CareEdge
RATINGS

Date: January 28, 2022
SE/2021-22/69

To,

The General Manager Corporate Relation Department BSE Limited Phiroze 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 AND NINE MONTHS ENDED DECEMBER 31, 2021

Please find enclosed herewith the Press Release and Investor Presentation of CARE Ratings Limited for the quarter ended December 31, 2021 as per the requirement of Regulation 30 and Para A of Part A of Schedule III of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For CARE Ratings Limited

Nehal Shah

CARE Ratings Limited CareEdge

Nehal Shah
Company Secretary & Compliance Officer
Encl: As Above

Press Release
Financial Results for Q3 FY22

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January 28, 2022

The Board of Directors of CARE Ratings Ltd. approved the financial results for Q3 FY22 in the Board meeting held on January 28, 2022.

Consolidated results
CARE Ratings Ltd. consolidated total income decreased by 1.2% from Rs.63.72 crore in Q3 FY21 to Rs.62.96 crore in Q3 FY22. Total expenses Increased by 9.2% during this period. Operating profit decreased by 18% from Rs.18.26 crore to Rs.14.97 crore and net profit after tax from Rs.18.94 crore to Rs.14.90 crore, a decrease of 21.3%.

The consolidated financials include those of CARE Ratings Ltd. and its four subsidiaries. For 9M FY22 total income increased by 3.7% and net profit after tax decreased 17%.

Standalone results
CARE Ratings Ltd standalone total income increased by 1.1% from Rs.54.83 crore in Q3 FY21 to Rs.55.45 crore in Q3 FY22. Total expenses have increased by 5.4% during this period. Operating profit increased by 1.9% from Rs.14.65 crore to Rs. 14.93 crore while net profit after tax decreased from Rs.15.81 crore to Rs.14.90 crore.

Operating profit margin and net profit margin were 30.7% and 26.9% respectively in Q3 FY22.

For 9M FY22 total income increased by 3.73 crore and net profit after tax decreased by 8.18 crore respectively. Operating profit margin and net profit margin were at 35.8% and 30.7% respectively.

We believe the domestic economic activity has been gaining ground, progressively strengthening from the sharp decline in FY21. The lower severity of the Covid-19 latest infections coupled with higher rate of vaccination has aided overall activity and mobility, carrying forward the improvements seen in the second quarter to the third quarter. The reading of the various high frequency economic indicators attests to the improvements during the period. GST collections, e-way bills, toll collections, PMI manufacturing and services, petroleum consumption among others have recorded further improvements in the third quarter over the second quarter of the current financial year. Consumption demand during the quarter too received the festive period boost.

Despite the advancements, output of various segments remained below pre-pandemic levels during the third quarter of FY22. Also, the pace of improvement has been uneven across segments with some seeing robust growth while some have shown modest advances. To add to that the emergence of the new variant of the Covid-19 virus towards the end of the third quarter and the resultant intermittent restrictions has been a drag on activity, underscoring the fragile nature of recovery and the persistent economic and business uncertainty.

Fund raising by businesses, which has a direct bearing on our business, in the quarter gone by presented a mixed picture. While fund raising from the corporate bond markets was subdued, it was strong for commercial paper. Bank credit demand by corporates, although restrained, picked up pace.

Corporate bond issuances during the quarter totalled Rs. 1.45 lakh crore which was 19% less than the issuances in the preceding quarter and 15% lower than a year ago (Q3 FY21). Issuances in the first nine months of FY22 at Rs. 4.14 lakh crore has been 26% lower than last year (9M FY21)

Commercial paper issuances in the third quarter at Rs. 6.48 lakh crore was 4% higher than the second quarter (Rs.6.22 lakh crore) and 49% more than a year ago. The issuances of these short-term securities during the first 9 months of FY22 has seen a 36% increase from the corresponding period of FY21.

Bank credit offtake has seen a notable improvement in recent months. The incremental bank credit growth as of end – December'21 was 6.7% as against the 3.2% growth in the corresponding period of last year. This improvement in credit demand is however driven by the retail segment. At the same time, even as 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-Nov'21 was (-) 0.5% as against the degrowth of 1.4% in the same period of last year.

There has been stability in the overall environment in the credit and debt markets during Q3 with the higher levels of economic activity and mobility.

The company has persevered with its outreach efforts during this period. This was in terms of holding knowledge sessions and 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.

'The strengthening of the economy bodes wells for a revival in the investment cycle in the coming future. Moreover, with the government expected to maintain emphasis on public investment led economic growth in the upcoming budget, private investment could eventually crowd in. This in turn holds encouraging potential for the debt and credit markets. That said, we are cautious in our optimistic outlook as we need to be watchful how the pandemic triggered episodic disruptions play out on the recovery' said **Ajay Mahajan, MD & CEO of CARE Ratings Ltd.** He further added 'Even as we bring in new business, we continue to pay due attention to our surveillance assignments. Also, with our subsidiaries business gaining reassuring traction, our resolve and focus on diversification and developing new viable businesses opportunities for the CareEdge Group has strengthened'.

For CARE Ratings Limited,

Ajay Mahajan
MD & CEO

For further information Contact

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Jinesh Shah	CFO	Jinesh.Shah@careedge.in
Nehal Shah	Head - Compliance, Legal & Secretarial	Nehal.Shah@careedge.in

CARE Ratings Limited
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Phone: +91-22-6754 3456 | CIN: L67190MH1993PLC071691

Investor Presentation Q3-FY22

January 28, 2022

Ratings • Advisory • Research • Risk Solutions

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CareEdge Group

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CARE Ratings Ltd.

- CARE Risk Solutions Private Limited (100%)
- CARE Advisory & Research (100%)
- CARE Ratings (Africa) Private Limited (78%)
- CARE Ratings Nepal (51%)

A new and energized brand – 'Foresight Backed by Expert Insights'

- Engaged a professional global agency to reinvent the brand and its architecture from first principles.
- Dynamic with strong values and vision to become a financial powerhouse.
- A team led by industry experts and thought leaders to establish CareEdge as a trusted "Knowledge Purveyor"
- New amplifiers of our journey of transformation - Group approach, High-Quality Human Talent, Knowledge & Technology.

> Your brand is the single most important investment you can make in your business.
> - Steve Forbes

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https://www.youtube.com/watch?v=NITUDvQUPBY

CareEdge Group Vision & Strategy

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:
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

Financial Performance – Q3 FY22

Rs. in Crore

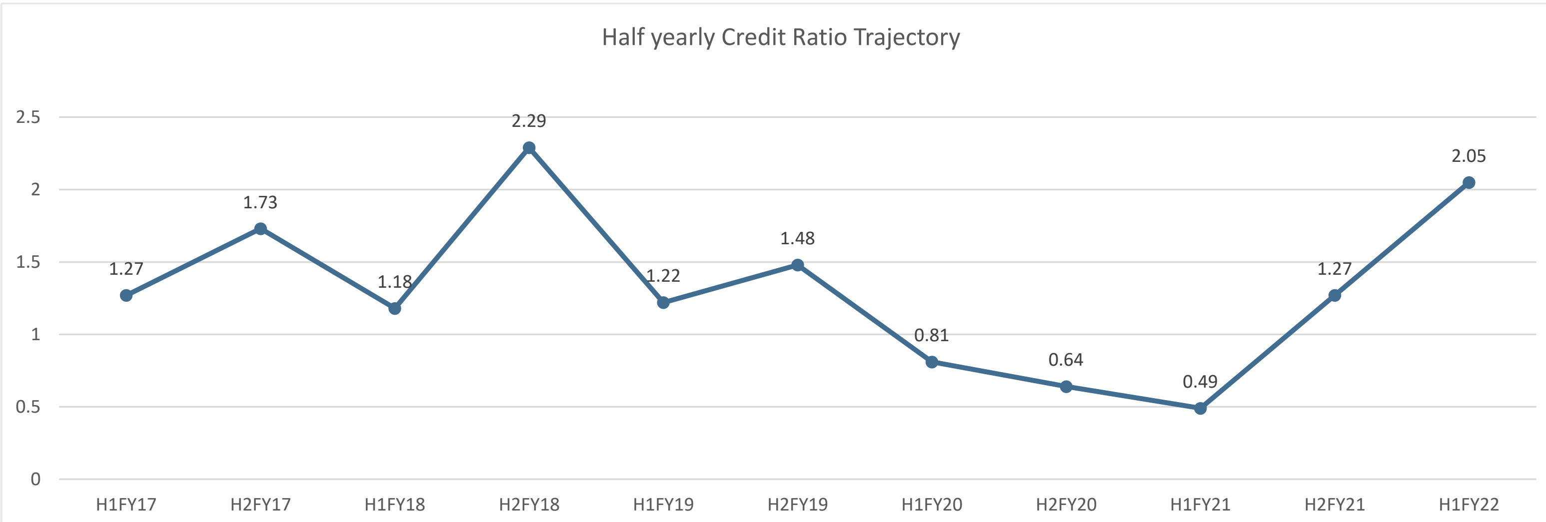
Particulars	Standalone		% Change	Consolidated		% Change
	Q3 FY21	Q3 FY22		Q3 FY21	Q3 FY22	
Total Revenue	54.83	55.45	*1%*	63.72	62.96	*(1%)*
Total Expenses	33.78	35.60	*5%*	39.55	43.19	*9%*
Profit Before Tax (PBT)	**21.05**	**19.85**	*(6%)*	**24.17**	**19.77**	*(18%)*
Provision for Tax	5.24	4.95	*(6%)*	5.23	4.87	*(7%)*
Profit After Tax (PAT)	**15.81**	**14.90**	*(6%)*	**18.94**	**14.90**	*(21%)*
Profitability						
PBT (%)	**38%**	**36%**		**38%**	**31%**	
PAT (%)	**29%**	**27%**		**30%**	**24%**	
Basic EPS (Rs. Per share)	**5.37**	**5.05**		**6.32**	**4.93**	

Financial Performance – 9M FY22

Rs. in Crore

Particulars	Standalone		% Change	Consolidated		% Change
	9M FY21	9M FY22		9M FY21	9M FY22	
Total Revenue	176.96	180.70	*2%*	194.49	201.77	*4%*
Total Expenses	93.79	107.90	*15%*	110.28	130.53	*18%*
Profit Before Tax (PBT)	**83.17**	**72.80**	*(12%)*	**84.21**	**71.24**	*(15%)*
Provision for Tax	19.43	17.25	*(11%)*	19.73	17.72	*(10%)*
Profit After Tax (PAT)	**63.74**	**55.55**	*(13%)*	**64.48**	**53.52**	*(17%)*
Profitability						
PBT (%)	**47%**	**40%**		**43%**	**35%**	
PAT (%)	**36%**	**31%**		**33%**	**27%**	
Basic EPS (Rs. Per share)	**21.63**	**18.85**		**21.53**	**17.72**	

Sustained Recovery in Credit Ratio since second half of FY21



- The **Credit Ratio (CR)** is defined as the ratio of upgrades to downgrades (CR = Upgrades / Downgrades)
- CR greater than unity denotes higher upgrades than downgrades and an increase from an earlier period denotes higher proportion of upgrades than downgrades. Decline in the same signals a deterioration in credit quality of the rated entities.
- Higher CR in H1FY22 is mainly due to upgrades in Roads, Construction, Power generation, Chemicals, Steel and Pharmaceutical sectors, whereas NBFCs, Hospitality and Retail sectors witnessed downgrades

Out-Reach Activities

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Reports & Publications

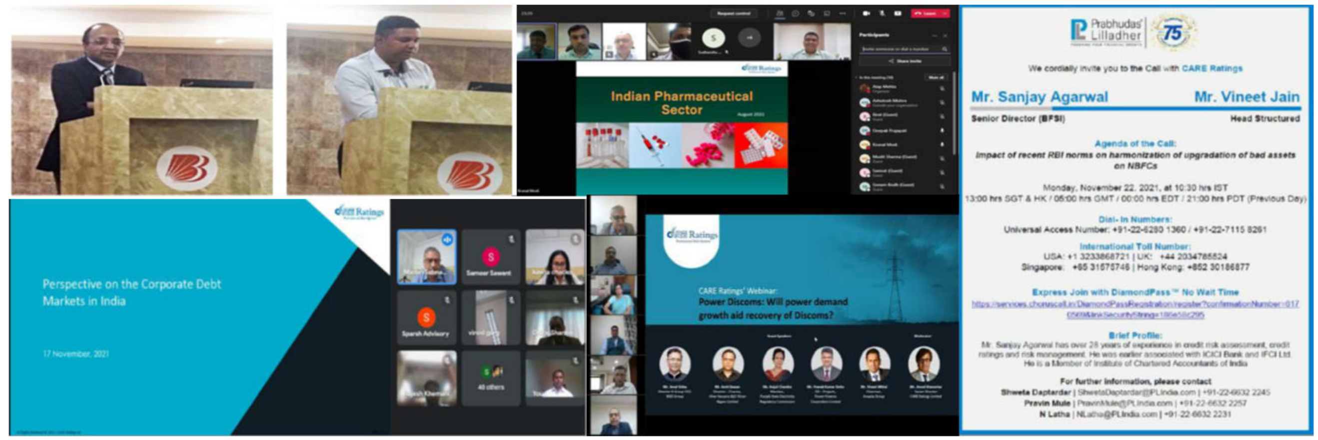
The Economics, Ratings & Industry Research teams published their views on various developments blended with the expertise of our rating and research specialists.

Published in Q3 FY22	
Daily	64
Weekly	27
Fortnightly	6
Monthly	37
Special reports	49

Out-Reach Activities

Knowledge Sharing Forum (KSFs):
CareEdge Senior Management, Economics, Sector Specialists, Industry Research teams along with Business Development participated in multiple knowledge-sharing forums

22 Knowledge sharing forums were conducted in Q3



Speaker Opportunities

Sudip Sural, CEO, CareEdge Advisory and Research was invited as a Guest Speaker at the Annual Banking Conference #FIBAC 2021, jointly organised by FICCI and IBA.

Mehul Pandya, Executive Director, CareEdge Ratings was invited as a Commentator at the ACRAA CROs Roundtable Part-II held on November 26, 2021.

Sachin Gupta, Chief Rating Officer conducted a session on Renewable Energy at Indian Federation of Green Energy (IFGE)'s 3rd edition of 'Indian Green Energy Awards, 2020' held in New Delhi on 20th October 2021 at Sh. Nitin Gadkari's Resident. CARE Ratings Ltd was the knowledge partner for the event.

P. Sandeep, Director, CareEdge Ratings was invited as a panelist by FICCI for a session on Debt and structured funding opportunities for the Chemical industry. The event was held in Chennai on 26th November 2021.

Webinars

In continuation of our Knowledge Dissemination series, CareEdge Ratings conducted 8 webinars in Q3. Representations were made by Industry Experts invited as Guest Speakers along with CareEdge Senior Management and Sector Specialists.

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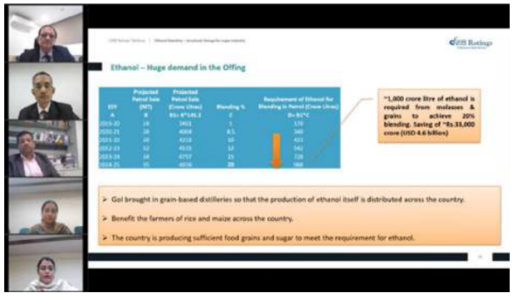
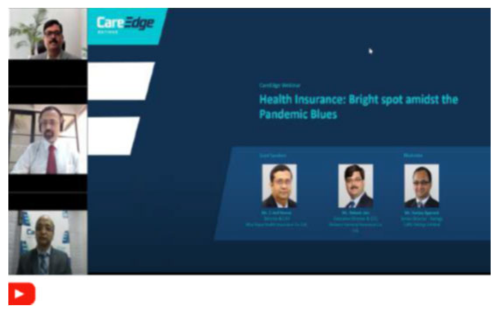
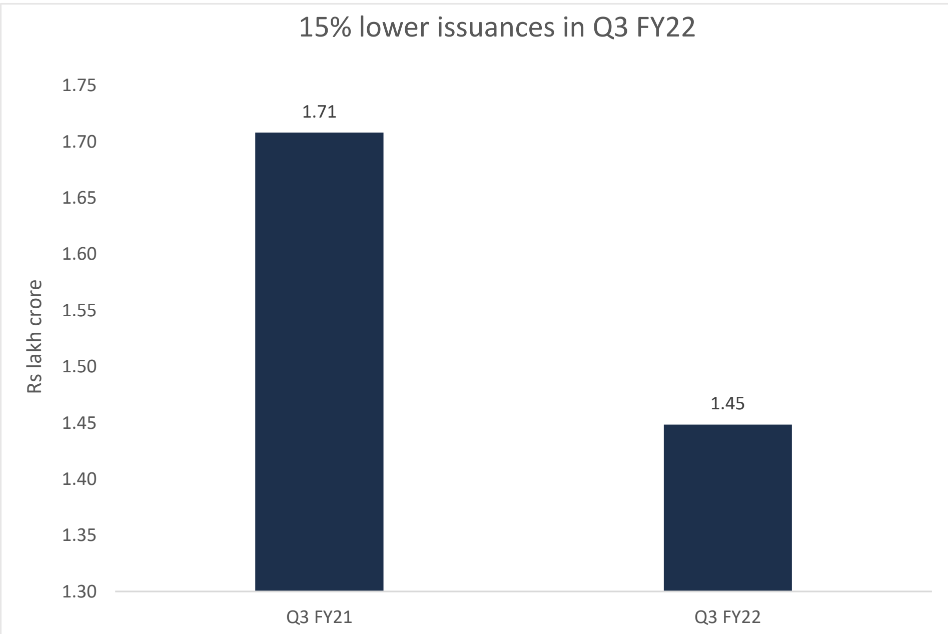
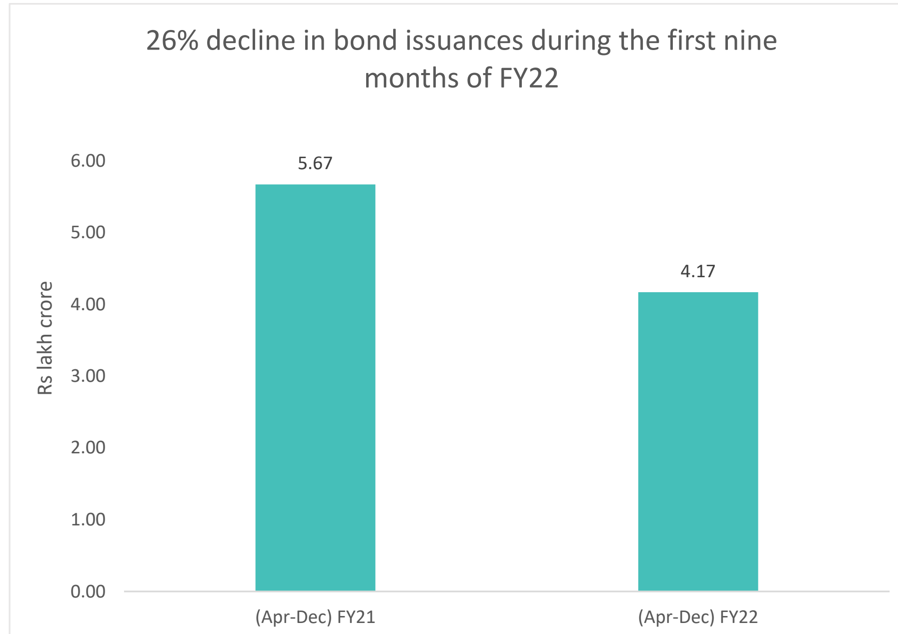




Subdued corporate bond issuances in Q3 FY22



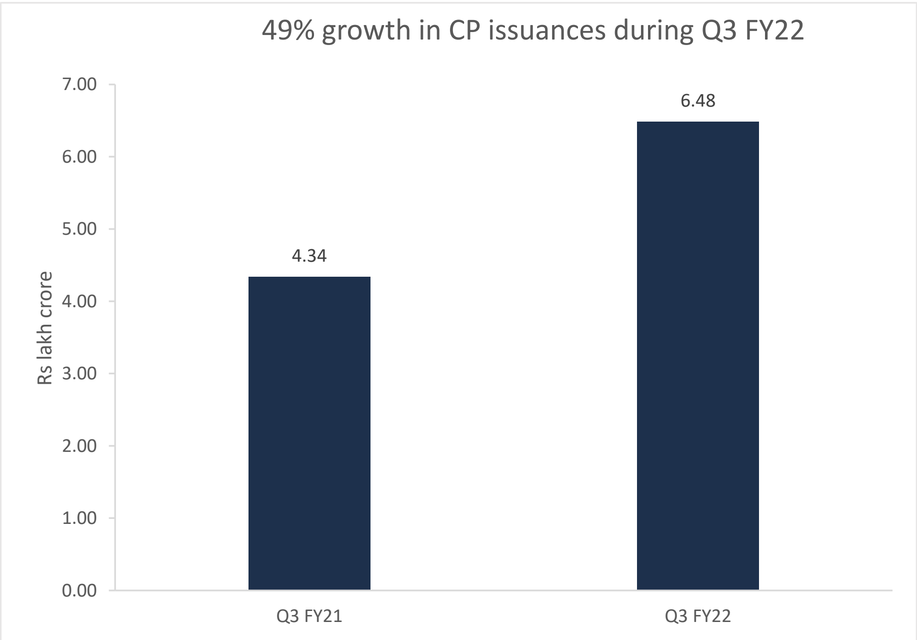
Source: Prime database



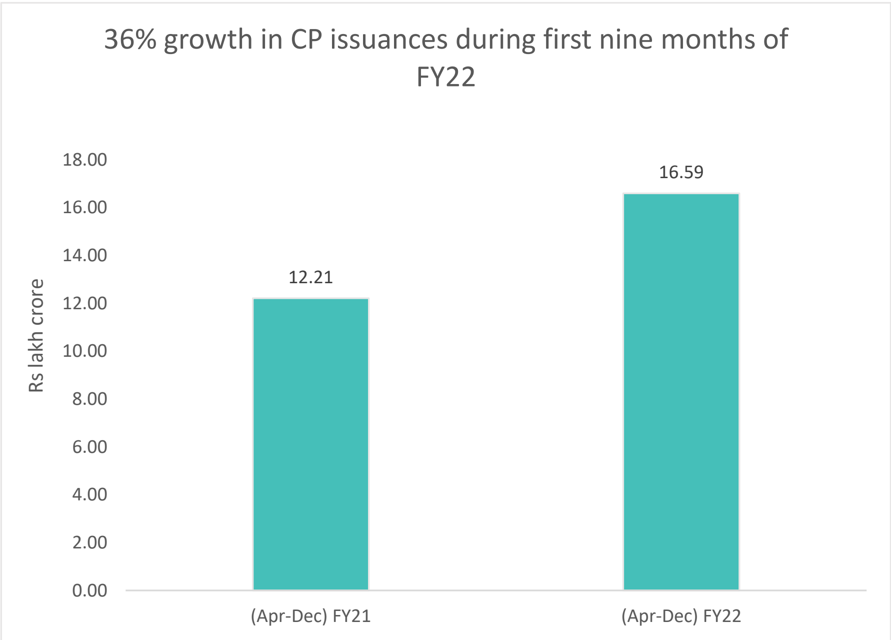
Source: Prime database

- The finance sector accounted for around 75% of the issuances during the first nine months of FY22

Healthy growth in commercial Paper (CP) issuances in FY22



Source: RBI



Source: RBI

- The finance sector that includes financial services, banking, and housing finance had the highest share (nearly 60%) of commercial paper issuances during April-December’21

Bank credit offtake quickens in FY22 driven by retail and agriculture sector

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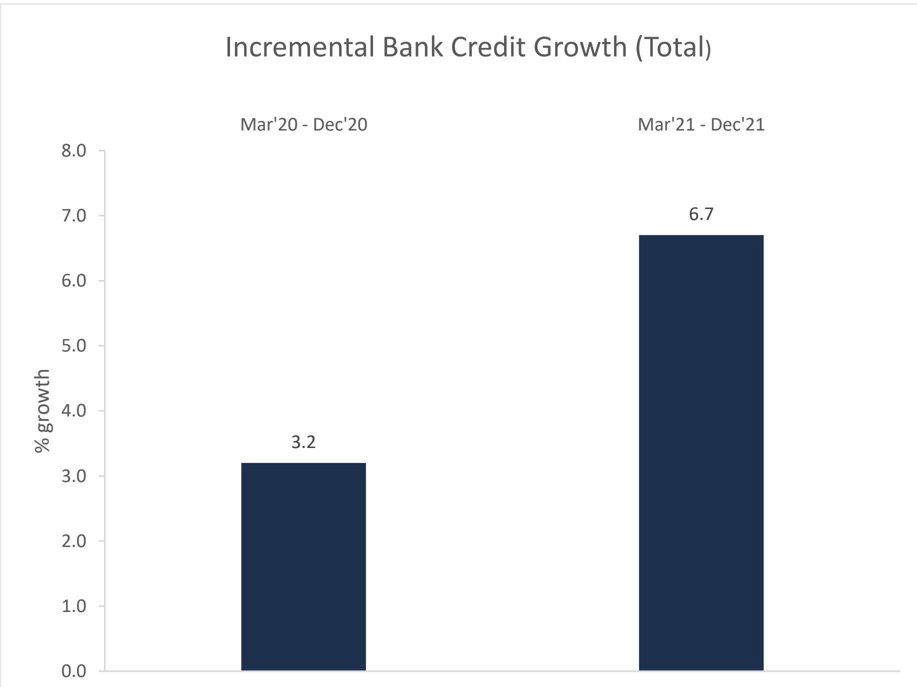
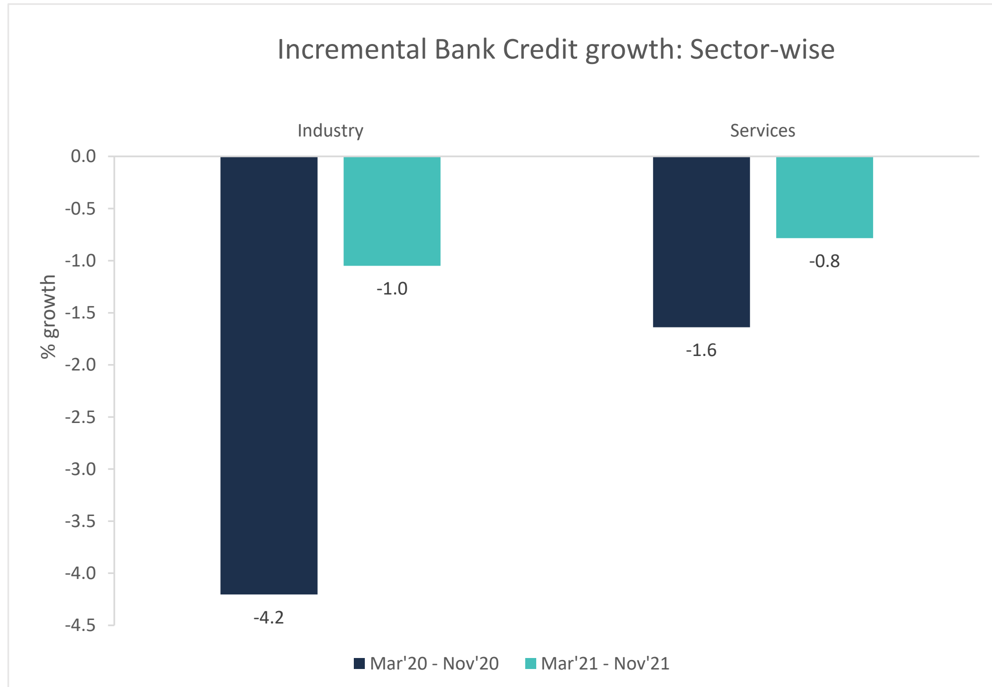


Source: RBI



Source: RBI

- 73% of the incremental credit offtake has been by the retail segment
- Industrial and service sector continue in contractionary territory reflective of deleveraging by borrowers as well as their low appetite for fresh investments

High-frequency indicators show stability despite omicron worries

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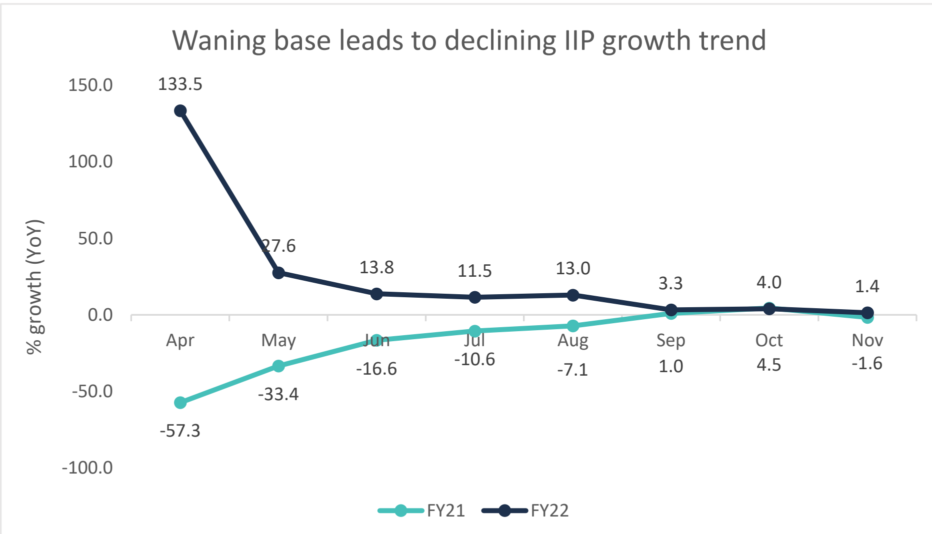
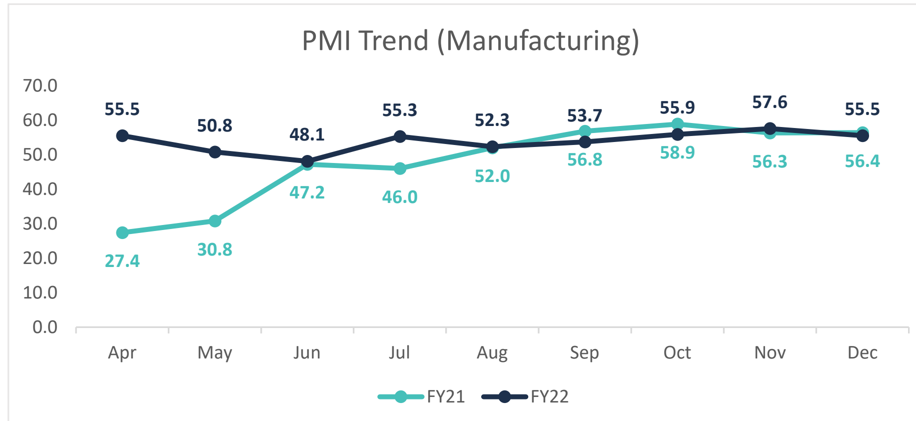
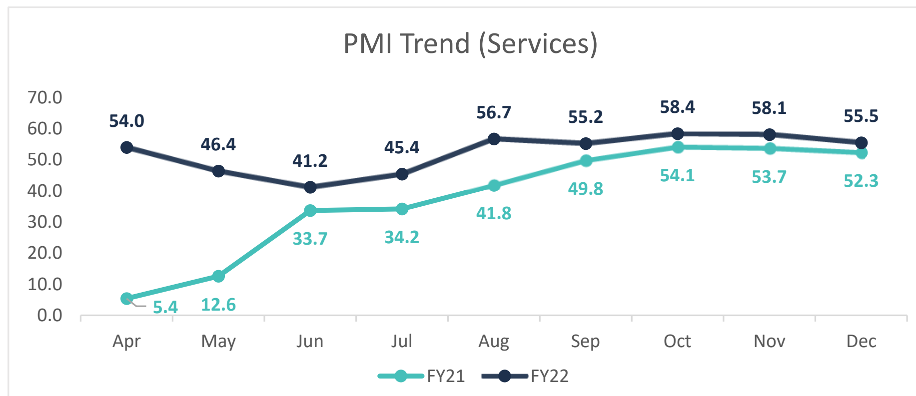


Source: Office of Economic Advisor

- Industrial production has grown 17.4% YoY during the first eight months of FY22, broadly on account of lower base last year

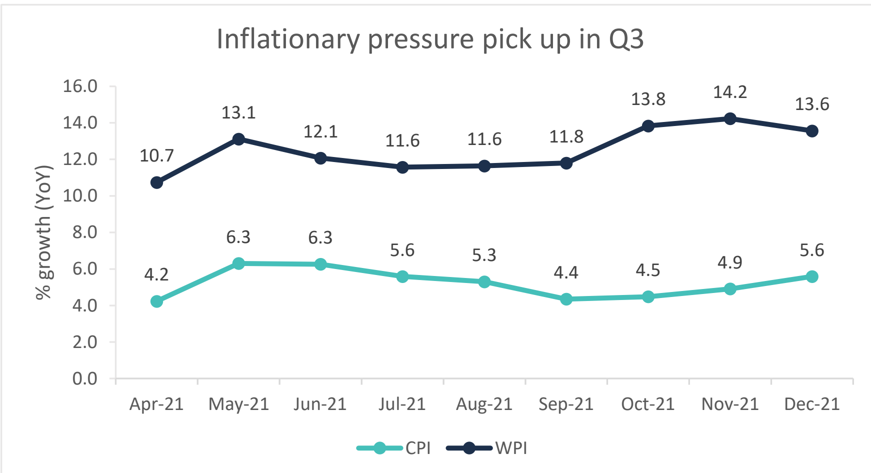
Fairly stable PMI trends across manufacturing and services in Q3 FY22





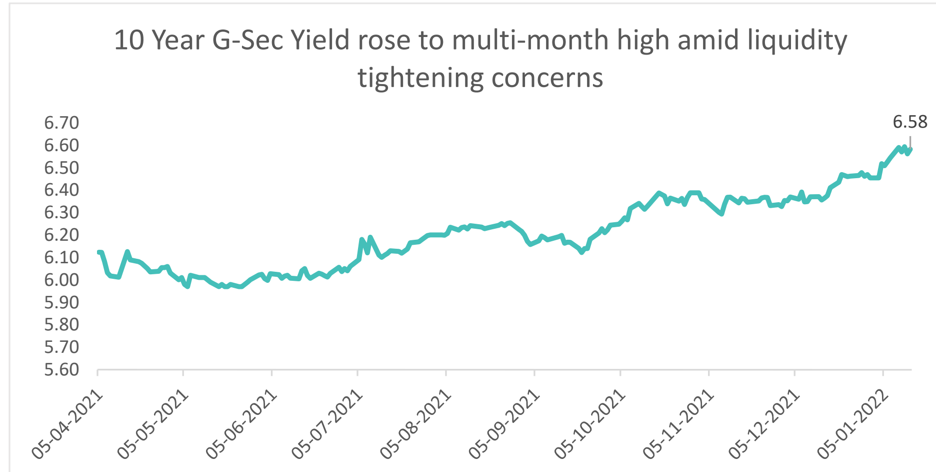
Source: IHS Markit

Soaring inflation and G-Sec yields along with volatile domestic currency pose major threats to the growth momentum

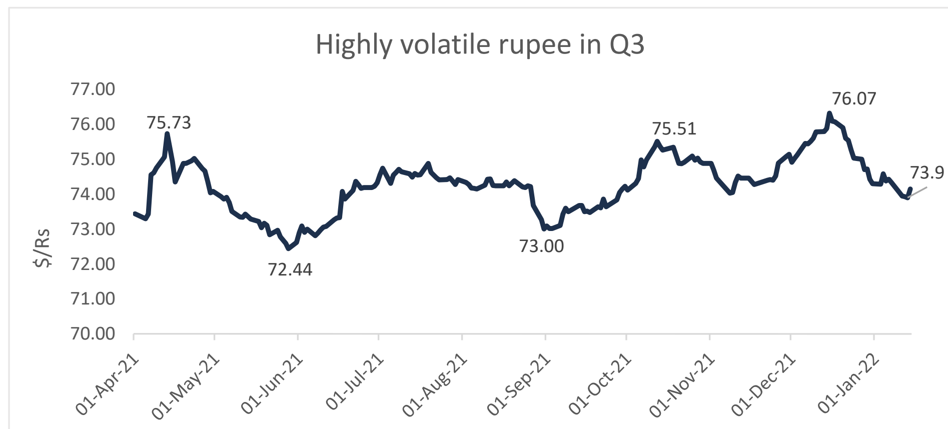


Source: MOSPI

- Retail inflation marching upwards since Oct’21 to hit a 5-month high in Dec’21
- Wholesale prices continue to be elevated clocking double-digit growth



Source: FBIL; *data till January 14, 2022



Source: CMIE

Outlook

1 GDP forecast for FY22 retained at 9.1% with a downward bias of 10 bps

2 After muted fiscal, improved investment outlook for FY23

- New investment announcements lacklustre in H2 FY22 amid new virus concerns
- Government is expected to focus on CAPEX in FY23. This would stimulate private investment and thereby fund raising from the debt and credit markets

3 Bond yields to remain elevated in the band of 6.60-6.80% for the next 3 months

- Statue quo on policy repo rate and reverse repo rate in the RBI's February MPC meet

4 Inflation to remain close to the upper band of RBI's target in the last quarter of FY22

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Thank You