

Date: October 30, 2021

SE/2021-22/49

To,

The General Manager Corporate Relation Department BSE Limited Phiroza 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 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

Nehalshah

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.

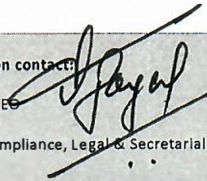
The company has persevered with its outreach effort during this period. This was in terms of holding webinars on various subjects as well as bringing out thematic reports on different industries as well as economy to share our views on these subjects. With the lockdown being widespread the company reintroduced 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
Nehal Shah, Head - Compliance, Legal & Secretarial


ajay.mahajan@careratings.com
jinesh.shah@careratings.com
nehal.shah@careratings.com

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya
Hospital Road, Off Eastern Express Highway, Sion (East),
Mumbai - 400 022
Tel. : +91-22-6754 3456 | CIN: L67190MH1993PLC071691

Connect:



Investor Presentation Q2'FY22 & H1' FY22

October 29, 2021

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CARE Ratings Limited

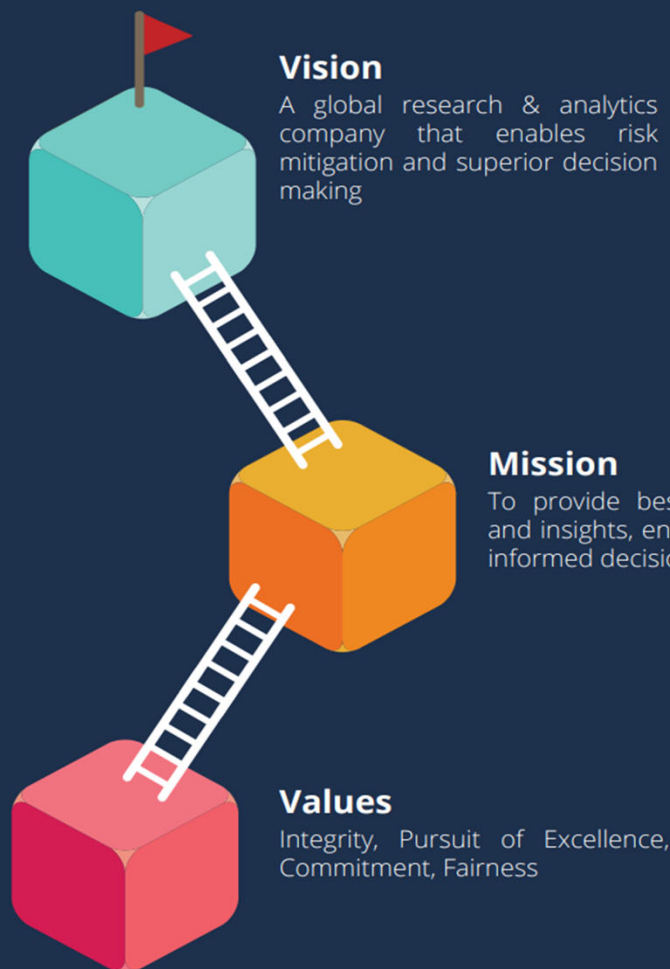
CARE Risk Solutions
Private Limited
(100%)

CARE Advisory Research
& Training Limited
(100%)

CARE Ratings (Africa)
Private Limited
(78%)

CARE Ratings (Nepal)
Limited
(51%)

CARE Group Vision & Strategy



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

Financial Performance – Q2 FY22

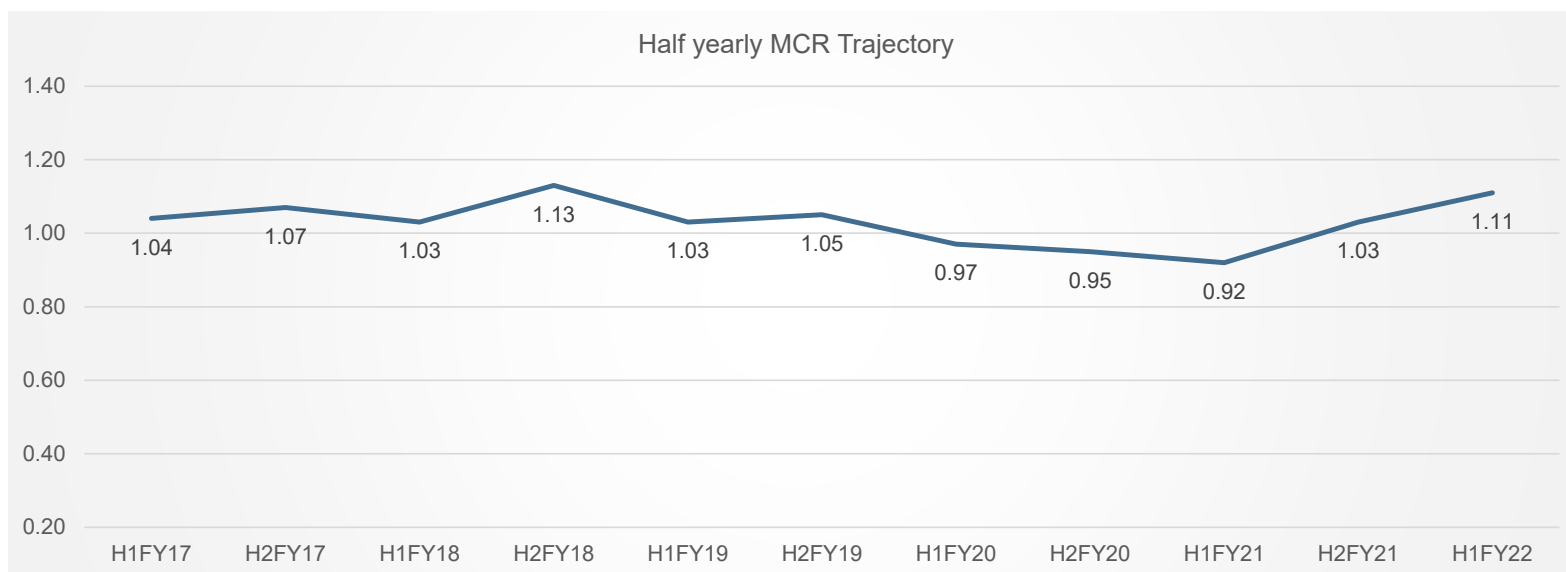
Particulars	Standalone		% Change	Consolidated		% Change
	Q2 FY21	Q2 FY22		Q2 FY21	Q2 FY22	
Total Income	79.65	75.83	(4.80%)	83.87	82.29	(1.89%)
Total Expenses	29.93	35.87	19.84%	36.18	44.79	23.80%
Profit Before Tax (PBT)	49.72	39.96	(19.62%)	47.69	37.49	21.39%
Provision for Tax	11.72	10.20	13.00%	11.85	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

Financial Performance – H1 FY22

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

NARCL-NPA Resolution Gaining Momentum

September 26, 2021 | M&A Research

Introduction
The banking system has been under severe stress due to several factors, however seen as they remain at elevated levels, the MHA has been releasing a positive trend. During FY21, while there was a decline in absolute NPA, the concentration of gross accounts under stress has been lower compared to FY20. There was a notable increase in total NPA as well as the proportion of total accounts under stress. There was a decline in the category of NPA. While total stress was on an upward trajectory during FY21, it remained below the level of stressed accounts such as gross loans and credit cards without higher NPA.

Additionally, the banking system's pandemic caused asset quality challenges through various channels, especially in the real estate and MSME segments. As the sector of real estate has increased the stress on comparatively weaker borrowers that has resulted in increasing NPA and cross-sector higher exposures that also has further impacted, with recovery continues to be contingent on the broader economic growth and an upcoming credit cycle.

Figure 1: Movement in NPA
Figure 2: Movement in NPA Ratio

In an earlier note, we had laid out the state of the MHA loan in India, an update on the SC, and an outlook perspective towards what has been termed as a hot bank (NPA > 10%, ROA < 10%). In the current note, we discuss the government guarantee and a discussion on the pricing of these NPA. As envisaged earlier, the Government of India has established a fund to support the resolution of NPA, which is expected to be operational by the end of FY21.

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 scenarios, fiscal position, banking indicators and monetary policy.

GDP growth - Q1 2021

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

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2018	4.2	3.6	3.2	4.0	1.3	1.5	2.9	2.4				
2019												
2020												
2021												

The outbreak of the Covid-19 pandemic, and the resultant disruptions decelerated the pace of economic growth in Mauritius. In 2020, the annual GDP growth rate stood at -14.9%, compared with 3% 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.

Note: * Data estimate
Source: Bank of Mauritius

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 shortage.

The passenger and commercial vehicles sales declined by 12.7% and 7.4%, respectively in August 2021, compared with July 2021 due to the ongoing chips shortage, 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 flat 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

	2021 (Aug)	2020 (Aug)	2019 (Aug)	% Change (Aug 2021 vs Aug 2020)
Crude steel production	9,550	8,761	8,111	+9%
Finished steel production	9,090	8,111	7,611	+12%
Finished steel export	1,311	1,465	1,211	-11%
Finished steel consumption	7,779	7,000	6,400	+11%

Source: CARE Ratings, COMSTAT

Economic Outlook for India FY 2021-22

July 20th 2021

Update - Growth in Deposits and Credit

September 21, 2021

Bank credit growth on upswing

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

Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2018	12.1%	12.2%	13.7%	11.7%								
2019												
2020												
2021												

Note: * Data estimate
Source: RBI, Reserve Bank of India

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 predominance of Indian pharma market in the generic segment. The industry has exhibited compound annual growth rate (CAGR) of about 7.5% during FY15-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 for diversification from dependency on China for key raw materials, (iv) increasing trend in R&E investments, and (v) solid fundamentals of the industry. Exploiting these opportunities, CARE Ratings expects the credit risk profile of all 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 about USD 18 bn during FY17 has exhibited a CAGR of about 4.5% to reach USD 21 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, an account of increase in the demand for Covid-19 related drugs, the exports have grown by 28%. Thus, on account of better export growth rate, the contribution of domestic to exports has changed from 52.48 during FY17 to 47.33 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)

Year	Domestic	Exports	Total
FY17	18.0	17.0	35.0
FY18	19.0	18.0	37.0
FY19	20.0	19.0	39.0
FY20	21.0	20.0	41.0
FY21	22.0	21.0	43.0
FY22	23.0	22.0	45.0
FY23	24.0	23.0	47.0

Source: CARE Ratings

Weekly update on Central Government borrowings

July 2021

The Central Government has raised Rs 2,100 bn in the scheduled 150 auctions for the week ended by 12 July 2021 in line with the weekly amount for the week. The weighted average yield on the Thursday (July 22, 2021) has been maintained during the week with an all-India yield of 5.1%. The proceeds from the benchmark paper (G-Sec 10Y) has been stable in the secondary market at around 5.0%. Since 29th May 2021, the 10 year paper has either seen an environment of large bid or cancellation of the instrument. This is the first auction since 21 May 2021 when neither there is a development of bids to primary dealer nor there is a report that auction will be held next week or any further.

The amount raised under FY22 (Rs. 1.38 lakh cr.) is 14% higher than the total amount raised in FY21 and 10% higher than the total amount raised in FY20. The total borrowings by the Central Government for FY21 are Rs 5,500 billion that is 10% higher than the corresponding period last year. The highest share of issuances has been in case of the 14 year paper (15%), followed by the 10 year paper (14%) and 10 year paper (13%).

The weighted average yield in this auction fell by a whisker of 0.27% to 5.1% lower than the previous week. During the first 2 auctions of July 21, the weighted average yields across auctions have been a little with the highest rates in case of 10 year paper (5.1%) followed by 7 year 30 year paper (5.0%) and 10 year paper (4.9%).

Table 1: Breakup of Government auction on July 7, 2021

Instrument Name	Issued Amount (Rs bn)	Allocated amount (Rs bn)	Amount devolved to (Rs bn)	Cut-off yield (%)	Green Share (approx) (%)
10Y	1,000	1,000	0	5.1	100
7Y	500	500	0	5.0	100
30Y	500	500	0	5.0	100

DAILY DEBT Market UPDATE

Good Morning

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

- S&P and NASDAQ** are higher. Dow ended flat as positive corporate earnings results, spike in housing sales were offset by the rise in US consumption claims which came higher than the market expectations. This pushed the 10-year US benchmark Treasury yields lower, and US dollar strengthened against Euro & Yen as safe haven demand. The gains in technology shares drove the NASDAQ higher.
- European markets** broadly ended higher boosted by robust earnings and decision by ECB to continue its accommodative policy stance to support the economic growth impulses. FTSE declined as risk appetite was dented by mixed corporate earnings and worries over opening up amid the volatile demand during the recent surge in Covid-19 cases.
- China markets** closed higher with gains on the back of China's commitment to open its financial sector coupled with positive views from the US & European markets amid robust earnings data. Markets in Japan were closed on account of a national holiday.
- Commodity prices** ended higher with focus on better prospects for oil demand which supported the additional supply concerns and sharp US dollar weakness (as reported by both S&P & NASDAQ). Gold prices rose despite strength in US dollar.
- Indian equity markets** closed higher with gains across sectors, owing to a positive risk-off effect from the global equity markets, muted corporate earnings and hopes of faster economic recovery.
- India** strengthened against the dollar on the back of solid sentiments in the domestic equity markets. The 10-year benchmark G-Sec yields rose ahead of the scheduled weekly G-Sec auction and owing to a uptick in international trade oil prices.

Table 1: Global Markets (USD bn)

Index	21/07/2021	20/07/2021	% Change
S&P 500	4,300	4,250	+1%
NASDAQ	14,500	14,200	+2%
DAX	15,800	15,700	+0%
FTSE 100	7,200	7,150	+0%
Nikkei 225	26,000	26,000	0%
Hang Seng	24,000	24,000	0%

Table 2: Domestic Market Indicators

Index	21/07/2021	20/07/2021	% Change
Sensex	45,000	44,500	+1%
Nifty 50	15,000	14,800	+1%
BSE Midcap	10,000	9,800	+2%
BSE Smallcap	5,000	4,900	+2%

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

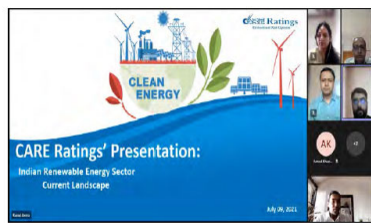
Knowledge Sharing Forum (KSFs):

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

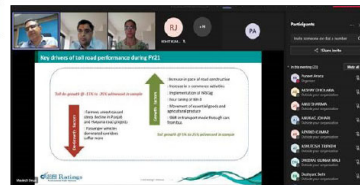
33 Knowledge sharing forums were conducted in Q2



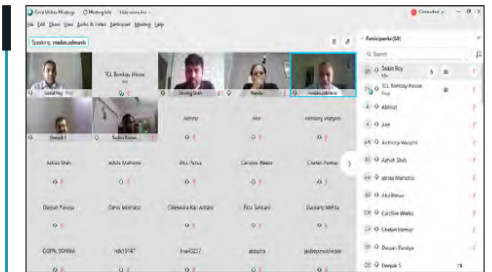
- An interactive session was conducted with IDBI Capitals team on 9th July 2021 (Corporate Finance & restructuring) headed by Mr. Amod Khanorkar, Senior Director. Presentations were made by Mr. Sudhir Kumar, Mr. Kunal Arora & Mr. Hardik Shah on Renewables & INVITS. Also present were Mr. Saikat Roy &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



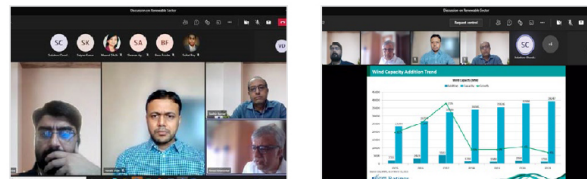
- A session on "Economic Update & Outlook at Tata Chemicals Limited's finance team forum on 16th July 2021. Mr. Saikat Roy, Senior Director was also present in this discussion.



Mr. Padmanabh Bhagavath, Senior Director was invited as a panel speaker at CI'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. Subhoo 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.

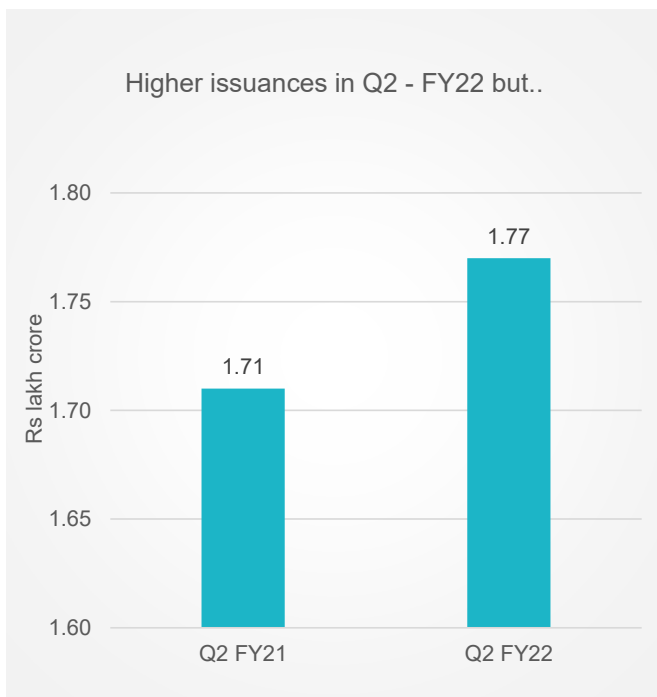


Out-Reach Activities

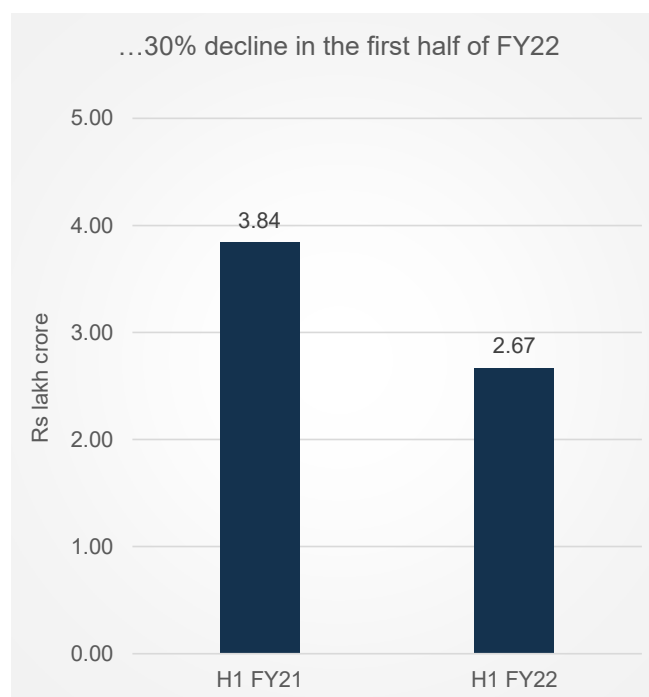
Webinars

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.

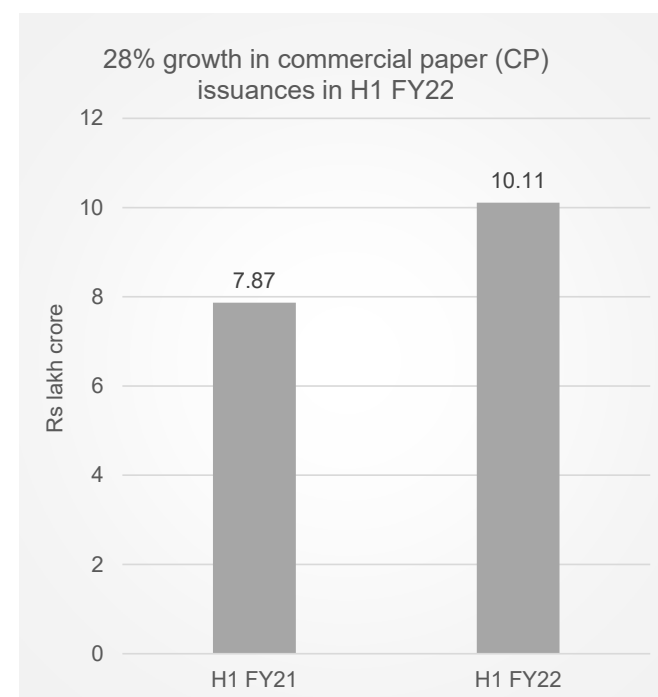
Subdued corporate bond market activity in H1 FY22, while CP issuances gathered momentum



Source: Prime database

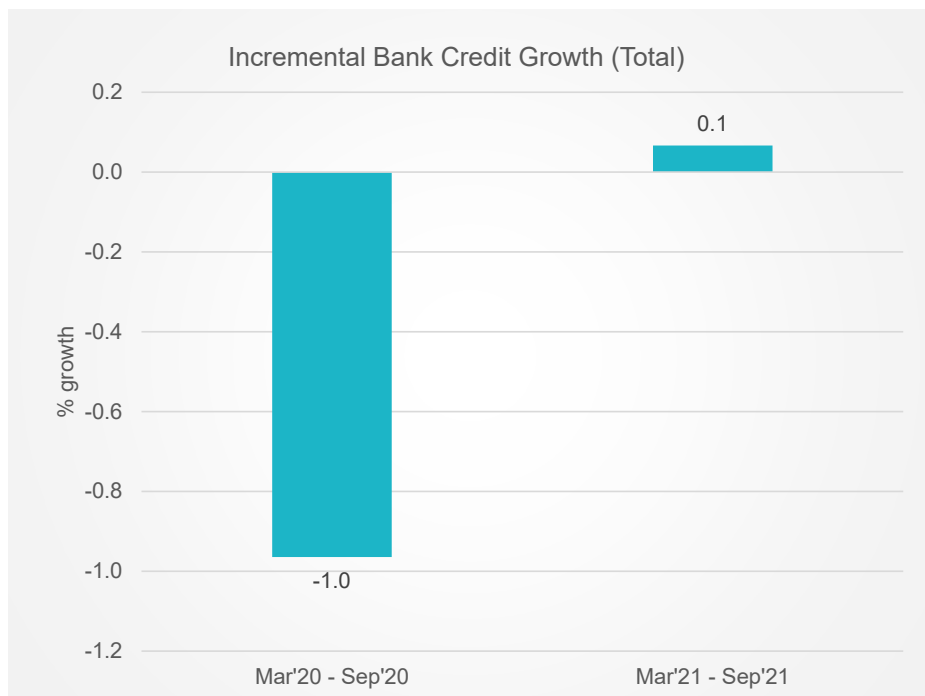


Source: Prime database

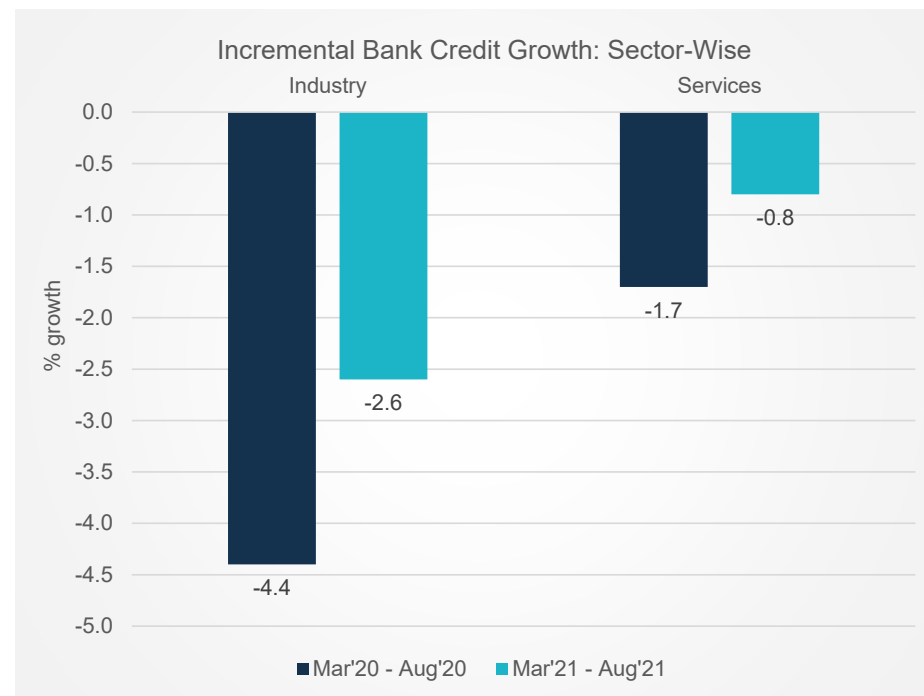


Source: RBI

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

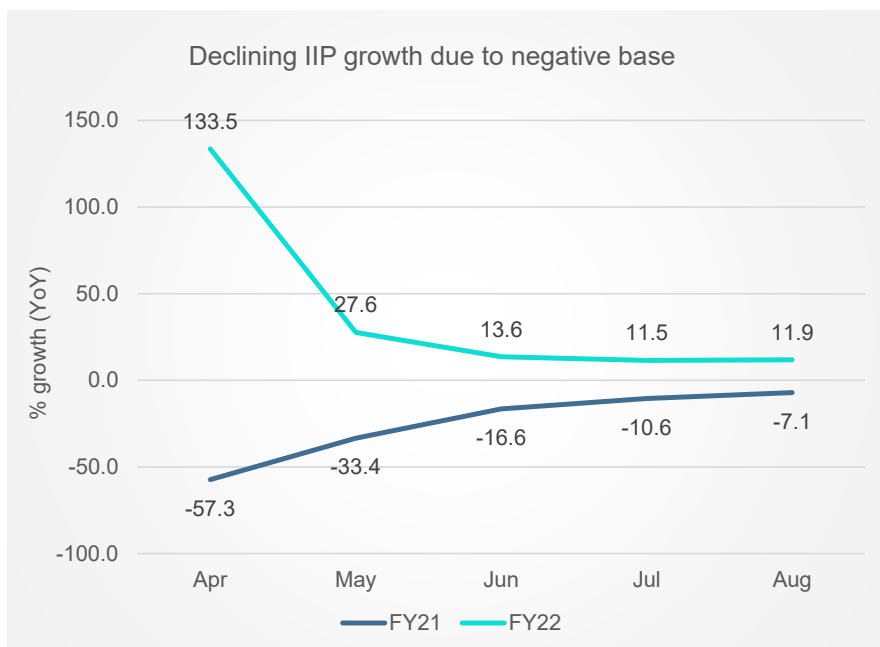


Source: RBI



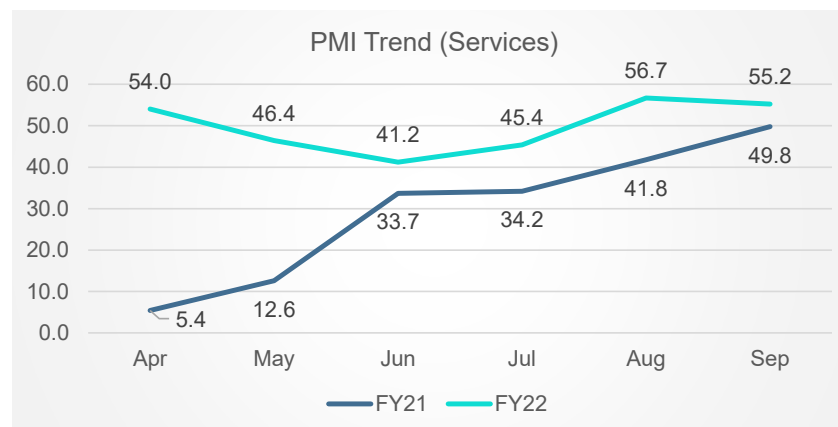
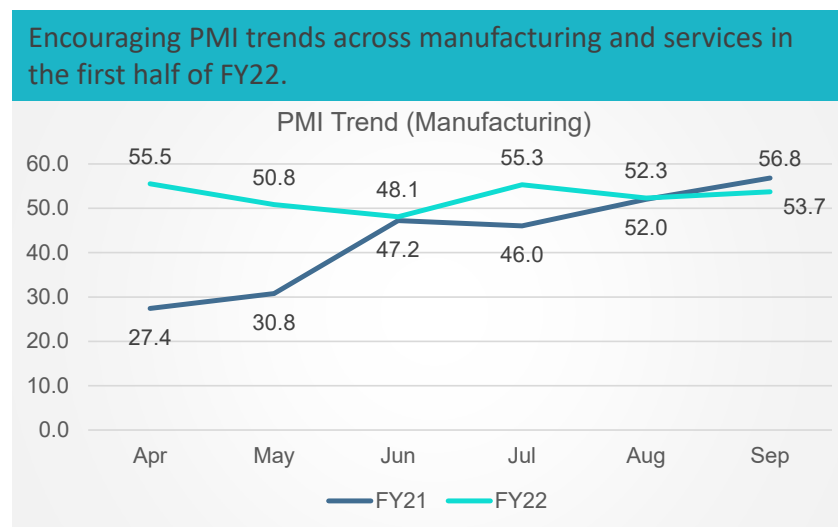
Source: RBI

Economic indicators point towards sharp recovery, but..



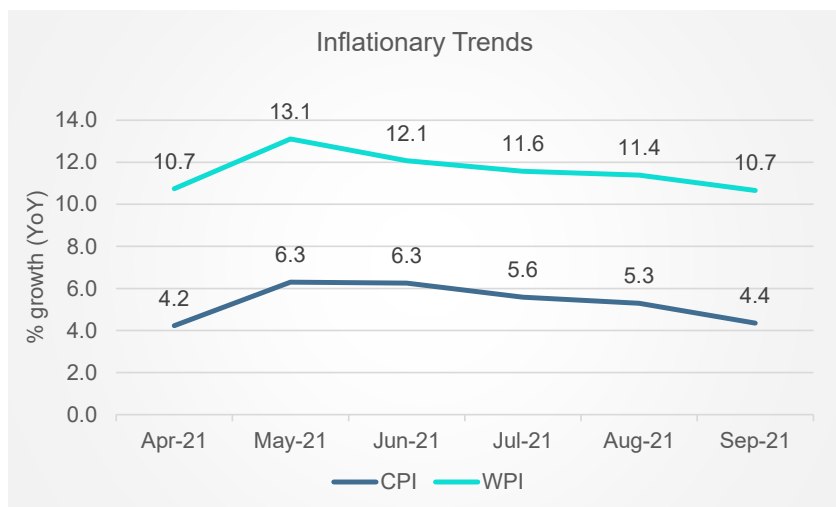
Source: Office of Economic Advisor

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



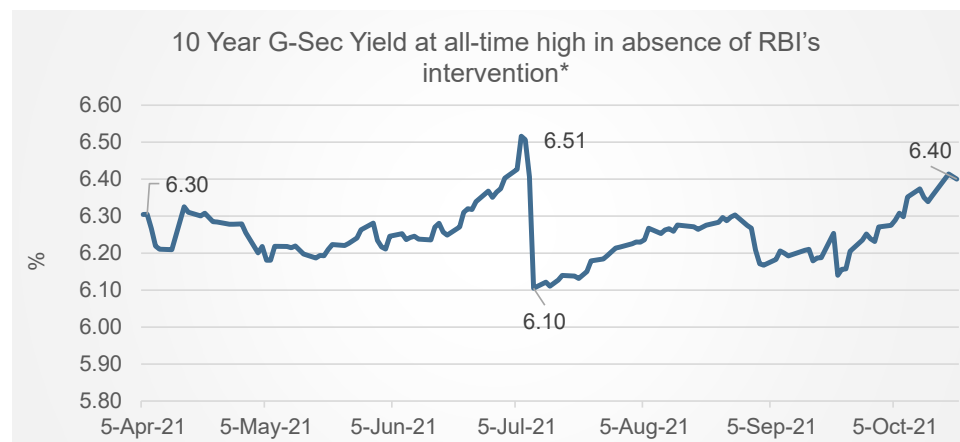
Source: IHS Markit

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

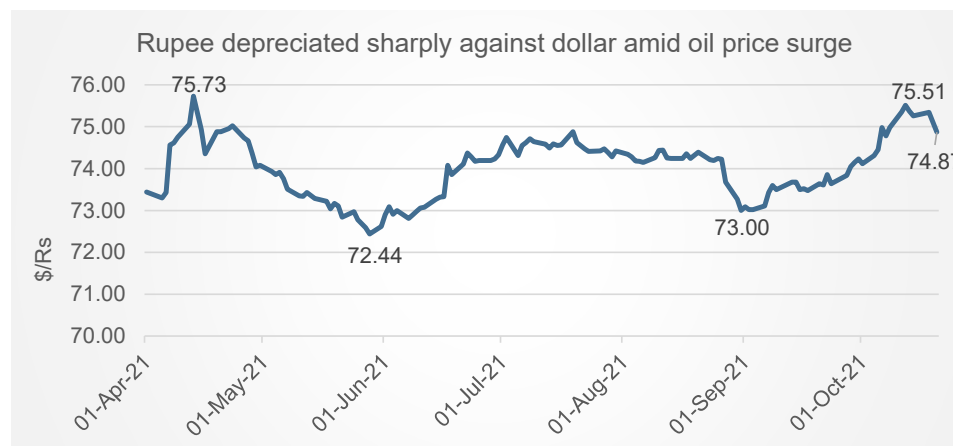


Source: MOSPI

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