

Date: July 29, 2022

SE/2022-23/29

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 QUARTER ENDED JUNE 30, 2022

Please find enclosed herewith the Press Release and Investor Presentation of CARE Ratings Limited for the quarter ended June 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 Shah

Nehal Shah

Company Secretary & Compliance Officer

Encl: As Above



CARE Ratings Limited

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Press Release Financial Results for Q1 FY23

July 29, 2022



The Board of Directors of CARE Ratings Limited approved the financial results for Q1 FY23 in the Board meeting held on July 29, 2022.

State of the Economy

The Indian economy has shown gradual signs of improvement in the last quarter, with indicators like GST collections, E-way bills, bank credit and PMI services showing a pick-up in momentum. However, pick-up in the manufacturing sector remains painstakingly slow and consumption demand also remains weak. With a fall in global commodity prices and inflation control measures announced by the Government, CPI inflation has shown marginal easing. Any further easing of inflation will bode well for a pick-up in consumption demand. Going forward, the Indian economy needs to gear up for challenges posed by global economic slowdown and tightening of global liquidity.

Fundraising by businesses was subdued in the first quarter of FY23. Corporate bond issuances in Q1 FY23 stood at Rs 0.9 lakh crore, lower by 16.9% compared to the corresponding quarter of FY22. Issuances of the commercial paper too declined by 10.6% to Rs 3.5 lakh crore in the last quarter.

There has been a pick-up in bank credit demand in the last few months, with Gross Bank credit offtake recording a growth of 12.1% y-o-y in May 2022 compared with 4.9% growth in the previous year. Bank credit to industry and services picked up at 8.7% and 12.9% respectively. However, the credit demand in large enterprises in the industrial sector was muted at 1.9%.

Standalone Results

CARE Ratings' standalone total income from operations was up 17% to Rs. 48.74 crore in Q1FY23, compared with Rs. 41.77 crore in the corresponding quarter of the previous year. The bank loan ratings segment led this growth, with sustained momentum in the initial ratings business. Total income was up 13% to Rs.56.07 crore in Q1FY23, compared with Rs. 49.42 crore in Q1 FY22. Total expenses have decreased by 13% during this period compared to Q1FY22, majorly due to ESOP cost reversal attributable to resigned employees (refer to note 8 of published results for details). Operating profit increased by 168% to Rs. 19.04 crore in Q1FY23, compared with Rs. 7.11 crore in the corresponding quarter of the previous year. Net profit increased by 66% to Rs. 18.08 crore in Q1FY23 from Rs. 10.89 crore in Q1FY22.

Operating profit margin and net profit margin were 39% and 32% respectively in Q1FY23, which reflected good growth compared to the corresponding quarter of the previous year.

Consolidated Results

CARE Ratings' consolidated total income increased by 10% to Rs. 62.09 crore in Q1 FY23 from Rs. 56.52 crore in Q1 FY22. Operating profit increased by 87% to Rs. 16.13 crore in Q1FY23 from Rs. 8.64 crore in Q1FY22. Net profit rose to Rs. 14.14 crore in Q1FY23 from Rs. 11.55 crore in Q1FY22, an increase of 22%.

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

"The domestic fundamentals are showing gradual improvement and the private investment is expected to revive with capacity utilisation level inching towards 75%. However, India's economy needs to brace up for prevailing headwinds in the form of slowing global growth, high inflation and tighter liquidity for a major part of the current financial year. The global uncertainties, high commodity prices and rising interest rates would be dampening factors for investor sentiments. This notwithstanding, our initial ratings business witnessed good growth from the bank loan ratings and securitization segments," said **Mehul Pandya – Managing Director & CEO, CARE Ratings Limited.**



For further information, contact:

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Chief Financial Officer

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Mradul Mishra

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Communications

mradul.mishra@careedge.in

CARE Ratings Limited

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Phone: +91-22-6754 3456 | CIN: L67190MH1993PLC071691





Ratings • Advisory • Research • Risk Solutions

Investor Presentation

Q1 FY23

July 29, 2022

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CareEdge Group

CARE Ratings Limited

CARE Risk Solutions
(100%)

CARE Advisory & Research
(100%)

CARE Ratings (Africa)
(78%)

CARE Ratings Nepal
(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

Talent:

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



Technology:

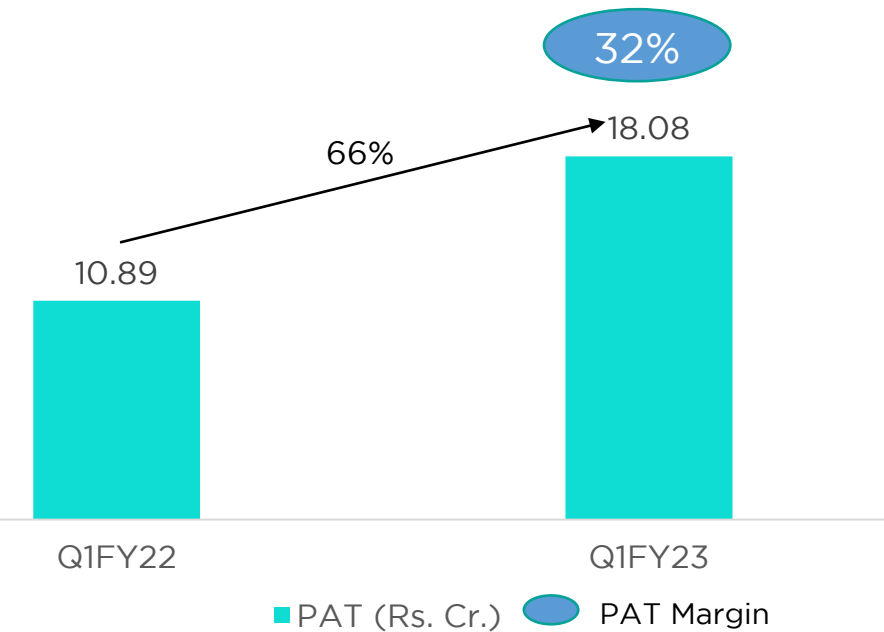
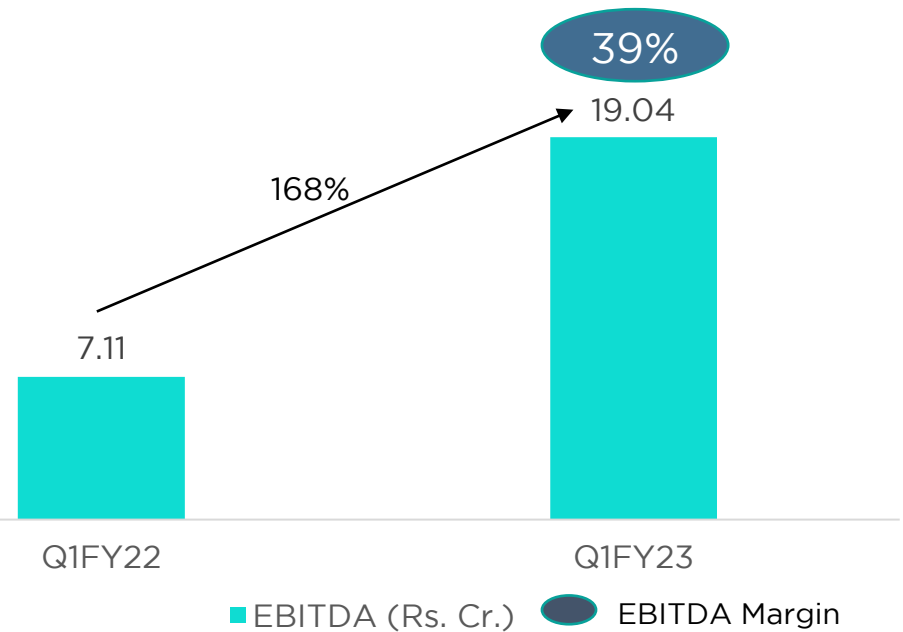
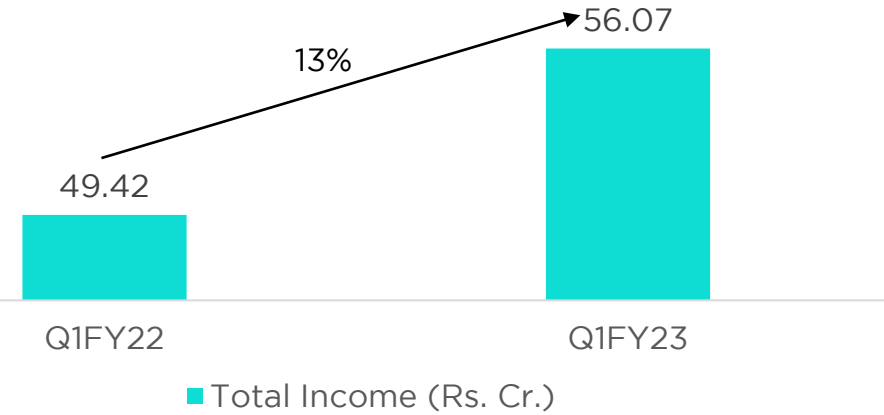
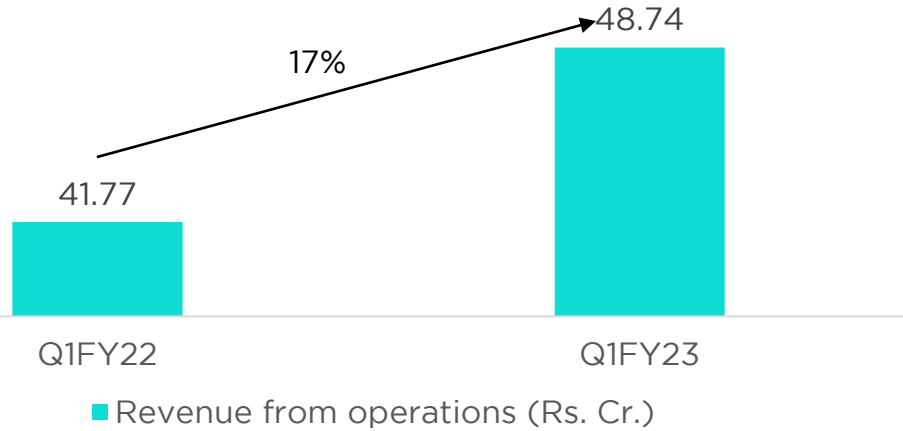
Drive digital transformation in ratings business and enhance product quality

Branding:

Create a distinguished brand worthy of a financial powerhouse



Financial Performance – Q1 FY23



Financial Performance – Q1 FY23

Q1 FY 23 compared with Q1 FY 22

Rs. in Crore

Particulars	Standalone		% Change	Consolidated		% Change
	Q1 FY23	Q1 FY22		Q1 FY23	Q1 FY22	
Total Revenue	56.07	49.42	13%	62.09	56.52	10%
Total Expenses*	31.67	36.43	(13%)	40.89	42.55	(4%)
Profit Before Tax (PBT)	24.40	12.99	88%	21.20	13.98	52%
Provision for Tax	6.32	2.10	202%	7.06	2.43	191%
Profit After Tax (PAT)	18.08	10.89	66%	14.14	11.55	22%
Profitability						
PBT (%)	44%	26%		34%	25%	
PAT (%)	32%	22%		23%	20%	
Basic EPS (Rs. Per share)	6.10	3.70		4.61	3.75	

* In Q1FY23, the decrease in total expense is majorly due to ESOP cost reversal attributable to resigned employees (refer note 8 of published results for details)



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 Q1 FY23	
Daily	63
Fortnightly	6
Monthly	33
Special reports	18



Knowledge Sharing Forums:

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

- After a pandemic-induced gap of over two years, CareEdge hosted its flagship event “Conversations” in Pune. The occasion was graced by multiple industry leaders and experts, including our esteemed guests Asheesh Pandey, Rohit Gera and Parag Satpute.
- Managing Director & CEO, Mehul Pandya spoke on ESG adoption at the ESG Infra Mint Conclave.
- CareEdge was a Knowledge Partner with US India Importers’ Council (USIIC) for the US India Trade Awards (USITA®).
- CareEdge was the Analytics Partner at the 3i EXPO 2022 – Industry 4.0. This was a first-of-its-kind event that was dedicated to discussing innovative strategies for the adoption of Industry 4.0 in India.





Knowledge Sharing Forums:

- CARE Risk Solutions was the presenting partner for Pharma Tech Talks Leadership Summit.
- CARE Ratings Africa hosted a seminar on the 'Corporate Bond market and Credit Rating'. The Governor of Bank of Mauritius was the Chief Guest for the event.
- Kiran Surve, CEO, CareEdge Risk Solutions, was a speaker at a webinar on 'Recent Developments in the Digital Currencies and The Digitalization Trends in The Banking Industry'. This was organized by Asian Bankers Association (ABA) and the Association of Credit Rating Agencies in Asia (ACRAA).
- Rajani Sinha, Chief Economist, CareEdge, was invited as a special speaker for an NCEDX webinar on 'Outlook - Kharif Crop Sowing Amidst Developing Monsoon'.
- At a workshop on SME & Corporate Governance organised by ICSI in association with NSE on June 30, CareEdge's Head of Compliance, Legal & CS Nehal Shah moderated a panel discussion on "Corporate Governance in India".

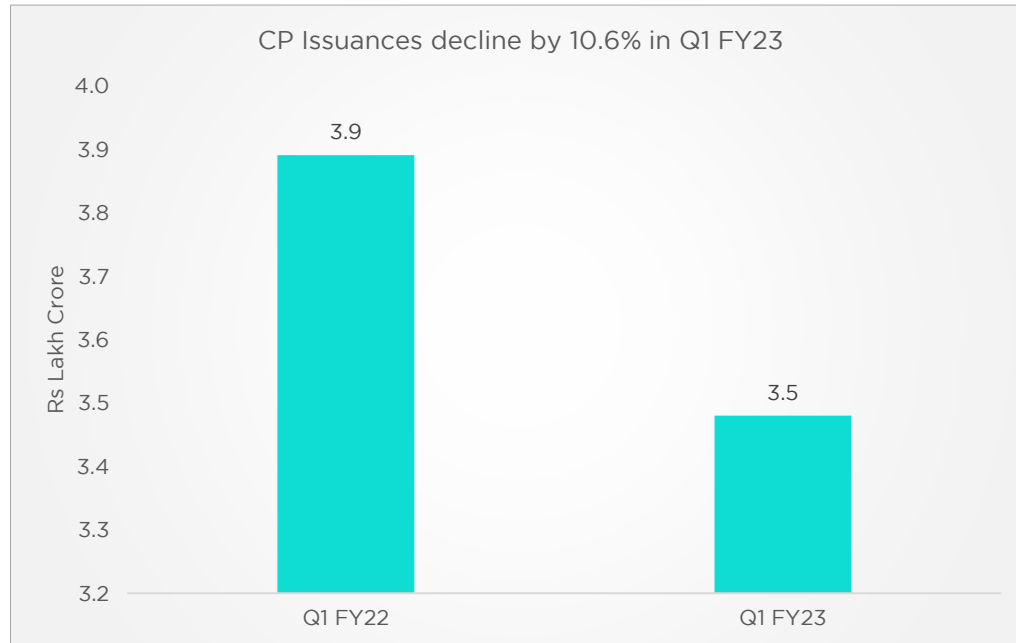


CareEdge Webinars with Eminent Speakers:

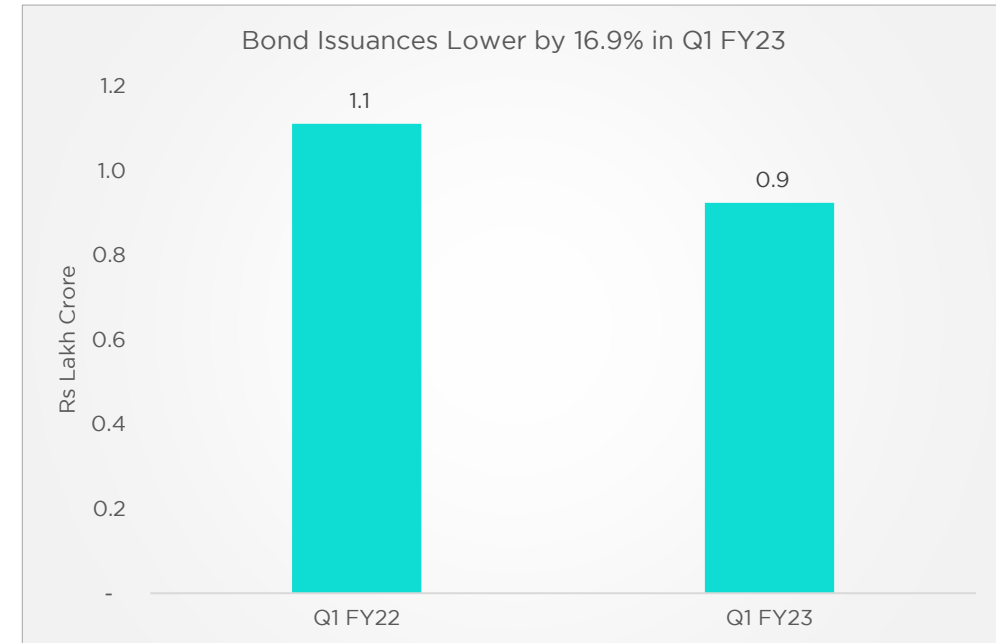
- 'Positive Credit Outlook'. Credible insights on the credit outlook and the recovery of the Indian economy.
- Discussion on 'Enhanced Fertilizer Subsidy: Will the Pain Subside?'
- Issues and Developments in 'Housing Finance Sector'



Fund Raising Subdued



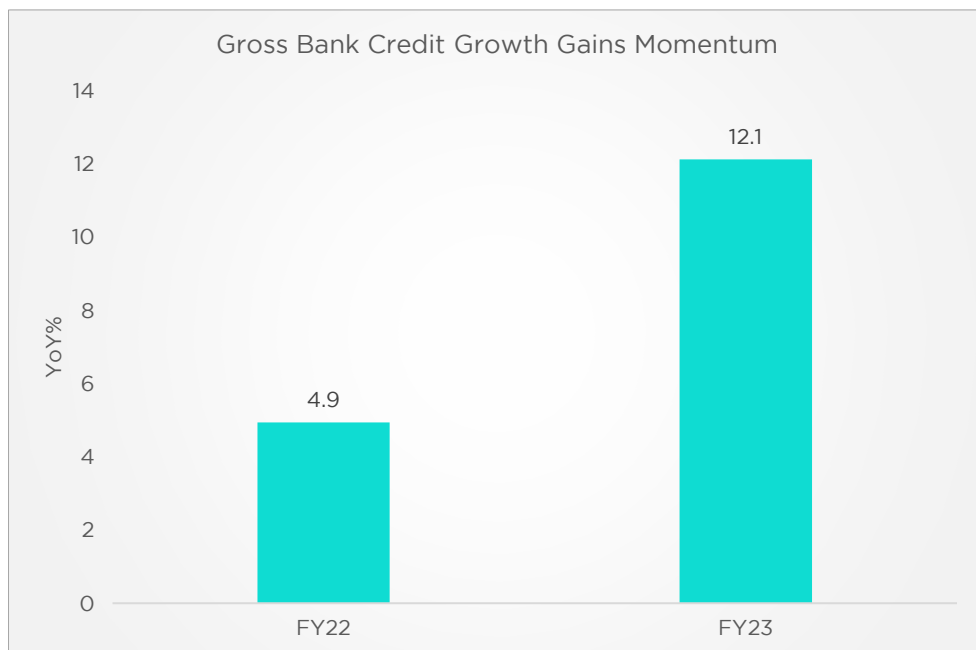
Source: CEIC



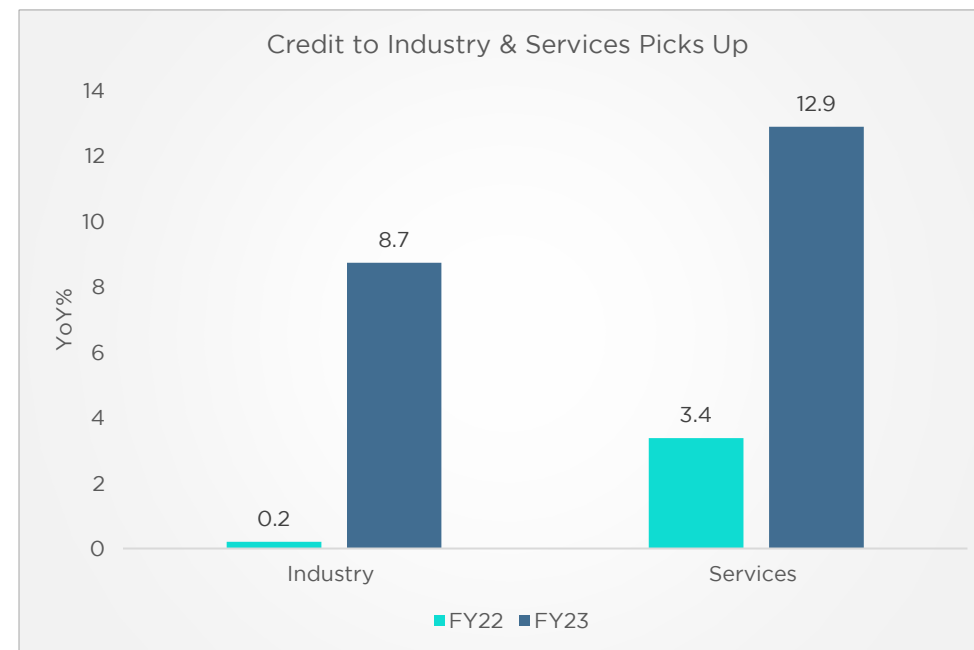
Source: Prime database

- Issuances of commercial paper (CPs) and corporate bonds were muted in Q1 FY23.
- Fund raising by businesses could witness an improvement with a pick-up in investment demand in the economy.

Bank Credit Offtake Improves



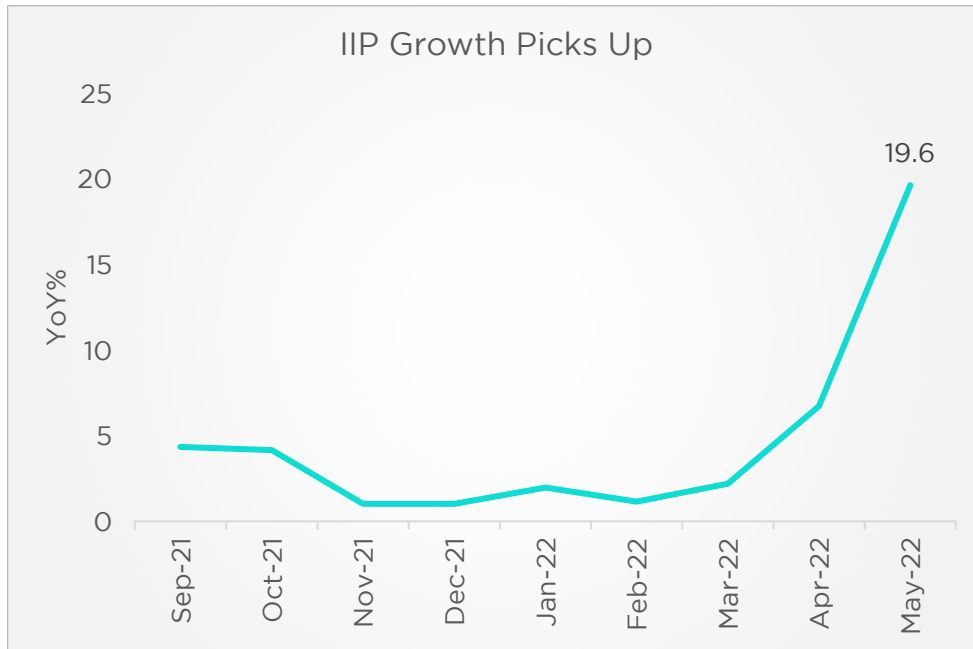
Source: RBI



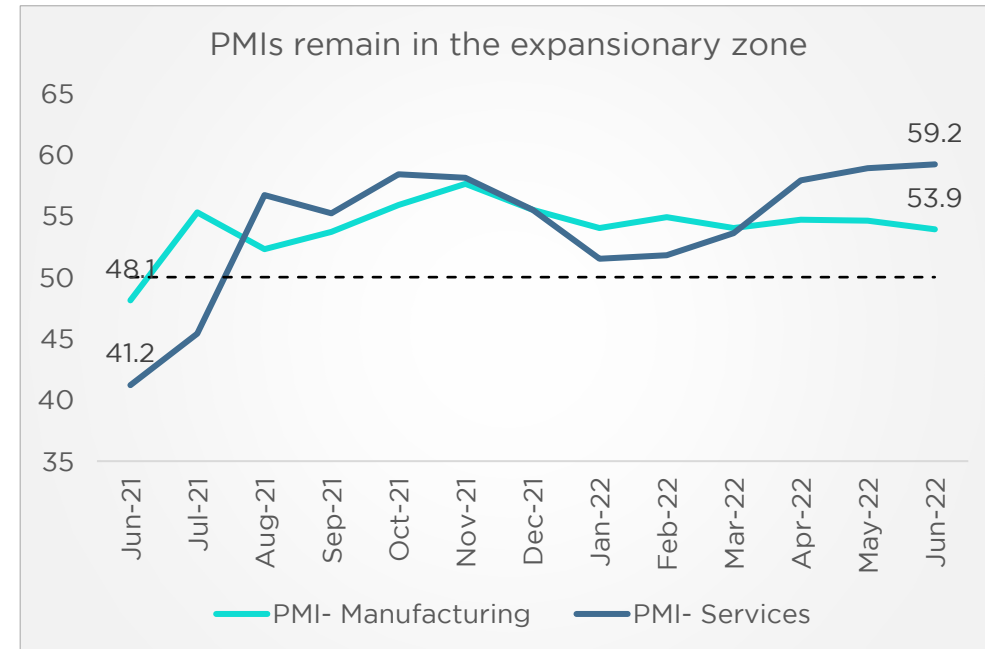
Source: RBI

- Growth in bank credit has been driven by the retail segment (31.1% share), followed by industry (28.4% share) and services (27.3% share).
- Credit growth for large enterprises still muted at 1.9% as against a contraction of 3.1% last year.

Signs of Recovery Visible



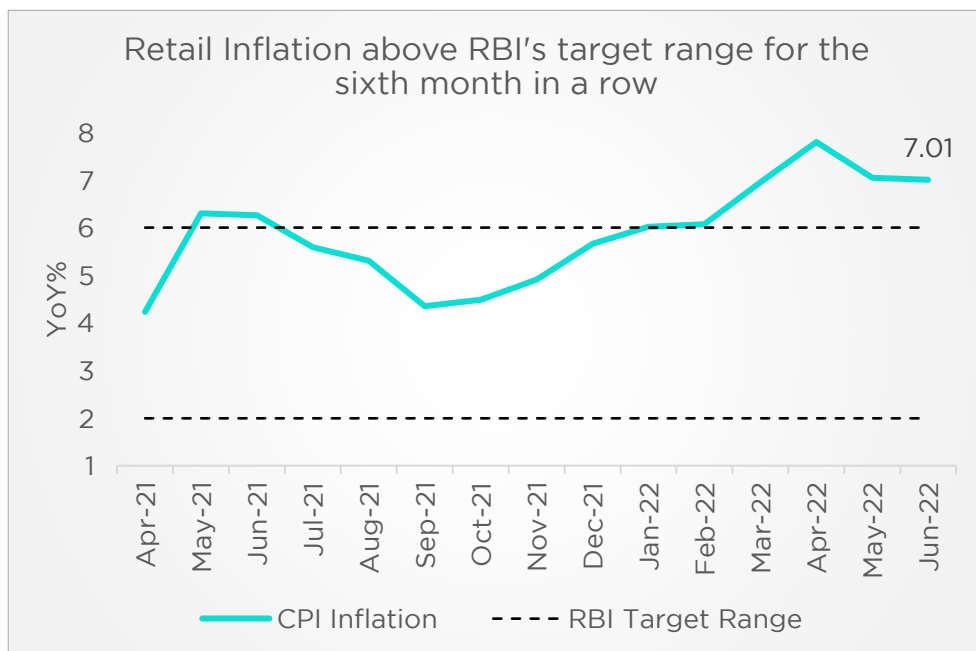
Source: MOSPI



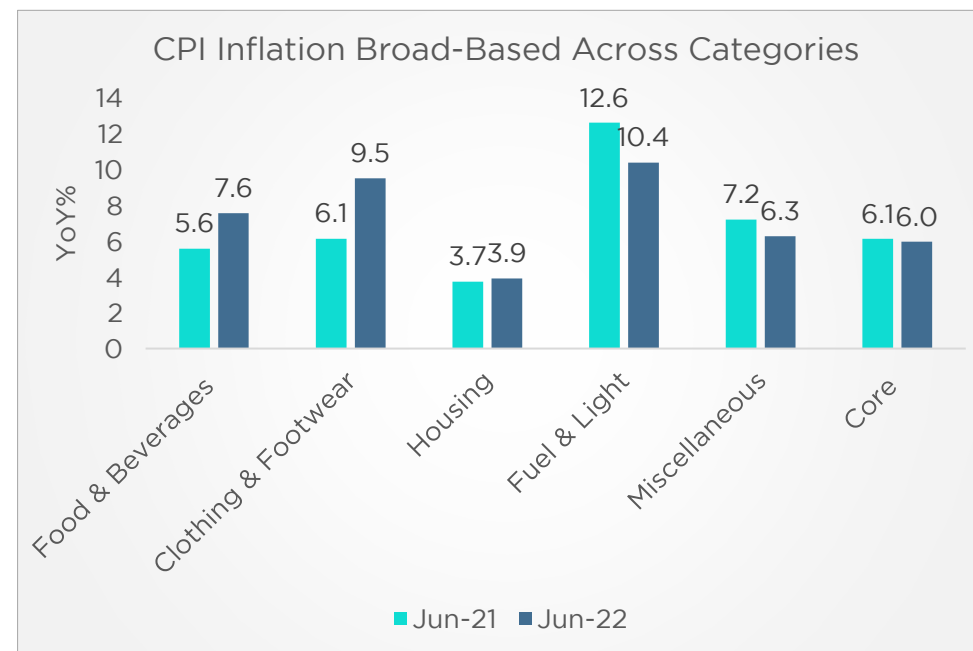
Source: IHS Markit

- IIP growth accelerated to a 12-month high in May supported by low base
- Services PMI surged to a record high in June, but Manufacturing PMI trending lower.

Inflation Still Concerning



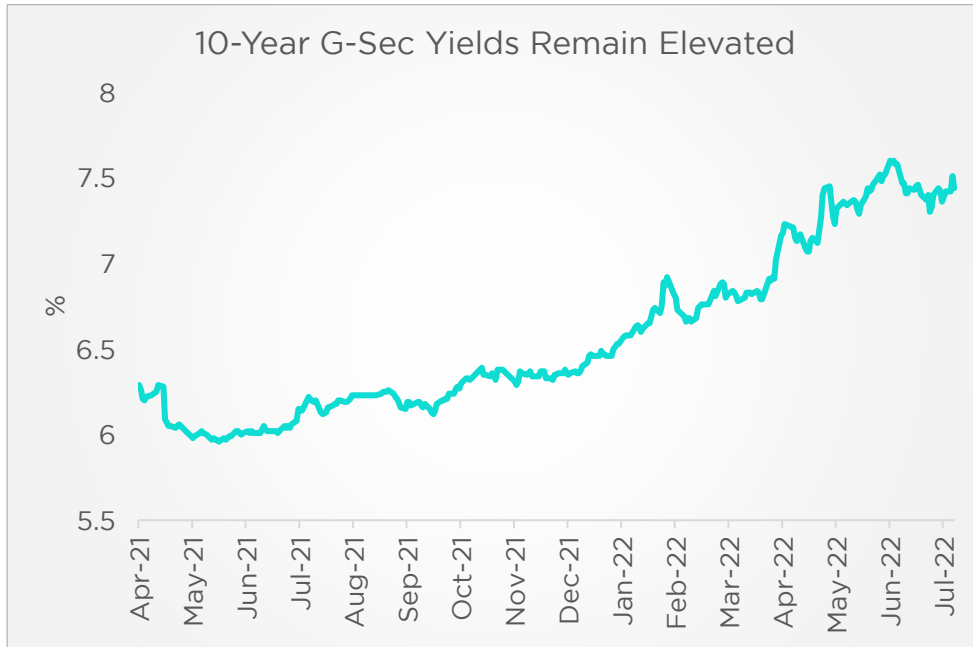
Source: MOSPI



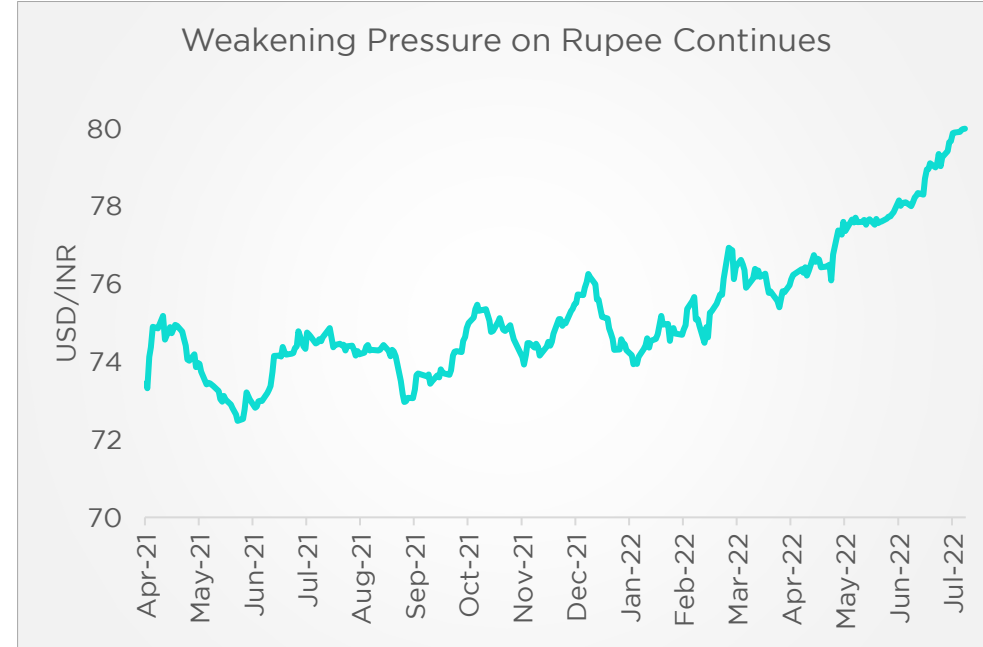
Source: MOSPI & CareEdge Calculation

- Retail inflation shows marginal easing in June.
- Core inflation remain elevated near the 6% mark.
- Retail price pressures have become broad-based with major categories recording inflation above 6%.

Yields Rise & INR Weakens



Source: CEIC



Source: CEIC

- G-sec yields would continue on an upward trajectory on further monetary tightening by the RBI.
- Strong US Dollar bolstered by hawkish US Fed putting weakening pressure on other currencies including Indian rupee.
- Persistent FII outflows and widening of current account deficit (CAD) putting further weakening pressure on INR

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

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Connect

