

Date: November 05, 2020  
SE/2020-21/065

To,

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

**Sub: Investor Presentation for Q2 & H1 FY21**

Please find enclosed herewith the 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.

As already stated the company has scheduled a call for Investors Meeting on November 05, 2020 at 3.00 p.m. The call will include the management overview on the performance followed by an interactive Question & Answer session. Shri. Ajay Mahajan – Managing Director & CEO along with other Senior Management personnel will represent CARE Ratings on the call.

The Investor/ Analyst can join the Investor's call using the below link:

**Please click to register**

Please take note of the above.

Thanking you,

Yours faithfully,  
For CARE Ratings Limited



**Navin Kumar Jain**  
**Company Secretary & Compliance Officer**



Encl : As above

**CARE Ratings Ltd.**

# Financial Results

Quarter II - FY 2020 - 21

# Contents

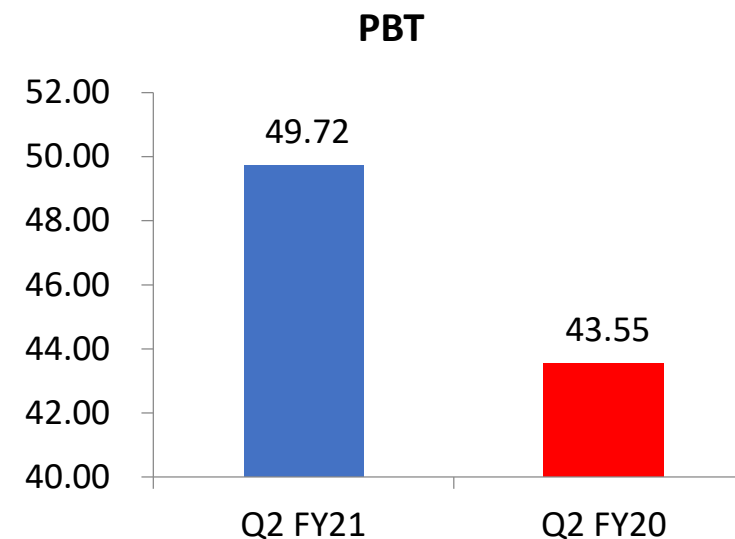
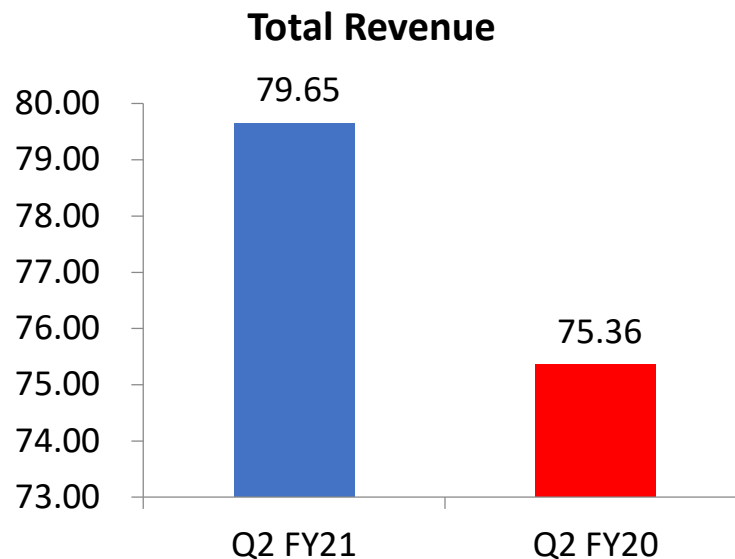
Financial & Business Performance

MCR

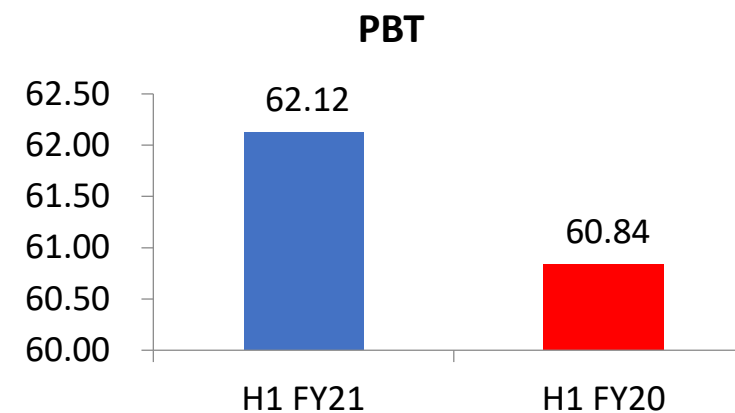
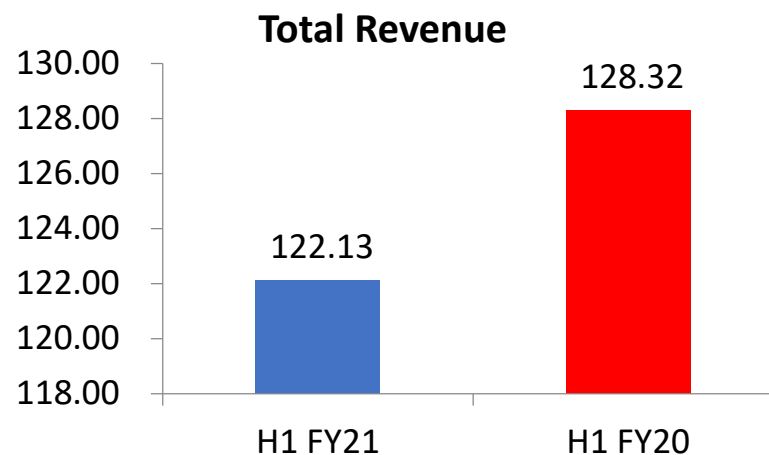
Economic Backdrop

# Performance – Highlights - Standalone

**Q2 FY21**



**H1 FY21**



# Financial Performance – Q2 FY21

Rs. Crore

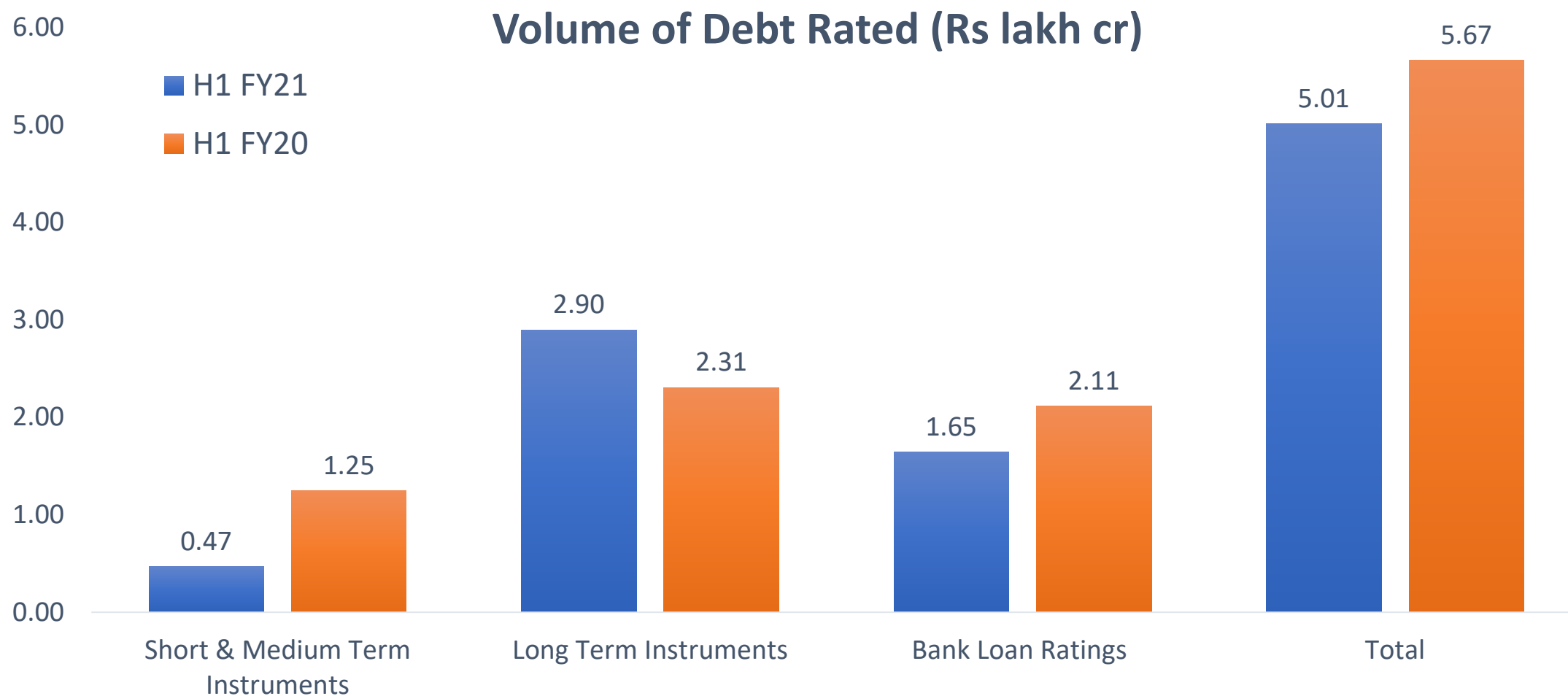
Particulars	Standalone			Consolidated		
	Q2 FY21	Q2 FY20	% Change	Q2 FY21	Q2 FY20	% Change
Total Revenue	79.65	75.36	6%	83.87	80.72	4%
Total Expenses	29.92	31.80	-6%	36.18	37.29	-3%
<b>Profit Before Tax (PBT)</b>	<b>49.72</b>	<b>43.55</b>	<b>14%</b>	<b>47.69</b>	<b>43.42</b>	<b>10%</b>
Provision for Tax	11.72	6.56	79%	11.85	6.69	77%
<b>Profit After Tax (PAT)</b>	<b>38.00</b>	<b>36.99</b>	<b>3%</b>	<b>35.84</b>	<b>36.73</b>	<b>-2%</b>
<b>Profitability</b>						
<b>PBT (%)</b>	<b>62%</b>	<b>58%</b>		<b>57%</b>	<b>54%</b>	
<b>PAT (%)</b>	<b>48%</b>	<b>49%</b>		<b>43%</b>	<b>46%</b>	
<b>Basic EPS (Rs. per share)</b>	<b>12.90</b>	<b>12.56</b>		<b>12.04</b>	<b>12.39</b>	

# Financial Performance – H2 FY21

Rs. Crore

Particulars	Standalone			Consolidated		
	H1 FY21	H1 FY20	% Change	H1 FY21	H1 FY20	% Change
Total Revenue	122.13	128.32	-5%	130.77	138.45	-6%
Total Expenses	60.01	67.48	-11%	70.73	77.18	-8%
<b>Profit Before Tax (PBT)</b>	<b>62.12</b>	<b>60.84</b>	<b>2%</b>	<b>60.04</b>	<b>61.27</b>	<b>-2%</b>
Provision for Tax	14.19	10.76	32%	14.50	11.04	31%
<b>Profit After Tax (PAT)</b>	<b>47.93</b>	<b>50.08</b>	<b>-4%</b>	<b>45.54</b>	<b>50.23</b>	<b>-9%</b>
<b>Profitability</b>						
<b>PBT (%)</b>	<b>51%</b>	<b>47%</b>		<b>46%</b>	<b>44%</b>	
<b>PAT (%)</b>	<b>39%</b>	<b>39%</b>		<b>35%</b>	<b>36%</b>	
<b>Basic EPS (Rs. per share)</b>	<b>16.27</b>	<b>17.00</b>		<b>15.21</b>	<b>16.86</b>	

# Business Performance : H1 FY21



# Contents

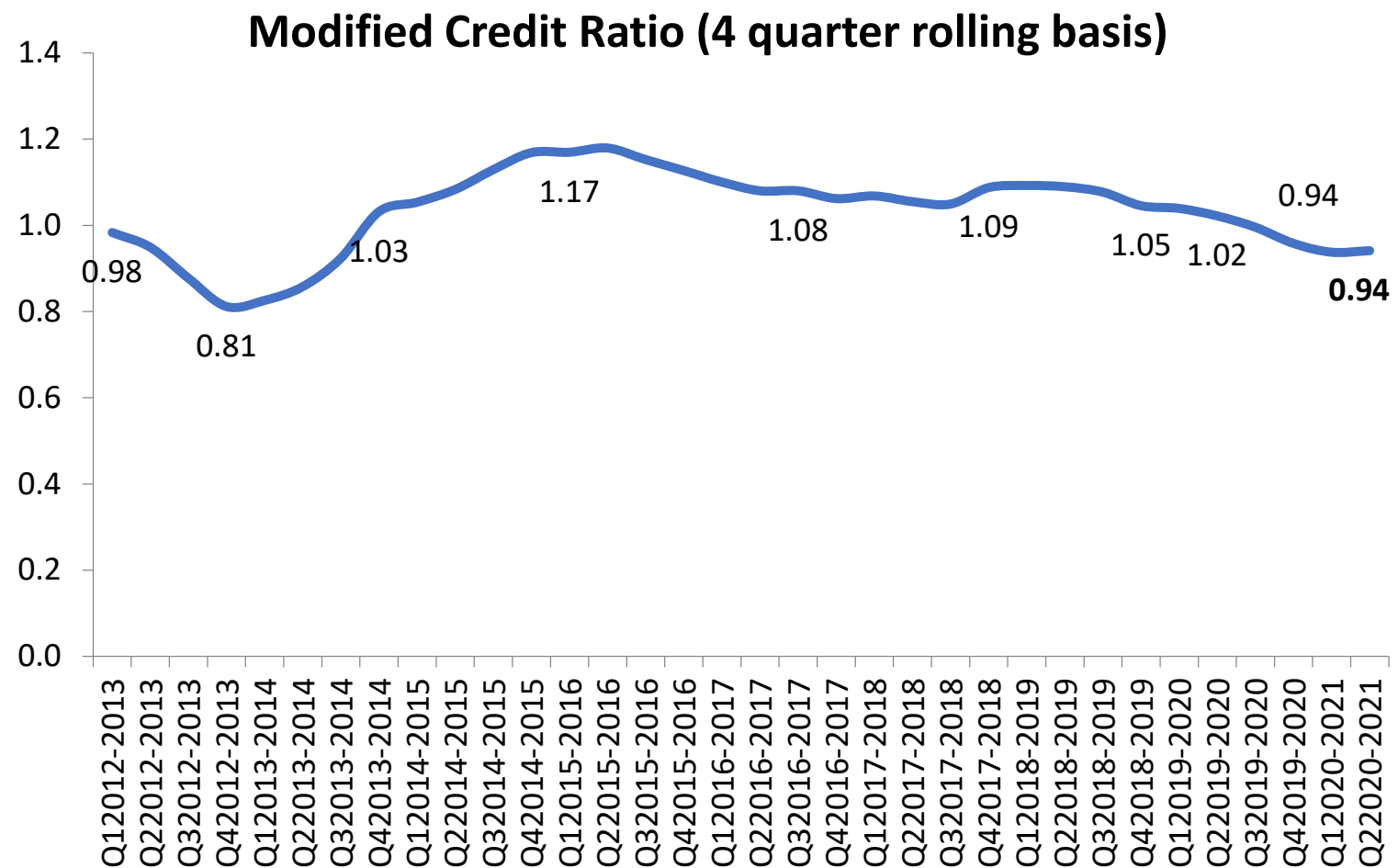
Financial & Business Performance

**MCR**

Economic Backdrop



# Modified Credit Ratio (MCR)



## *What is MCR ?*

The credit quality of the rated entities as measured by CARE Rating’s ‘modified credit ratio’ (MCR) although still at the lowest levels since the Q4 2013-14, has not seen a further deterioration from that in Q1 2020-21. There has been a marginal improvement on a quarterly basis. The credit rating downgrades in Q2 2020-21 have been largely on account of Covid-19 led disruptions.

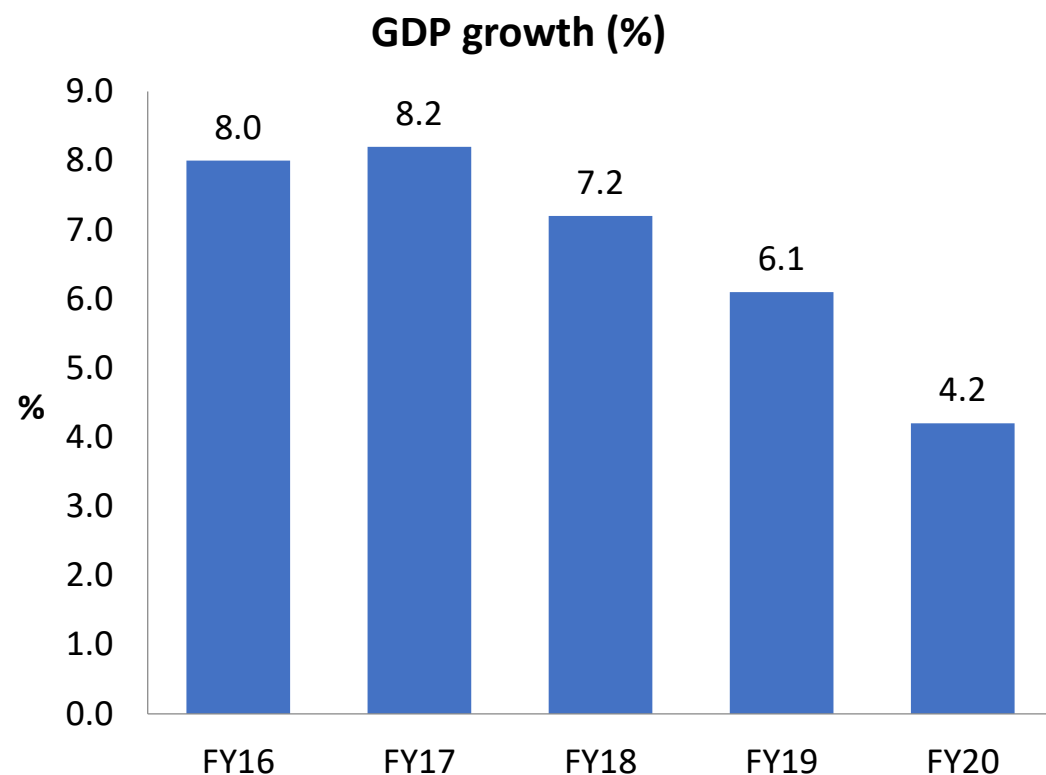
# Contents

Financial & Business Performance

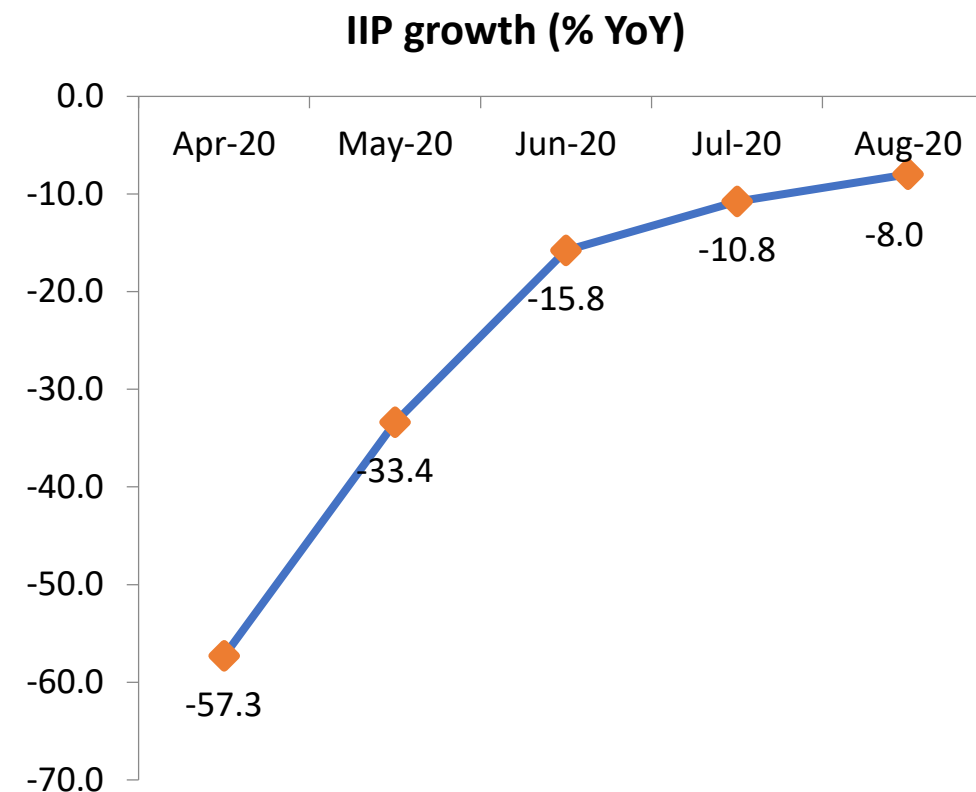
MCR

Economic Backdrop

# Economic Growth and Industrial Output



Source: MOSPI

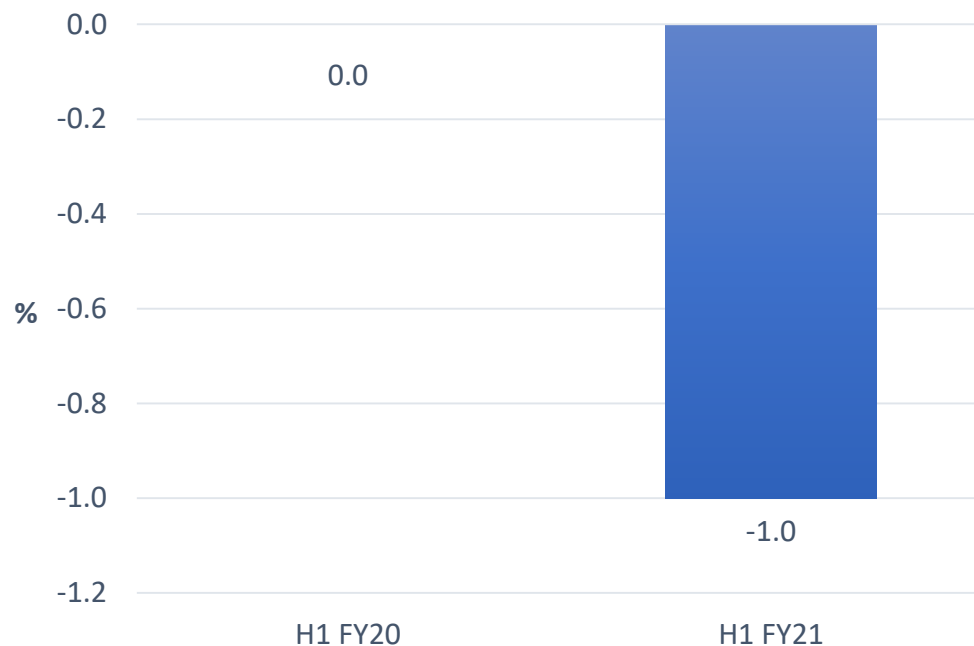


Source: MOSPI

**GDP contracted 23.9% in Q1FY21** - due to pandemic led lockdown  
 Industrial growth though improving as unlock progresses is still in negative zone.

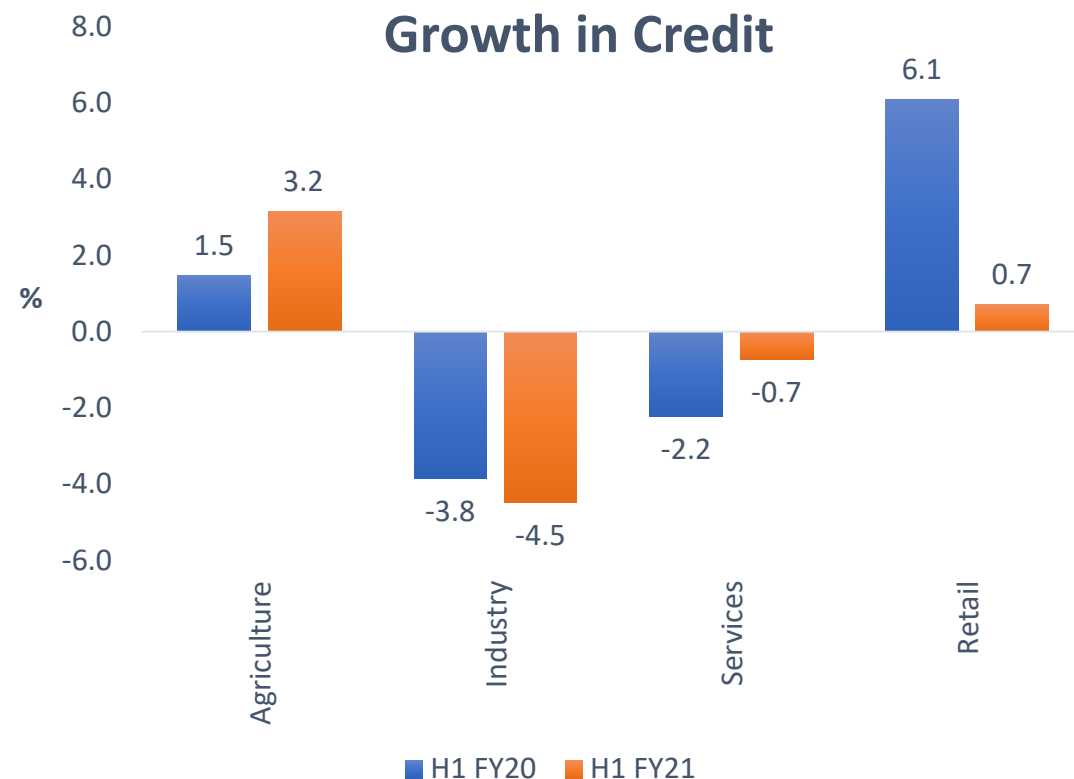
# Bank Credit

**Growth in Bank credit**



Source: RBI

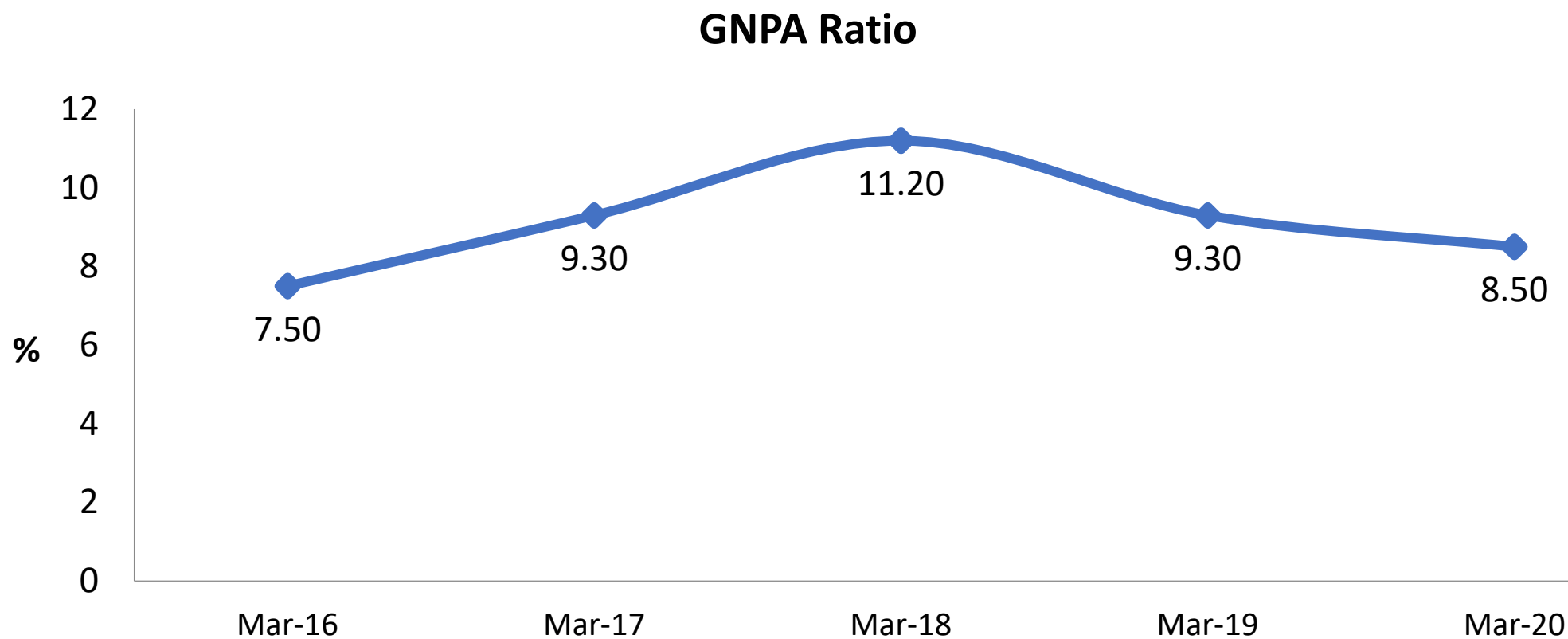
**Growth in Credit**



Source: RBI

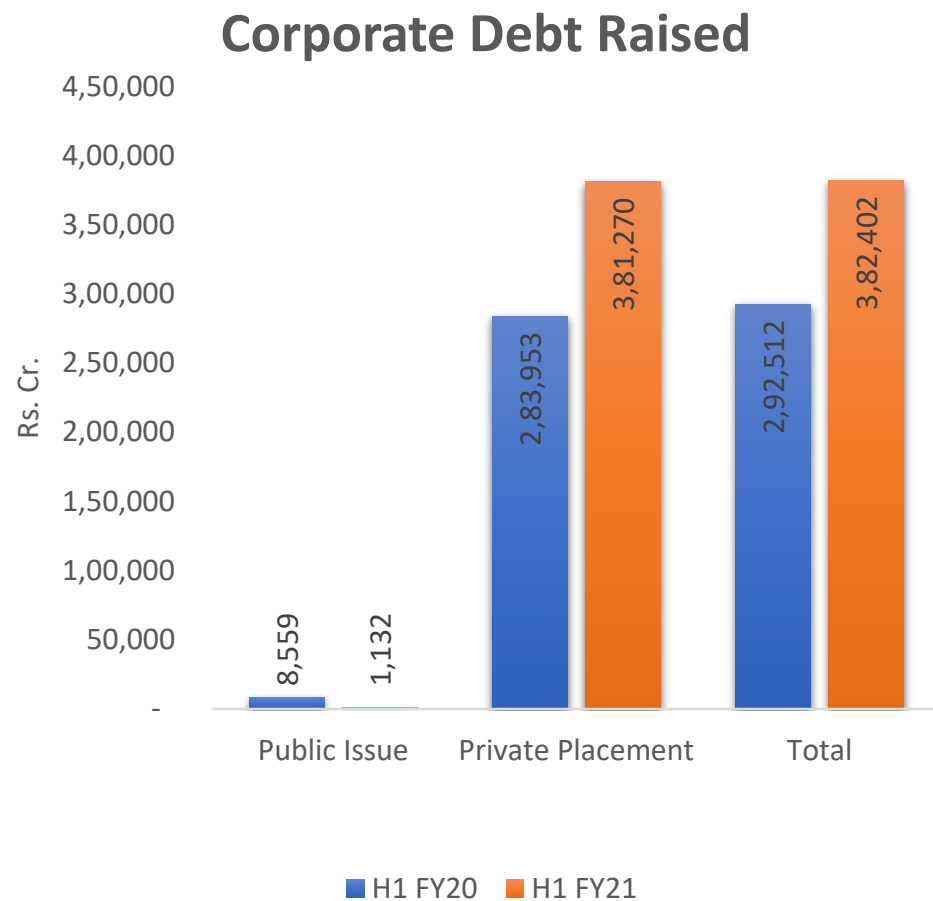
Bank credit growth negative with credit risk perception being a concern  
Liquidity not an issue as RBI provided the same with LTRO, TLTRO, OMOs

# Non-Performing Assets



Note: Gross NPAs as a percentage of gross advances  
Source: RBI

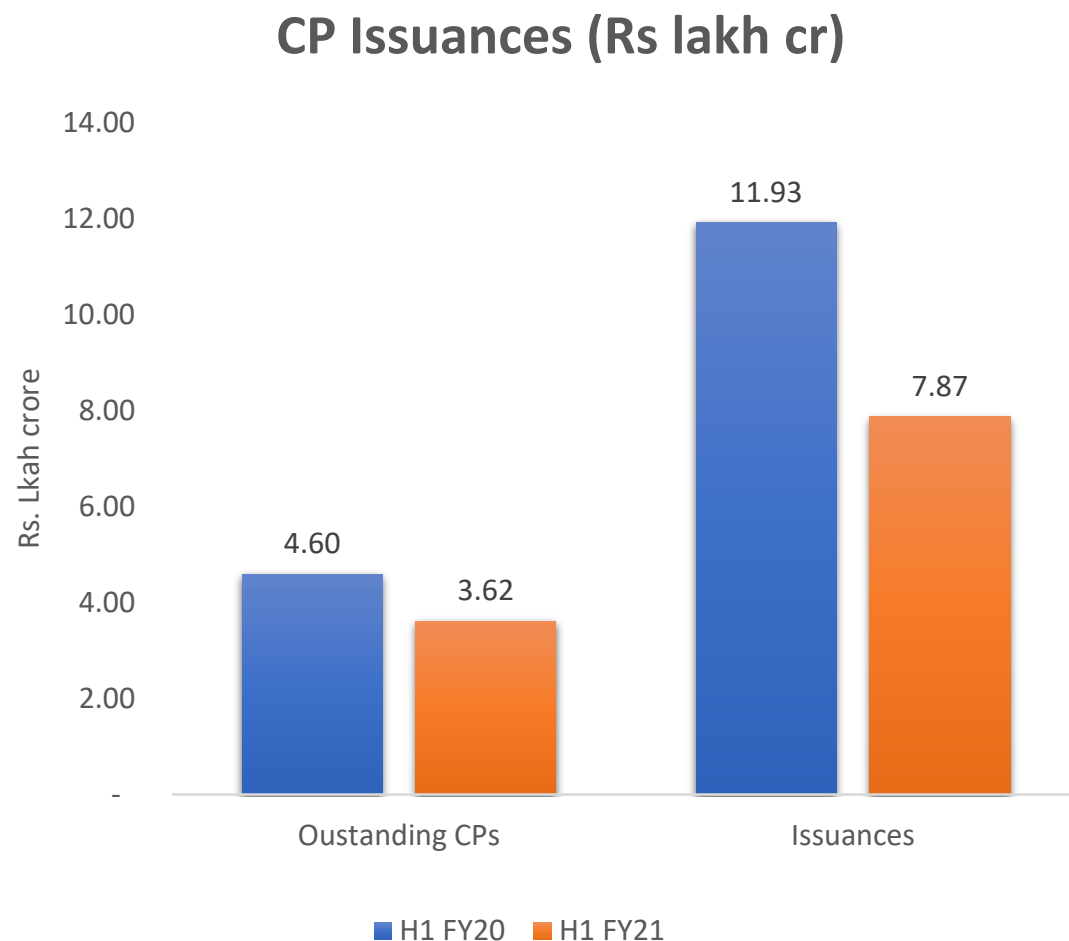
# Corporate Bond Issuances



Source: Prime Database

- During the first half of 2020-21, majority of the corporate bond issuances are raised by the financial sector (63% share)
  - Banks/term lending (32%), financial services/investment (18%), housing finance (13%)
- Some of the other main sectors pertained to
  - Power generation and supply (6%)
  - Roads and highways (5% share)
  - Oil exploration/refining(3%)
  - Real estate (3%)

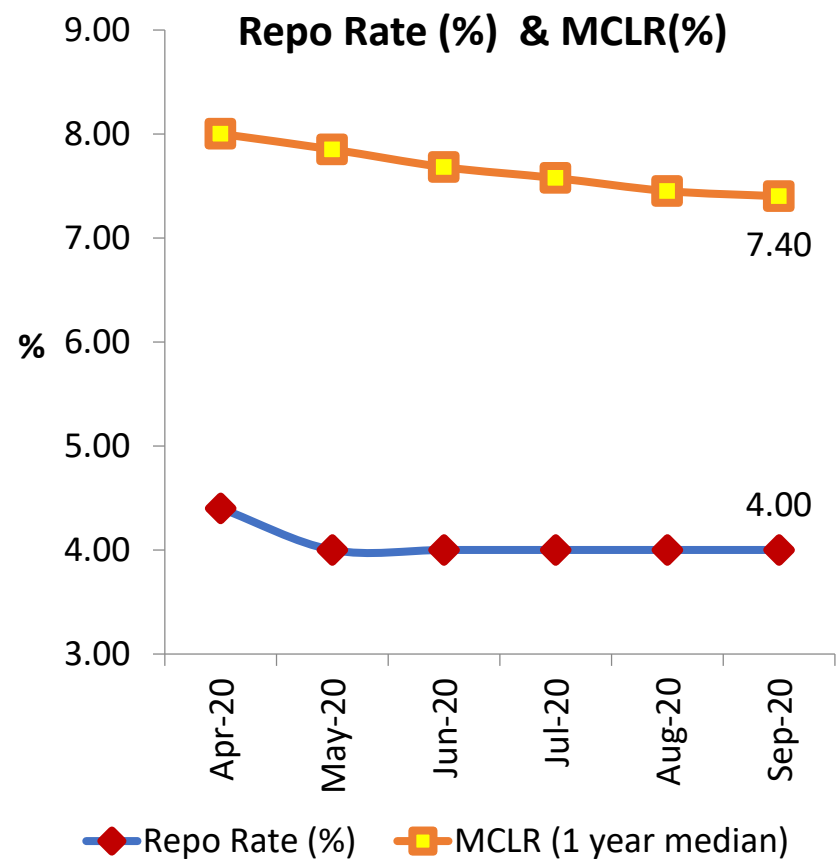
# Commercial Paper Issuances



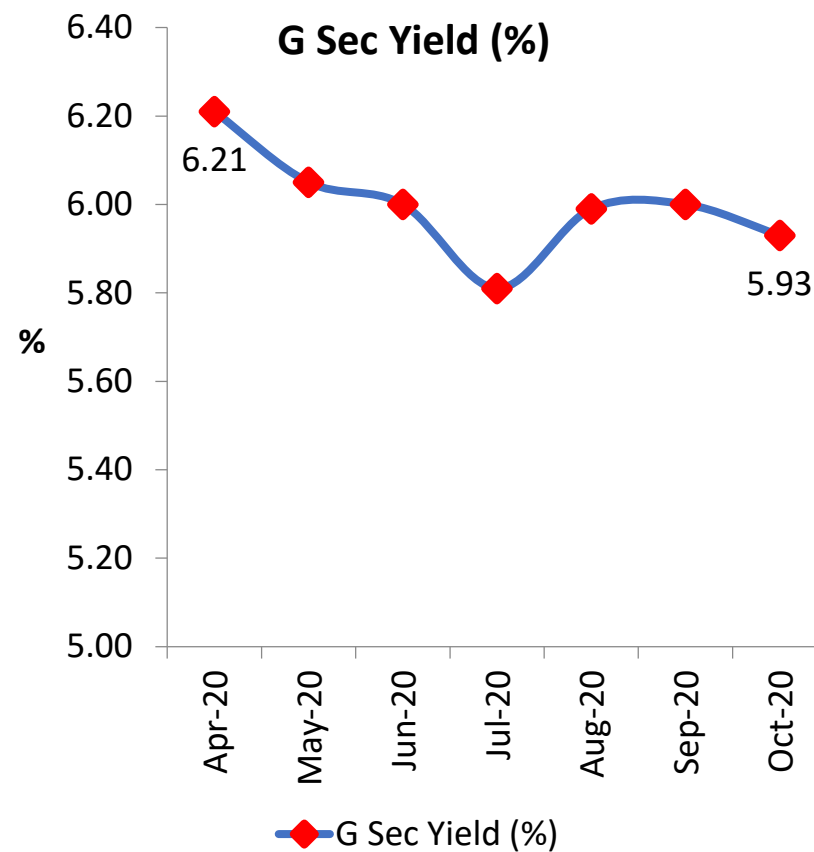
Source: RBI

- Within the total CP issuances during the quarter, the highest issuances were raised by oil exploration and refineries (21%) followed by financial services/investment (18%) and banking/term lending (9%)
- Some of the other sectors pertained to
  - Power (8%)
  - Telecom (7%)
  - Housing Finance (5%)
  - Fertilizers (3%)

# Interest Rate and GSec yields



Source: RBI



Note: Till 29<sup>th</sup> October Source: FIMMDA



# Major challenges going forward

- Negative growth in GDP of -8.2%
- Credit growth remaining stagnant at 3-4% for the year
  - Investment rate falling further this year from 26.9% to 22%
  - CU rate down to 47.3% in Q1 from 69.9% in March
- Higher NPAs this year in the region of ~15%
  - OTR exercise and its impact on ratings

# Thank You