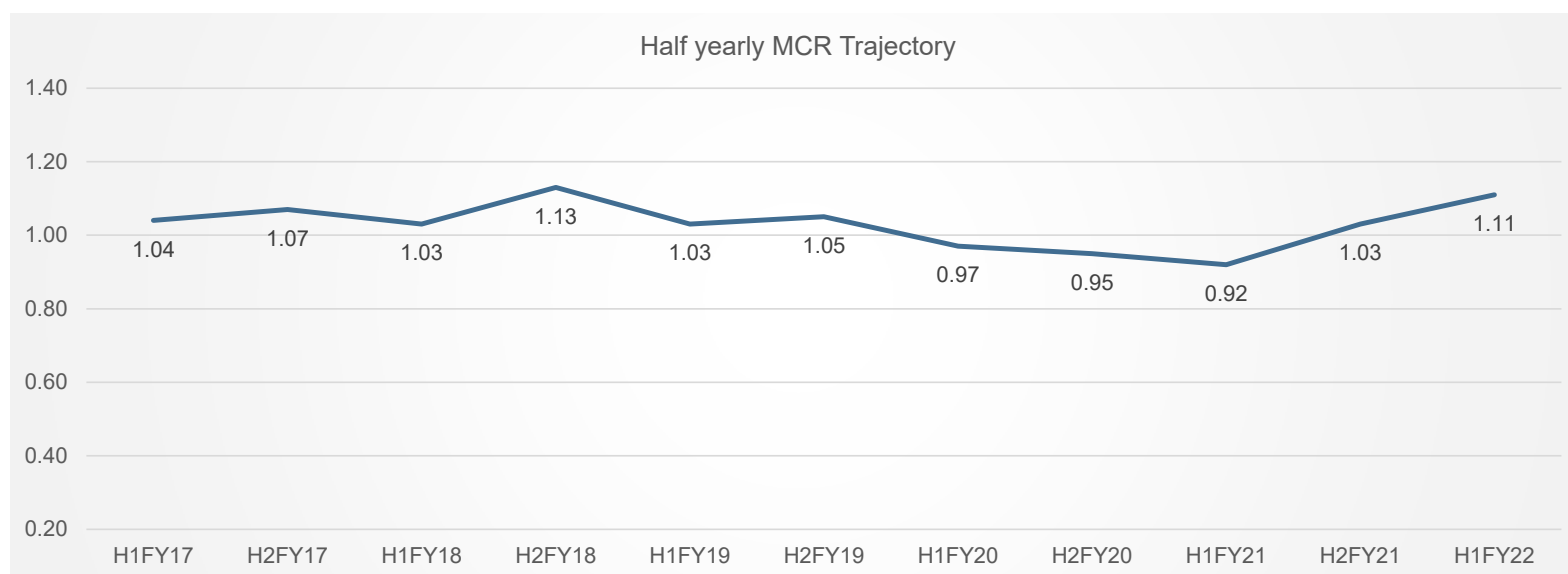
Rs. in Crore

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	

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

CARE Ratings
NARCL-NPA Resolution Gaining Momentum

September 16, 2021 | M&A Research

Introduction

The banking system has been under severe stress due to several factors, however most as they remain at elevated levels, the NPA has been releasing a general trend downward. During FY21, while there was a decline in absolute NPA, the concentration of NPA accounts under 100 crore has increased. The recovery against NPA was 1.5% in FY21, which is an improvement over FY20, however, there was a decline in the coverage of NPA. While total, there was no rise in NPA across segments during FY21 reported due to Covid. Unsettled segments such as personal loans and credit cards witnessed higher NPA.

Additionally, the banking system's pandemic caused asset quality challenges through reducing contracts, especially in the real estate and MSME segments, as the sector and bank have increased the stress on comparatively weaker borrowers that has resulted in reducing NPA and may see higher coverage than what was earlier expected, while recovery continues to be contingent on the broader economic growth and an any upcoming second wave.

Figure 1: Movement in NPA

Figure 2: Movement in NPA by Segment

Source: RBI, CIBIL

In an earlier note, we had laid out the role of the NPA in India, an update on the NPA, and an initial perspective on what has been termed as a hot bank (NPA) in the context of the NPA. In the current note, we discuss the government's approach and a discussion on the pricing of these NPA. As envisaged earlier, the Government of India has decided to establish a National Asset Reconstruction Fund (NARF) to acquire the NPA from the banks, which will be managed by the Government of India.

CARE Ratings
Mauritius Economy Update

September 6, 2021

An update of the economy of Mauritius based upon the latest data for various economic indicators has been presented. Covered here is the broad macro-economic situation, external sector accounts, fiscal position, banking indicators and monetary policy.

GDP growth – Q1 2021

Chart 1: GDP growth (y-o-y)

The outbreak of the Covid-19 pandemic and the resultant disruptions disoriented the pace of economic growth in Mauritius. In 2020, the annual GDP growth rate stood at -14.9%, compared with 1% in the previous year. In the first quarter of 2021, the Mauritius economy continued to contract for the fifth successive quarter recording a GDP decrease of 8.7% compared with -2.9% in Q1 2020. However, there has been a sequential improvement from the double-digit decline of 13.3% in the previous quarter.

Source: Bank of Mauritius

CARE Ratings
Steel consumption dips in August 2021 with prices continuing on the upward trajectory

24 September 2021 | Industry Research Outlook

The production of crude and finished steel during the month of August 2021 was 8% higher than August 2020 and 11% higher than August 2019 but the consumption of finished steel was lower than that registered by them in the corresponding month of the preceding two years i.e. August 2019 and August 2020 by 1% and 14%, respectively. The demand for steel generally slows down during the monsoon season due to slowdown in construction activities, which is the largest user industry accounting for 70% of the total demand. This year the demand has been doubly impacted due to slowdown in auto production as well, caused by the global semi-conductor shortages.

The passenger and commercial vehicles sales declined by 12.2% and 7.4% respectively in August 2021 compared with July 2021 due to the ongoing chips shortages, which led to reduced output by many Auto OEMs. This has impacted the domestic steel consumption, which fell by 3% y-o-y and 1% m-o-m in August 2021.

Demand from the overseas market also remained weak as the European Union has already exhausted its annual import quota for Indian steel products in the first few months of calendar year 2021. Besides, stringent lockdown measures in Vietnam, one of the largest importers of finished steel from India due to the Covid-19 pandemic, has led to reduced buying. Consequently, finished steel exports fell by 12% m-o-m in August 2021.

Table 1: Steel industry's performance in August 2021

	2020 Rating	Year growth	Month growth	% change (Aug 2021 vs Aug 2020)
Crude steel production	9,650	8%	6%	11%
Finished steel production	9,650	8%	3%	8%
Finished steel import	395	140%	2%	54%
Finished steel export	1,311	28%	12%	35%
Finished steel consumption	7,617	3%	2%	24%

Source: CARE, India Commerce, CARE

CARE Ratings
Economic Outlook for India FY 2021-22

July 26th 2021

The CARE Ratings team has issued its forecast for the Indian economy for FY 2021-22. The forecast is based on the latest available data and the team's analysis of the economic situation. The team expects the Indian economy to grow at 11% in FY 2021-22, which is an improvement over the 10% growth in FY 2020-21. The team also expects the inflation to remain under control at around 5%.

CARE Ratings
Weekly update on Central Government borrowings

July 9, 2021

The Central Government has raised Rs. 26,000 crore in the scheduled 10-year auction for the week ended July 9, 2021 in line with the notified amount for the week. The auctioned 10-year G-Sec for the week ended July 9, 2021 has been auctioned during the week with an up-bid of 1.5%. The previous 10-year benchmark paper (G-Sec) 10YR has been trading in the secondary market at around 1.5%. Since 27th May 2021, the 10-year paper has either seen an improvement in bid or a reduction of the bid. The week ended July 9, 2021 was the first auction after 15 May 2021 when there was a reduction of bid in primary dealer use there is a green light option which has been successful in any manner.

The amount raised for 10YR (1.5%) is Rs. 26,000 crore, which is the total highest borrowing (Rs. 11,000 crore) in FY21 and more than half of the 10YR borrowings (Rs. 7,500 crore). The total borrowings by the Central Government so far are Rs. 630 billion since the start of the year. The highest share of issuances has been in the 10YR paper (1.5%), followed by the 10YR paper (1.5%) and 10YR paper (1.5%).

The weighted average yield in this auction for a 10YR is 6.27%, 2 bps lower than the previous week. During the first 4 auctions of July 21, the weighted average yield across maturities has been a stable with the highest yield in the 10YR paper (1.5%) being 6.27% in the 10YR paper (1.5%) and 10YR paper (1.5%).

Table 1: Breakup of the 10YR auction on July 9, 2021

Instrument Name	Notified amount (Rs. cr)	Auctioned amount (Rs. cr)	Amount allocated for 10YR (Rs. cr)	Cut-off yield (10YR)	Green shoe option (Rs. cr)
10YR (1.5%)	26,000	26,000	26,000	6.27%	0

CARE Ratings
Update – Growth in Deposits and Credit

September 21, 2021

Bank credit growth on upswing

Figure 1: Growth of Bank Credit (y-o-y growth %)

The bank credit growth has been on an upward trajectory since Sep-18. The growth rate has been around 11% to 12% in the last few years. The growth rate is expected to remain around 11% to 12% in the next few years.

CARE Ratings
DAILY DEBT Market UPDATE

September 21, 2021

Good Morning.

The market morning for the global and domestic markets for Thursday (July 22, 2021) is as follows:

- S&P and NASDAQ** ended higher. Dow ended flat as positive corporate earnings reports, which is making the market more bullish. The S&P 500 benchmark index ended higher, and the NASDAQ benchmark index ended higher. The S&P 500 benchmark index ended higher, and the NASDAQ benchmark index ended higher.
- European markets** ended higher. The European markets ended higher, and the Asian markets ended higher. The European markets ended higher, and the Asian markets ended higher.
- Oil prices** ended higher. Oil prices ended higher, and the gold prices ended higher. Oil prices ended higher, and the gold prices ended higher.
- Indian equity markets** ended higher. The Indian equity markets ended higher, and the Indian debt markets ended higher. The Indian equity markets ended higher, and the Indian debt markets ended higher.
- Indian debt markets** ended higher. The Indian debt markets ended higher, and the Indian equity markets ended higher. The Indian debt markets ended higher, and the Indian equity markets ended higher.

Table 1: Global Market Update

Market	11/07/2021	22/07/2021	% Change
S&P 500	4,300.00	4,350.00	1.16%
NASDAQ	14,000.00	14,100.00	0.71%
DAX	15,000.00	15,100.00	0.67%
FTSE 100	7,000.00	7,050.00	0.71%

CARE Ratings
Indian Pharma Industry to surpass USD 60 billion in two years

August 26, 2021 | Ratings

With market size of around USD 45 billion in FY21, Indian pharmaceutical industry globally ranks third in terms of volume and thirteenth in terms of value. The reason for higher rank in terms of volume while lower rank in terms of value is primarily attributed to the performance of Indian pharma market in the generic segment. The industry has exhibited compound annual growth rate (CAGR) of about 7.2% during FY17-FY21 and registered a growth of about 12% during FY21. However, with the change in dynamics, CARE Ratings expects the industry to grow at about 11% in next two years and reach a size of over USD 60 bn. The main factors that are expected to drive the growth of industry are (i) ability to leverage the opportunity available for Indian pharma companies due to expiry of the patent drugs across the globe, (ii) easing of regulatory rules, (iii) adoption of various strategies to go global from dependency on China for key raw materials, (iv) increasing trend in R&D investments, and (v) solid fundamentals of the industry. Exploiting these opportunities, CARE Ratings expects the credit risk profile of listed entities to remain stable to positive during FY22 and FY23.

Fast performance and estimated growth rate of Indian Pharmaceutical industry

The Indian domestic pharma market which was at around USD 18 bn during FY17 has exhibited a CAGR of about 4.5% to reach USD 24 bn during FY21. Further, the pharma exports which contributed about USD 17 bn during FY17 have reported a CAGR of about 10% to reach USD 24 bn during FY21. Especially during FY21, on account of increase in the demand for Covid-19 related drugs, the exports have grown by 24%. Thus, on account of better export growth rate, the contribution of domestic to exports has changed from 32.4% during FY17 to 47.3% during FY21. CARE Ratings expects that with better prospects in regulated and semi-regulated markets, the contribution of domestic to exports would widen to 45-55 by FY23.

Market size of Indian Pharmaceutical Industry (USD bn)

Source: CARE Ratings

Reports & Publications

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

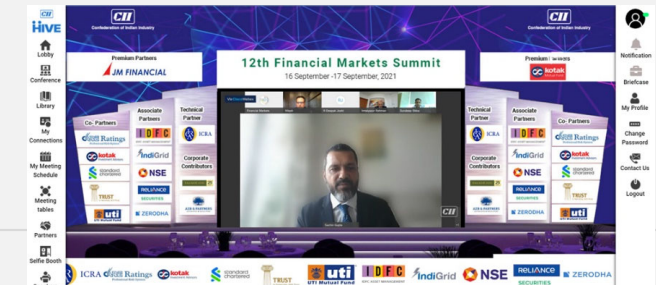
Published in Q2 FY22	
Daily	61
Weekly	33
Fortnightly	07
Monthly	59
Special reports	44

Out-Reach Activities

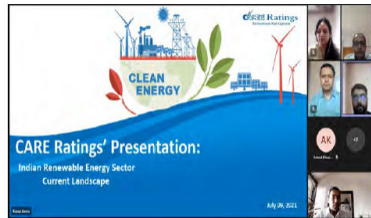
Knowledge Sharing Forum (KSFs):

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

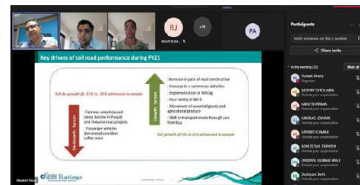
33 Knowledge sharing forums were conducted in Q2



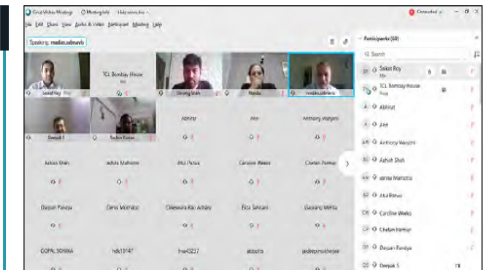
- An interactive session was conducted with IDBI Capitals team on 9th July 2021 (Corporate Finance & restructuring) headed by Mr. Amod Khanorkar, Senior Director. Presentations were made by Mr. Sudhir Kumar, Mr. Kunal Arora & Mr. Hardik Shah on Renewables & INVITS. Also present were Mr. Saikat Roy &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



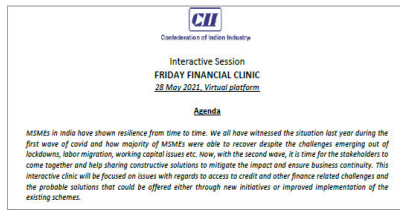
- As part of knowledge sharing forum organised by DRO team, Ms. Rajashree Murkute, Director and Mr. Maulesh Desai, Associate Director conducted a presentation on 26th August 2021 through digital platform on "India Road Sector" with Federal Bank, Corporate Banking Team. The session was attended by Mr. 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.



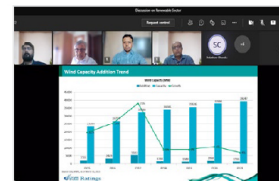
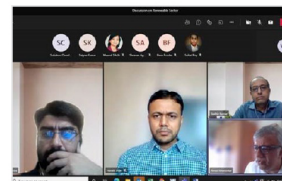
- A session on "Economic Update & Outlook at Tata Chemicals Limited's finance team forum on 16th July 2021. Mr. Saikat Roy, Senior Director was also present in this discussion.



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.



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. Subash 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.



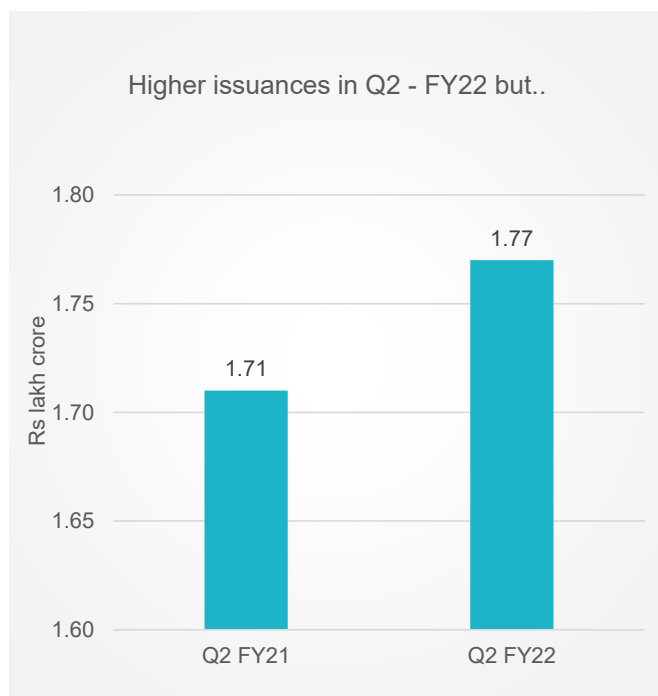
Out-Reach Activities



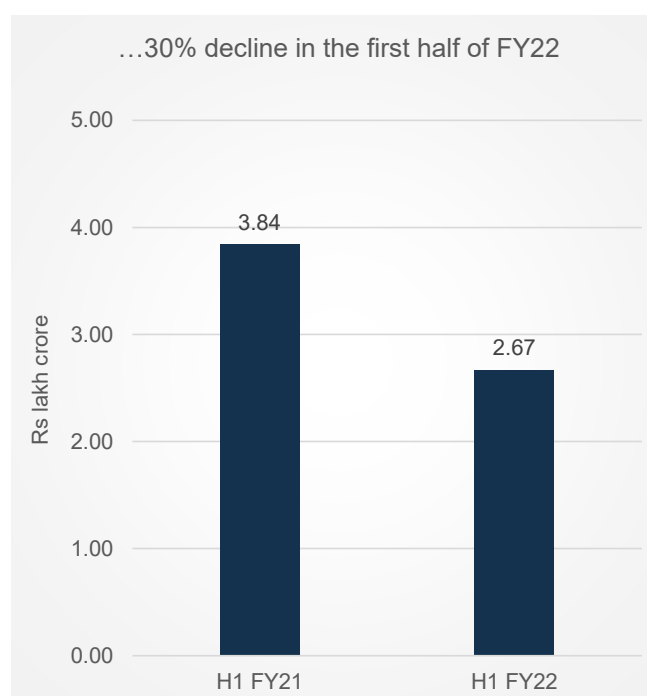
Webinars

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.

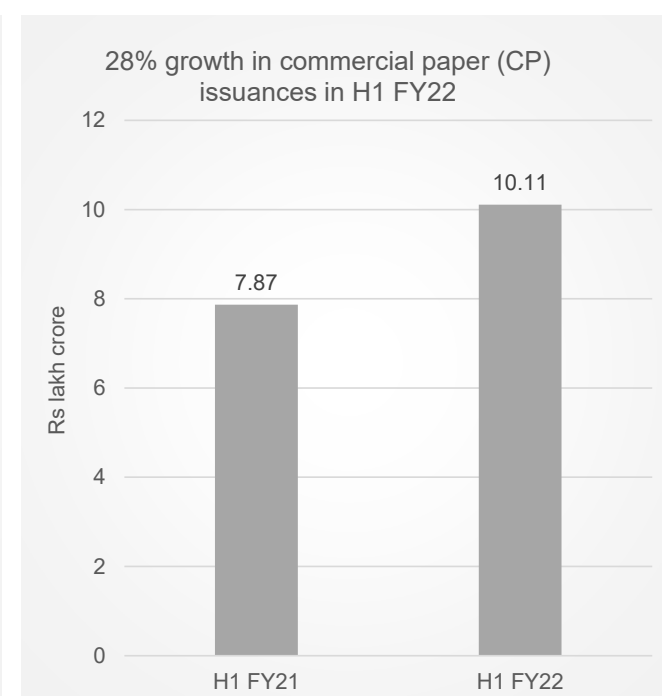
Subdued corporate bond market activity in H1 FY22, while CP issuances gathered momentum



Source: Prime database

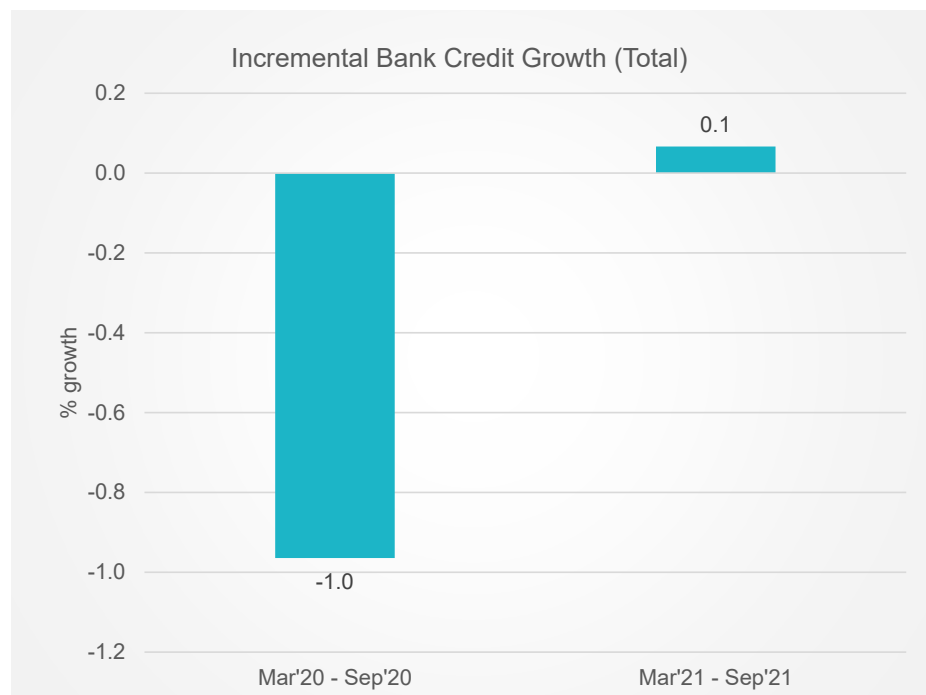


Source: Prime database

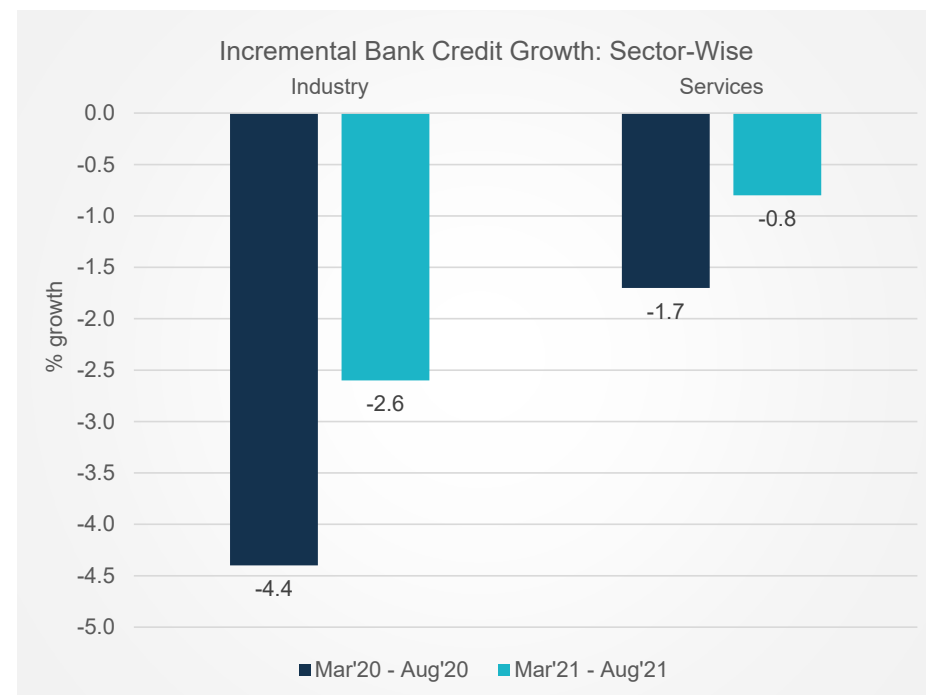


Source: RBI

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

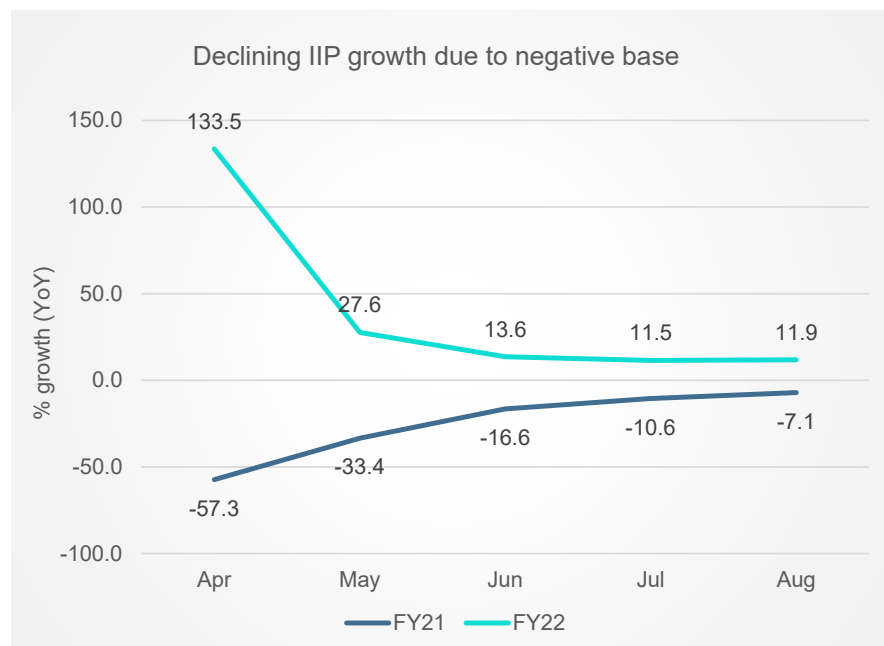


Source: RBI



Source: RBI

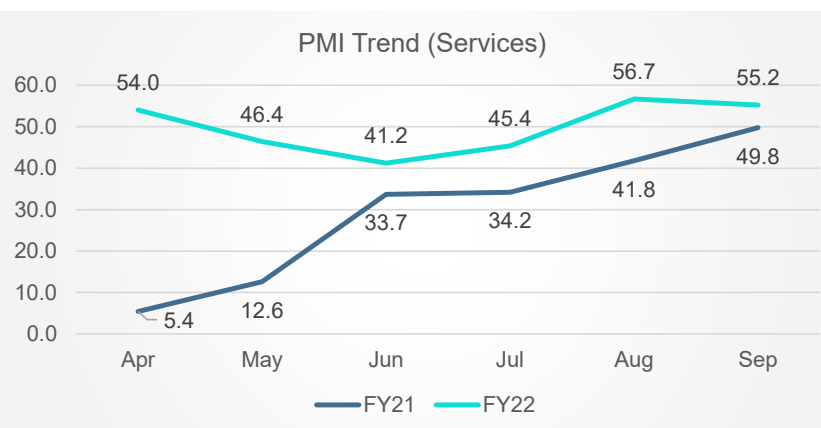
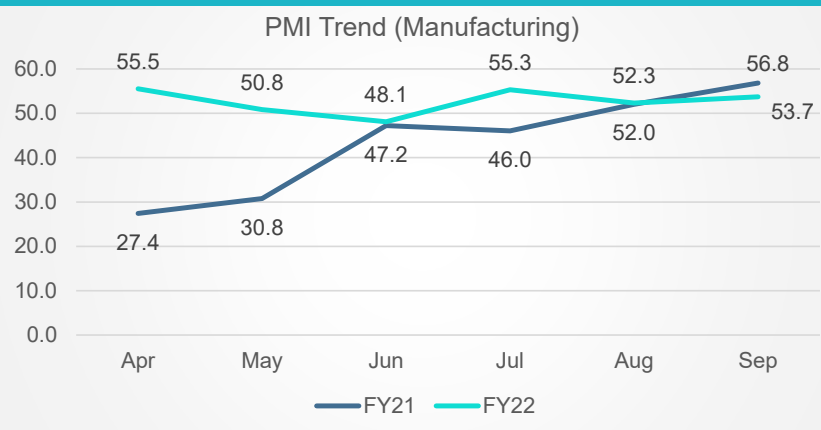
Economic indicators point towards sharp recovery, but..



Source: Office of Economic Advisor

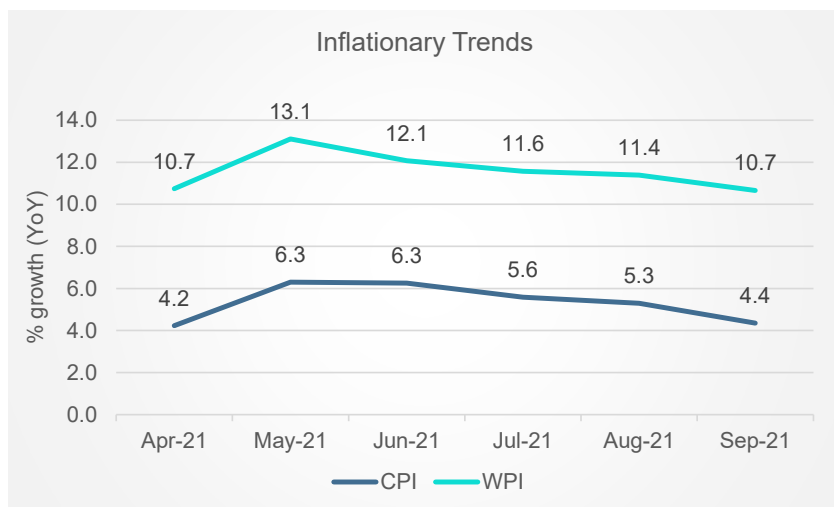
- Industrial production has grown 28.6% YoY in the first five months of FY22, broadly on account of negative base last year (-25%).

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



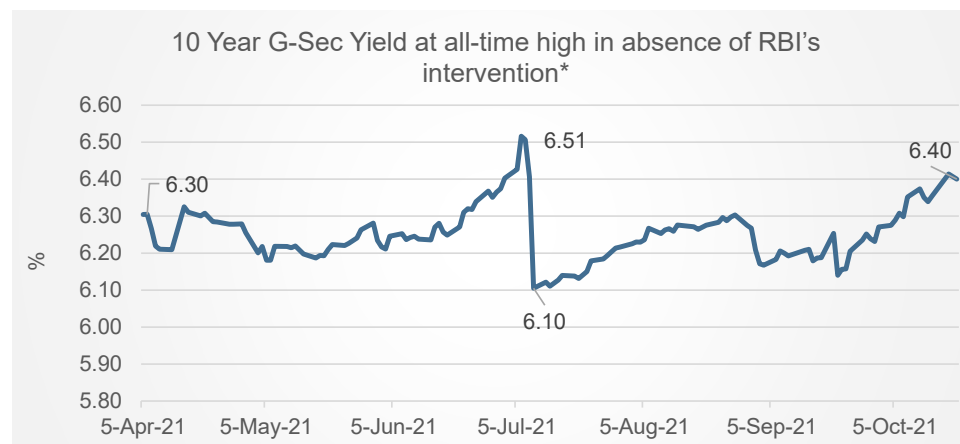
Source: IHS Markit

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

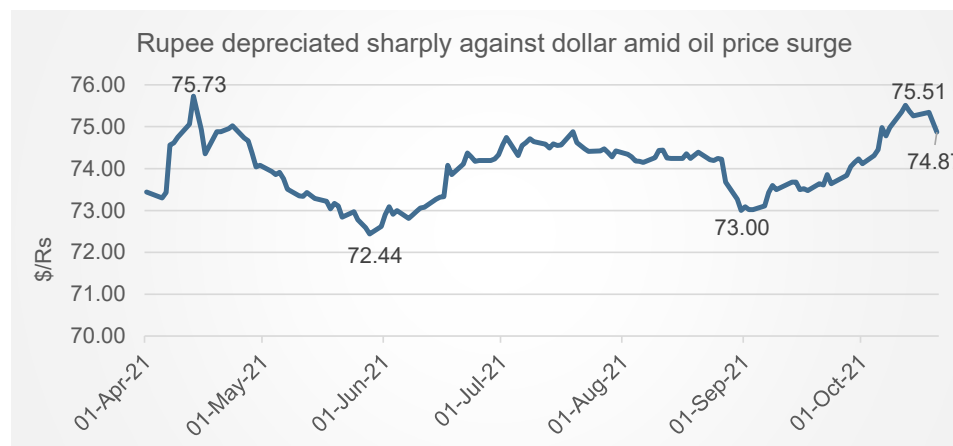


Source: MOSPI

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