Date: August 03, 2021

SE/2021-22/27

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 FOR QUARTER ENDED JUNE 30, 2021

Please find enclosed herewith the Press Release and 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.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For CARE Ratings Limited

CARE RATINGS LIMITED MUMBAI INDIA

Nehal Shah

Nehal Shah
Company Secretary & Compliance Officer
Encl: As Above

CARE Ratings
Professional Risk Opinion

3rd August 2021

Press Release

Financial Results for Q1 FY22

The Board of Directors of CARE Ratings approved the financial results for Q1 FY22 in the Board meeting held on Tuesday the 3rd of August 2021.

Consolidated results
CARE Ratings consolidated total income increased by 20.54% from Rs. 46.89 crore in Q1 FY21 to Rs 56.52 crore in Q1 FY22. Total expenses have Increased by 23.13 % during this period. Operating profit increased by 71.09% from Rs.5.05 crore to Rs.8.64 crore. Net profit increased from Rs.9.70 crore to Rs.11.55 crore, an increase of 19.07%.

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

Standalone results
CARE Ratings standalone total income increased by 16.31% from Rs.42.49 crore in Q1 FY21 to Rs. 49.42 crore in Q1 FY22. Total expenses have increased by 21.07% during this period. Operating profit increased by 44.81% from Rs.4.91 crore to Rs 7.11 crore. Net profit increased from Rs.9.93 crore to Rs.10.89 crore.

Operating profit margin and net profit margin were 17% and 22% respectively in Q1 FY22.

The first quarter of the year started with lockdowns being imposed by several states sequentially over the first two months which restricted consumption activity. This has been reflected in the lower PMI indices for manufacturing and services this quarter. Overall bond market activity was subdued with total issuances being Rs 0.88 lakh crore as against Rs 2.22 lakh crore during 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 has been in the negative zone with degrowth of 1% on top of -1.2% last year. On a sector-wise basis for the first quarter of the year, there was a fall in growth in credit by 1.7% for industry and 1.1% for services. Growth in outstanding CPs was lower at 3.2% this quarter against 13.6% in 2020.

Therefore, the overall environment in the credit and debt markets was subdued amid lockdown conditions which affected real sector activity. All this affected investment activity in the economy which had a bearing on the credit rating industry.

Our subsidiary companies have witnessed growth of 70% in total income with net profit/(loss) improving from Rs (0.33 crore) to Rs 1.09 crore. This was supported by a significant contribution from CARE Ratings (Africa) Private Limited and CARE Ratings Nepal Limited.

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 had once again brought in the 'work-from-home' model which worked quite seamlessly.

'The nature of our business is such that the first quarter is normally a slow-start as companies realign their strategies with the environment and bring out their audited results which are analyzed by us. We do see a lot of pipeline work which should materialize in the coming quarters especially on surveillance", said Ajay Mahajan, MD & CEO of CARE Ratings. 'We are focussing on garnering new business for the initial ratings piece which admittedly will improve as the economy recovers and grows. However, in keeping with our broader goal of diversification and growing other businesses we are looking at our domestic subsidiaries to pick up momentum in the coming months' he added.

For further information contact:

Ajay Mahajan, MD & CEO
Jinesh Shah , CFO

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jinesh.shah@careratings.com

CARE Ratings Limited
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Connect:

Investor Presentation – Q1 FY22

August 03, 2021

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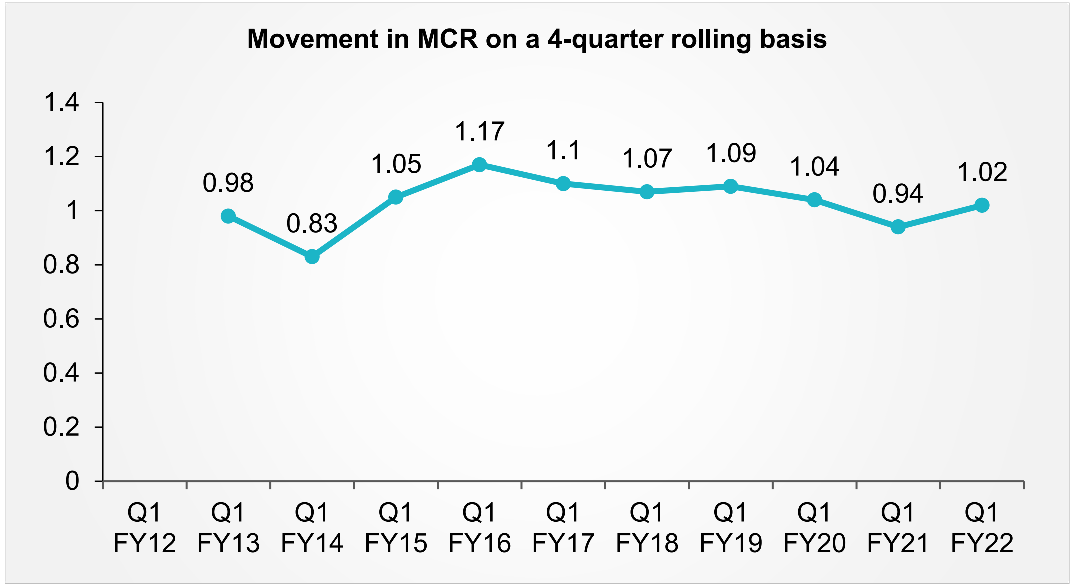
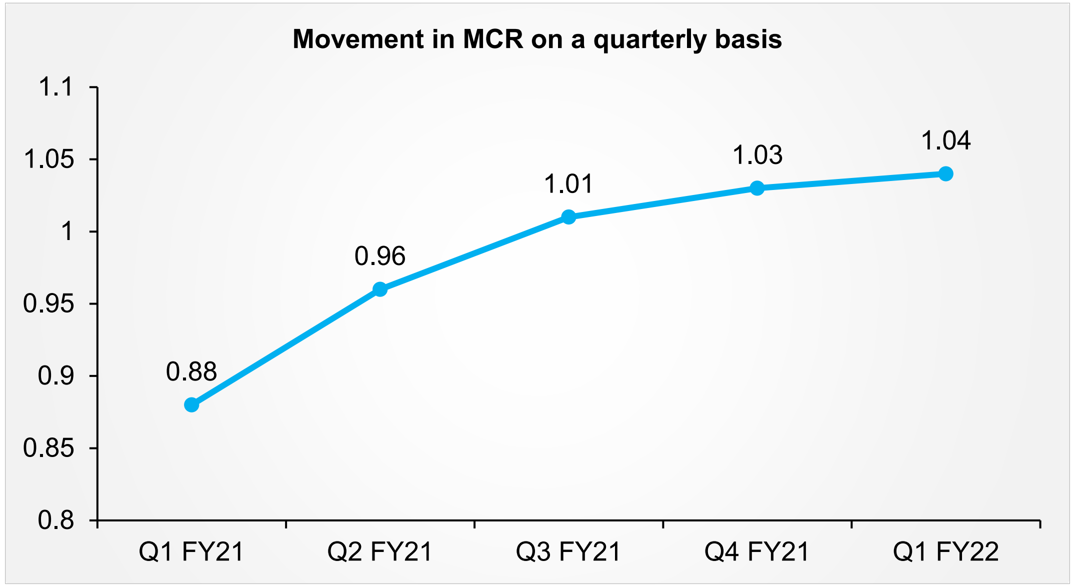
Financial Performance – Q1 FY22

(Rs. Crore)

Particulars	Standalone		% Change	Consolidated		% Change
	Q1 FY21	Q1 FY22		Q1 FY21	Q1 FY22	
Total Income	42.49	49.42	*16%*	46.89	56.52	*21%*
Total Expenses	30.09	36.43	*21%*	34.55	42.55	*23%*
Profit Before Tax (PBT)	**12.40**	**12.99**	***5%***	**12.34**	**13.98**	***13%***
Provision for Tax	2.47	2.10	*-15%*	2.64	2.43	*-8%*
Profit After Tax (PAT)	**9.93**	**10.89**	***10%***	**9.70**	**11.55**	***19%***
Profitability						
PBT (%)	**29%**	**26%**		**26%**	**25%**	
PAT (%)	**23%**	**22%**		**21%**	**20%**	
Basic EPS (Rs. per share)	**3.37**	**3.70**		**3.17**	**3.75**	

MCR does show gradual improvement over quarters

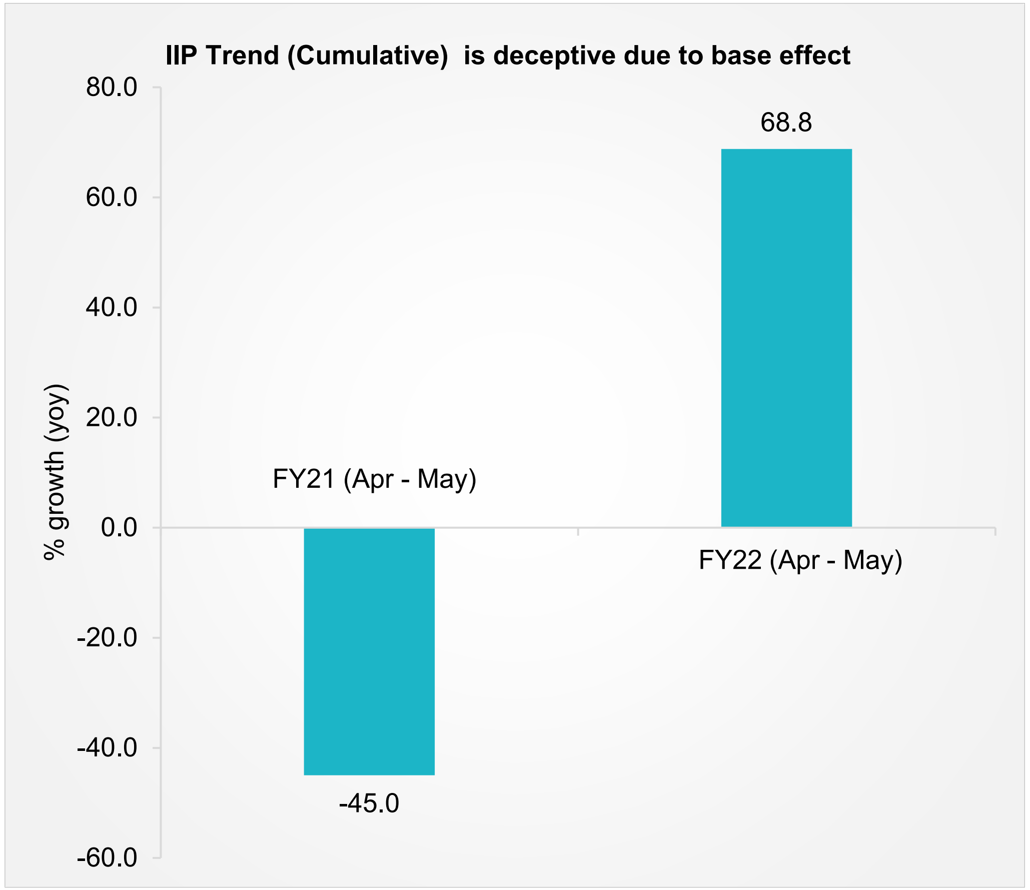




Source: CARE Ratings

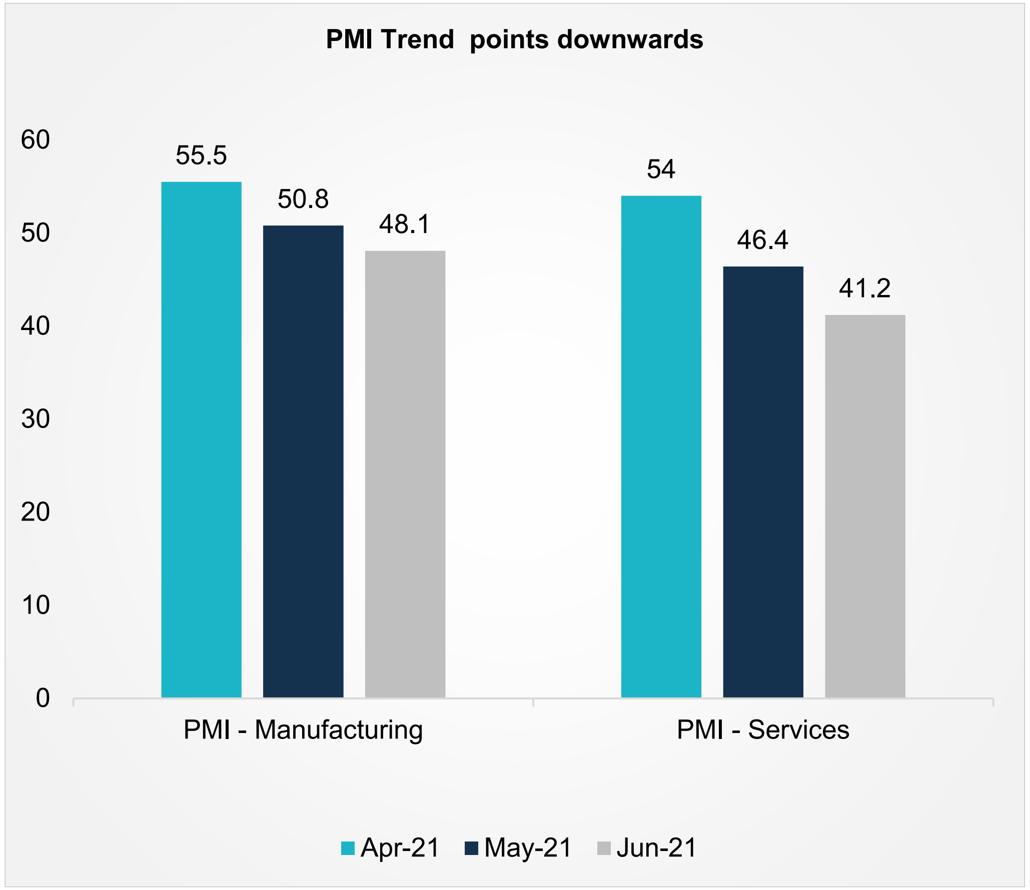
- The MCR is defined as the ratio of (upgrades and reaffirmations) to (downgrades and reaffirmations)
- The first quarter of the current financial year - Q1 FY22 saw an improvement in MCR on a four-quarter rolling basis, to 1.02.
- The credit quality of the rated entities improved on a sequential quarterly basis in the second half of FY21 with the improving trend continuing in Q1 FY22.

Macro progress has been slow



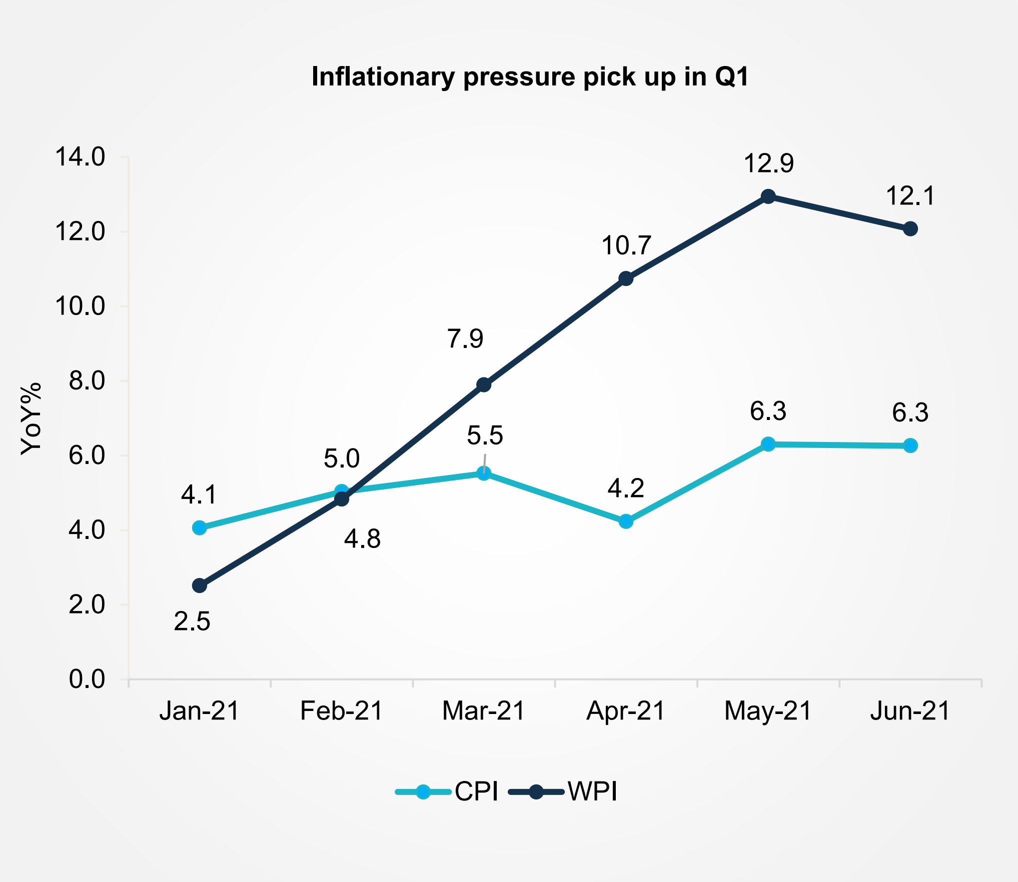
Source: Office of Economic Advisor
Industrial production has grown by 68.8% in the first two months of FY22 on a Y-o-Y basis, broadly on account of low base effect.

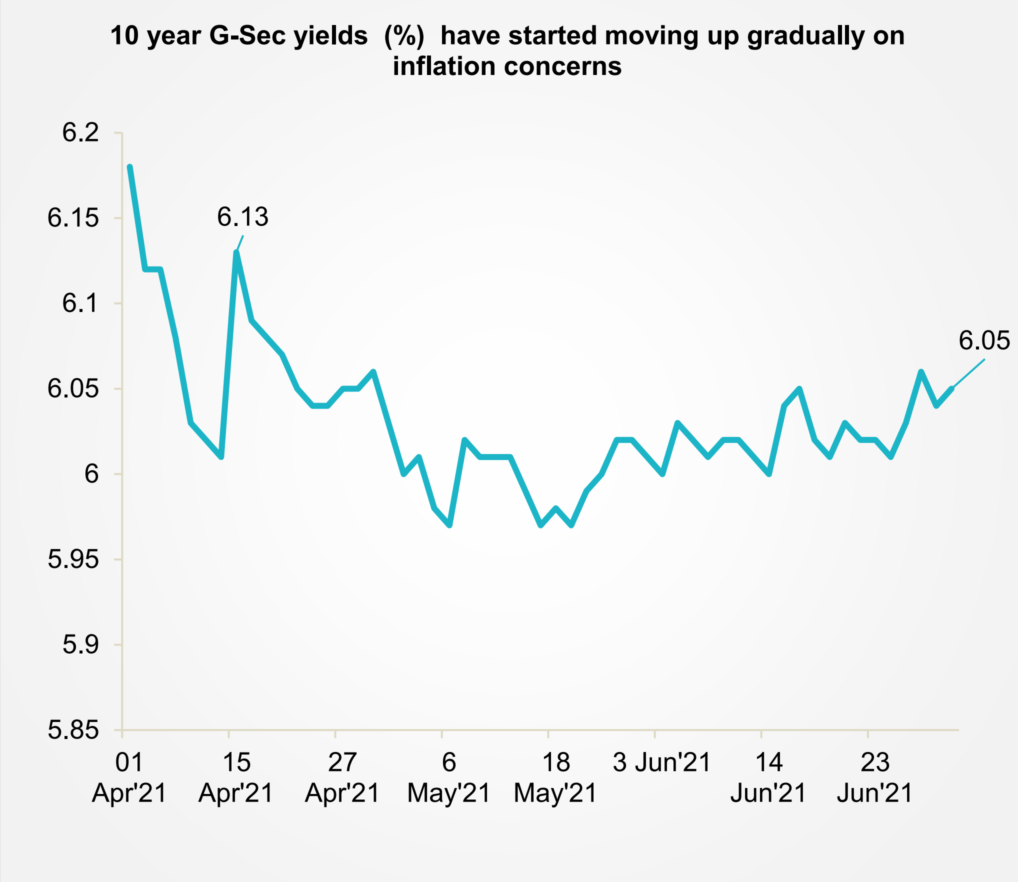
Source: MOSPI



Source: IHS Markit
Declining trend across manufacturing and services on monthly basis

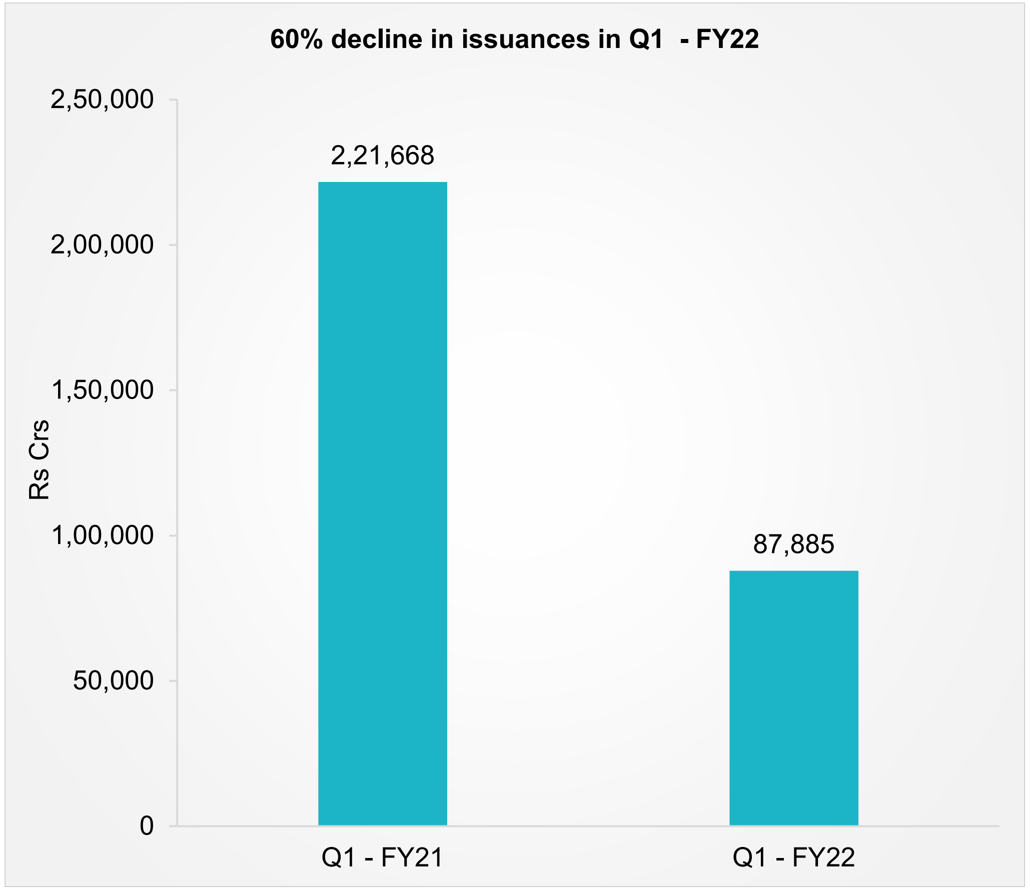
Inflation has been rising , while GSec yields have been managed through monetary measures





Source: MOSPI

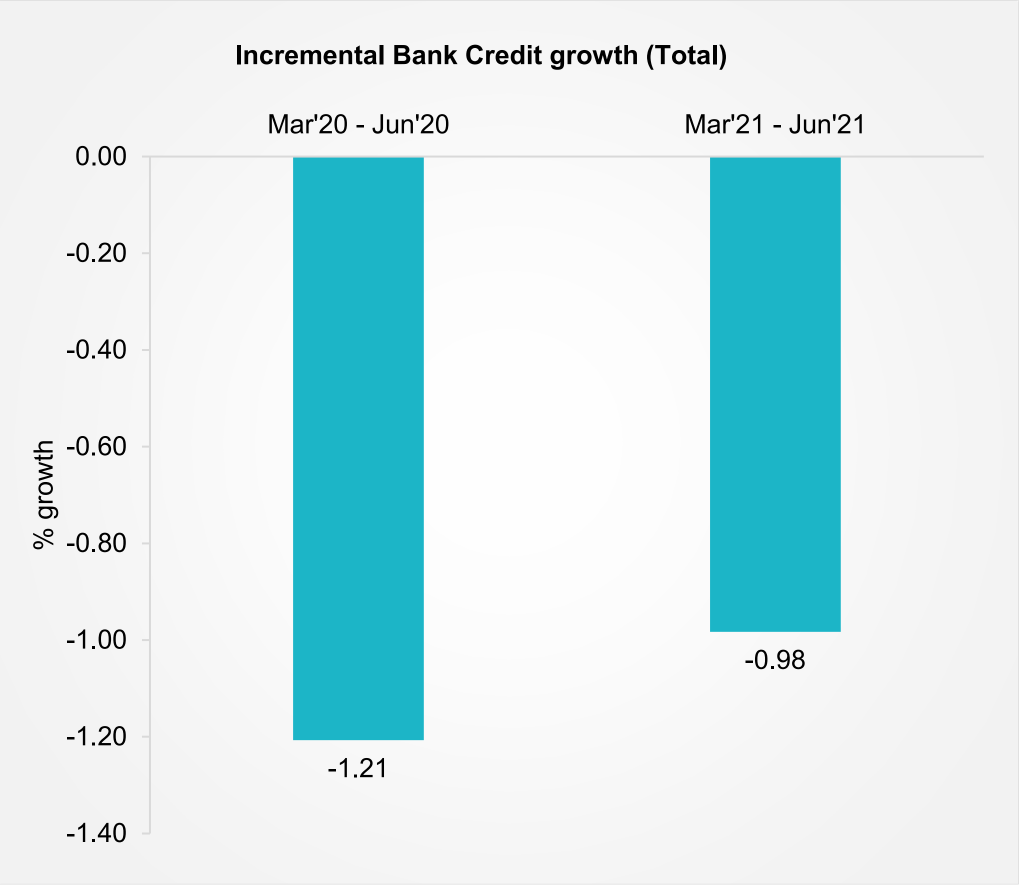
Bond Market witnesses sharp decline in issuances: No TLTROs like last year



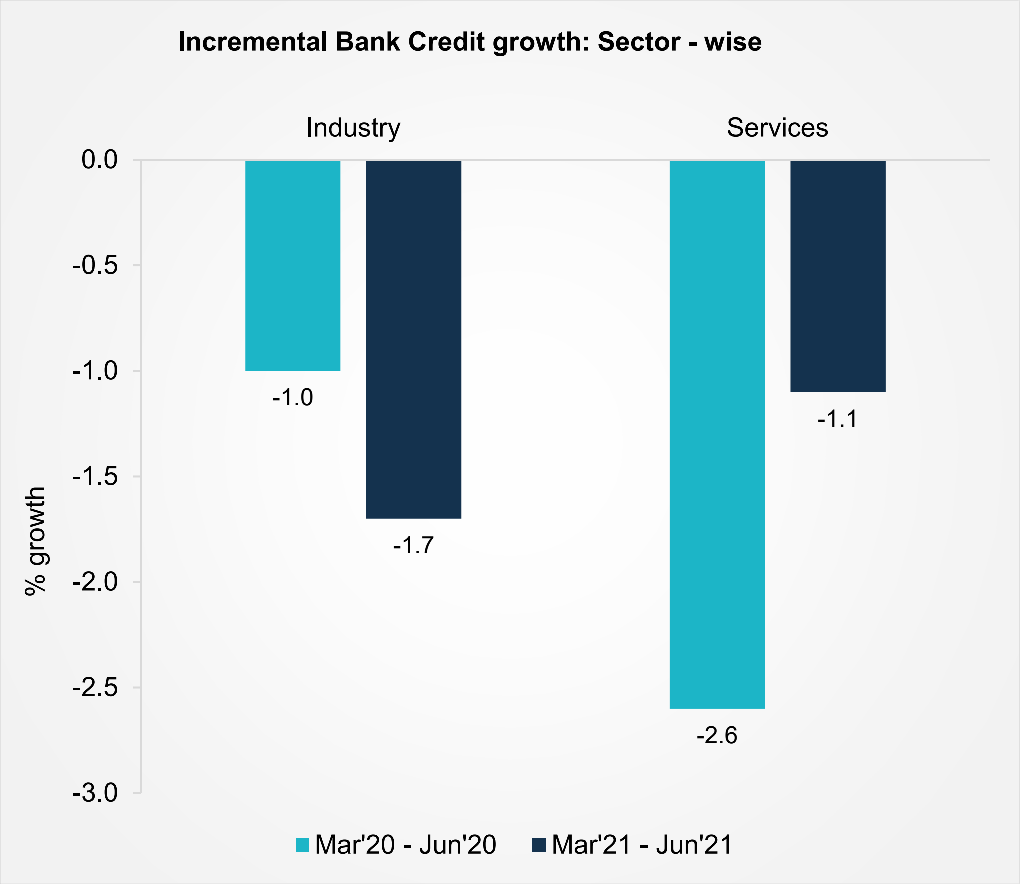
Source: Prime database

Industry-wise issuances	% share (Q1 – FY22)
Financial Services/Investments	35.9
Banking/Term Lending	20.3
Housing Finance	17.8
Power Generation & Supply	7.1
Oil Exploration/Drilling/Refining	2.9
Roads & Highways	1.9
Housing/Civil Construction/Real Estate	1.9
Telecommunications	1.6
Others	10.5

Bank Credit degrowth continues this quarter, both industry and services hit

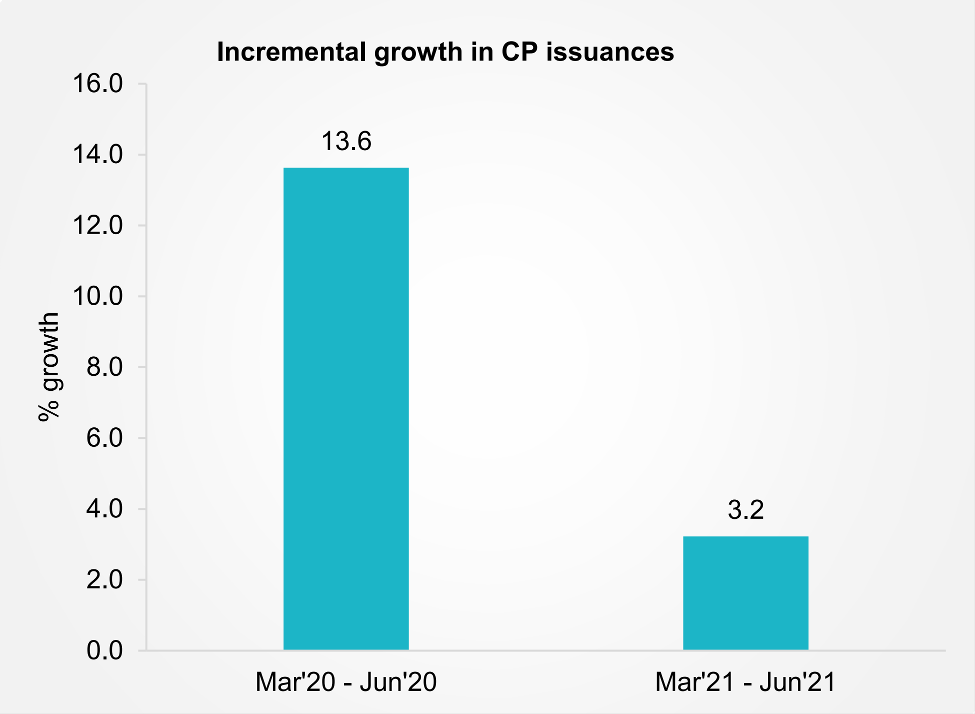


Source: RBI



Source: RBI

Growth in CPs slows down in Q1, RBI measures see limited offtake



Source: RBI

Liquidity Infusion Measures by the RBI in Q1 – FY22

	Amount (Rs Crore)
TLTRO	320
Net OMOs (Including Special OMOs)	1,39,125
Special LTRO for SFB	890

Looking forward

- Our GDP projection for FY22 is 8.8-9 %

- GFCF rate to increase marginally to 27.5% of GDP (from 27.1% in FY21)

- CPI inflation to remain elevated at around 6%,

- Repo rate will remain at 4%.

- 10-years G-Sec yields could inch up to 6.20% in the absence of any change in policy stance.

Thank You