

Date: June 18, 2020  
SE/2020-21/015

To,

The General Manager The Corporate Relation Department Bombay Stock Exchange Limited Phiroza Jeejeebhoy Towers 14 <sup>TH</sup> 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 & YEAR ENDED MARCH 31, 2020**

Please find enclosed herewith the Press Release and Investor Presentation of the Company 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.

Further, The Company has organized a conference call with the Investors/ Analysts on Friday, June 19, 2020, at 11.30 a.m., post declaration of its Audited Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2020.

We are pleased to invite you to our company's investors' call on our Q4FY20 and FY20 financial results. The call will be initiated with a management overview on the earnings performance followed by an interactive Question & Answer session.

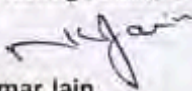
For registration click (<https://register.gotowebinar.com/register/7183076886540618512>)

Kindly take the above on record.

Thanking you,

Yours faithfully,

For CARE Ratings Limited

  
Navin Kumar Jain  
Company Secretary & Compliance Officer



Encl: As above.

CARE Ratings Ltd.

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18<sup>th</sup> June 2020

## Q4 and 2019-20 Results

The Board of Directors of CARE Ratings approved the financial results for the fourth quarter and year ended 31<sup>st</sup> March 2020 in the Board meeting held on Thursday the 18<sup>th</sup> of June 2020.

### Consolidated results

For the year, consolidated total income was Rs 275.11 crore as against Rs 349.36 crore in 2018-19. Profit after tax (PAT) moderated from Rs138.07 crore in 2018-19 to Rs 83.48 crore in 2019-20.

### Standalone results

CARE Ratings standalone income from operations declined from Rs 297.36 crore in FY19 to Rs 219.10 crore in FY20. Other income increased from Rs 29.83 crore to Rs 31.34 crore. Total expenditure increased from Rs 129.15 crore to Rs 150.19 crore during this period with staff costs going up by Rs 8.77 crore on account of the salary revision undertaken during the year. PAT declined from Rs 134.99 crore to Rs 80.50 crore for the year with the margin correspondingly declining to 32% from 41%.

Business during the year was impacted by weak economic fundamentals with GDP growth slowing down to 4.2% during the year. This was also reflected in low growth in bank credit to the manufacturing and services sectors. A drop in gross fixed capital formation from 29% in 2018-19 to 26.9% in 2019-20 and decline in capacity utilization in manufacturing as per RBI data from 76.1% in Q4-FY19 to 68.6% in Q3-FY20 affected overall long-term lending. Also, the demand for institutional credit was low and the discretion shown by banks in lending impacted the flow of funds. This was notwithstanding the lowering of the repo rate by the RBI by 185 bps and infusion of liquidity through various measures. Hence the overall quantum of debt rated by your company was lower at Rs 12.73 lakh crore as against Rs 19.90 lakh crore in 2018-19.

The shutdown announced in the last week of the year end also impacted business plans of several companies which in turn had a bearing on overall fund-raising plans of companies. For the fourth quarter, total income declined by 29% from Rs 81.49 crore to Rs 57.67 crore, while PAT came down from Rs 34.64 crore to Rs 13.95 crore.

The Board of Directors have recommended 25% dividend of Rs. 2.50/- per share (of Rs. 10/- face value) which will take the total declared for the year to Rs 19.50/share.

“The shutdown in the first few months of the new year in various forms has impacted overall economic activity and with a negative growth in GDP being projected for FY21 we do see several challenges in growing the business as the overall borrowing through the bond market and banking system will be constrained. The government and RBI have announced various measures to alleviate the situation and while we do expect them to take shape during the course of the year, conditions will continue to be uncertain in the coming months. Needless to say we will be working on diversifying our business aggressively to protect and enhance shareholder value over the long term,” said Ajay Mahajan, MD & CEO, CARE Ratings

For further information contact:



Ajay Mahajan

MD & CEO

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# CARE Ratings Limited

## Investor Presentation – FY20

# SAFE HARBOR STATEMENT

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THIS PRESENTATION AND THE ACCOMPANYING SLIDES (THE “PRESENTATION”), WHICH HAVE BEEN PREPARED BY CREDIT ANALYSIS & RESEARCH LIMITED (THE “COMPANY”), HAVE BEEN PREPARED SOLELY FOR INFORMATION PURPOSES AND DO NOT CONSTITUTE ANY OFFER, RECOMMENDATION OR INVITATION TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES, AND SHALL NOT FORM THE BASIS OR BE RELIED ON IN CONNECTION WITH ANY CONTRACT OR BINDING COMMITMENT WHATSOEVER. NO OFFERING OF SECURITIES OF THE COMPANY WILL BE MADE EXCEPT BY MEANS OF A STATUTORY OFFERING DOCUMENT CONTAINING DETAILED INFORMATION ABOUT THE COMPANY.

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Highlights

Financial & Business Performance

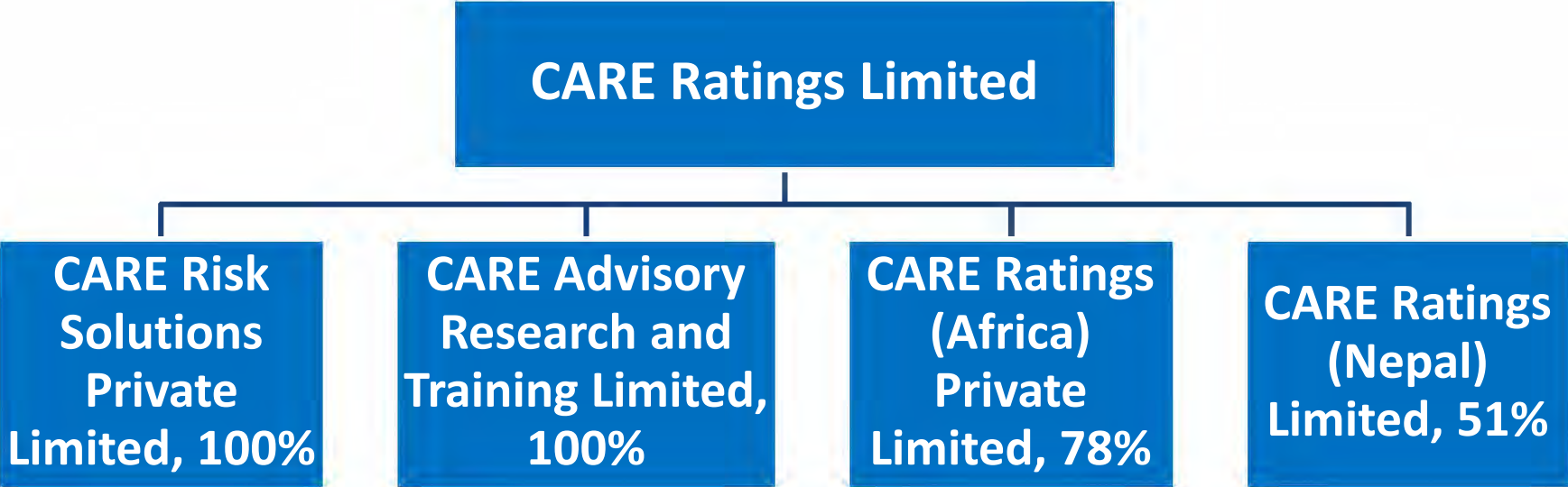
MCR/CDQI

Economic Backdrop



# CARE Ratings Group

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# Diversified Business Mix

## Ratings

- Manufacturing & Services sector
- Financial sector
- Infrastructure
- Small & Medium Enterprises
- Structured Finance
- Sub Sovereign ratings
- Alternate Inv. Fund, Infra. Dev. Fund

## International expansion

- Setup a rating agency in Mauritius and Nepal. Exploring neighboring countries, Africa

## CARE Advisory Research & Training Ltd.

- Advisory Services
- Training Services
- Customized Research

## Information Analysis & Grading

- Industry & Customized Research reports
- CARE Industry Risk Metrics (CIRM) reports
- Grading services
- Training
- Valuations

## CARE Risk solutions Private Ltd.

- Risk Solutions for
  - Basel II, Credit risks, Operational risks, Fund Transfer Pricing, Asset Liability Mgmt., Value at risk, Capital Adequacy Ratio, IFRS



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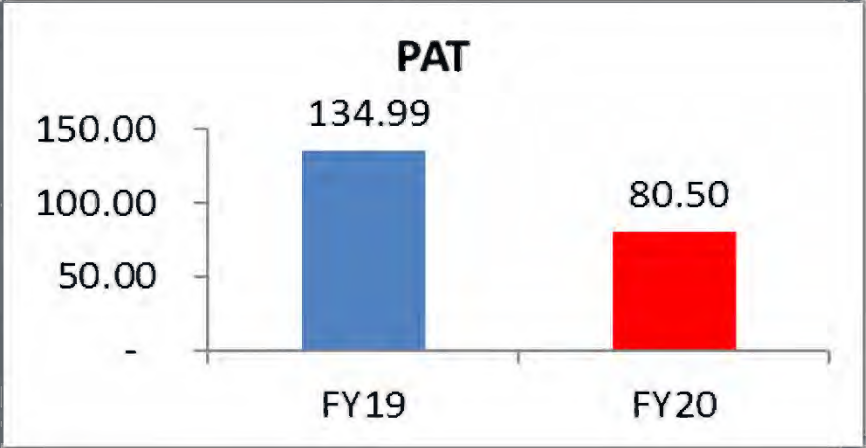
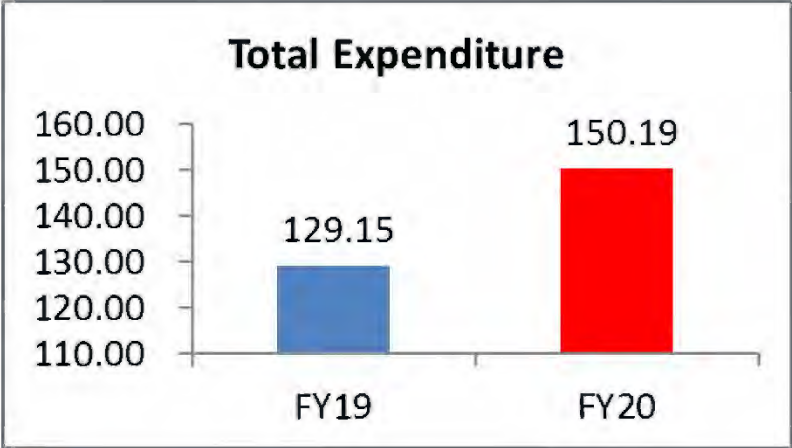
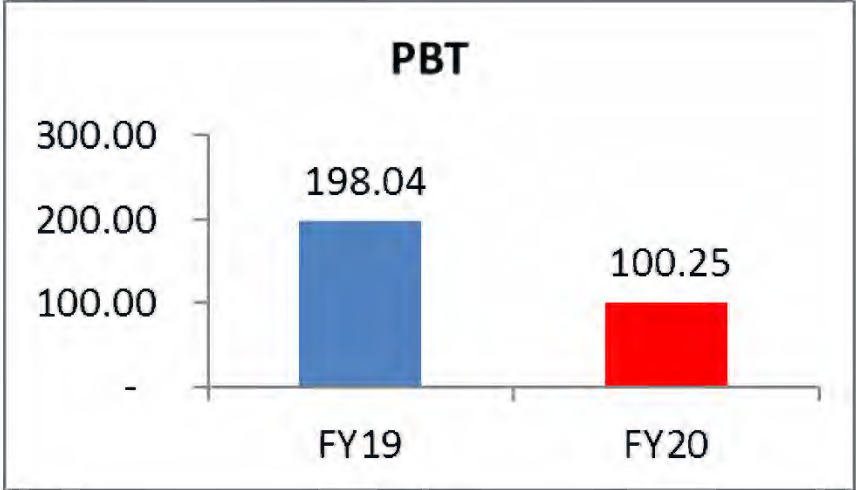
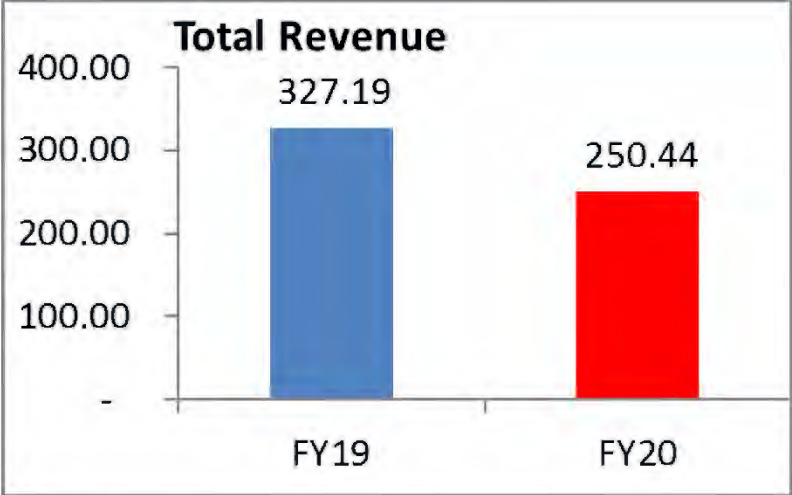
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- Highlights
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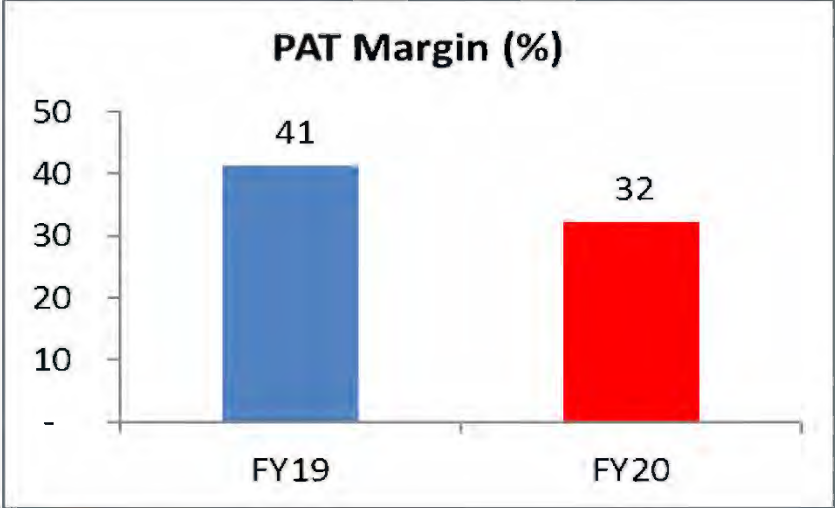
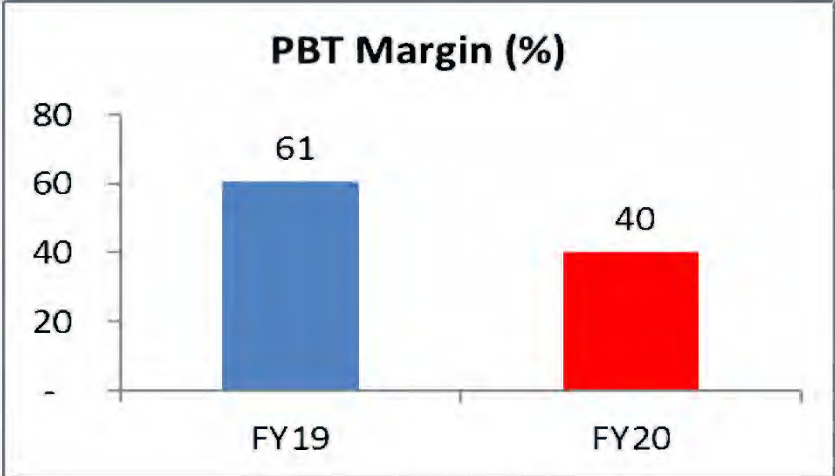
# Financial Performance

Rs. in Crores						
Particulars	Standalone			Consolidated		
	FY20	FY19	% Change	FY20	FY19	% Change
Total Revenue	250.44	327.19	-23%	275.11	349.36	-21%
Total Expenses	150.19	129.15	16%	171.02	147.63	16%
<b>Profit Before Tax</b>	<b>100.25</b>	<b>198.04</b>	<b>-49%</b>	<b>104.09</b>	<b>201.73</b>	<b>-48%</b>
Provision for Tax	19.75	63.06	-69%	20.61	63.66	-68%
<b>Profit After Tax</b>	<b>80.50</b>	<b>134.99</b>	<b>-40%</b>	<b>83.48</b>	<b>138.07</b>	<b>-40%</b>
Profit Before Tax margin (%)	40%	61%		38%	58%	
Net Profit margin (%)	32%	41%		30%	40%	
<b>Basic EPS (Rs. per share)</b>	<b>27</b>	<b>46</b>		<b>28</b>	<b>47</b>	

# Financial Performance: FY20 (Rs Cr)- Standalone

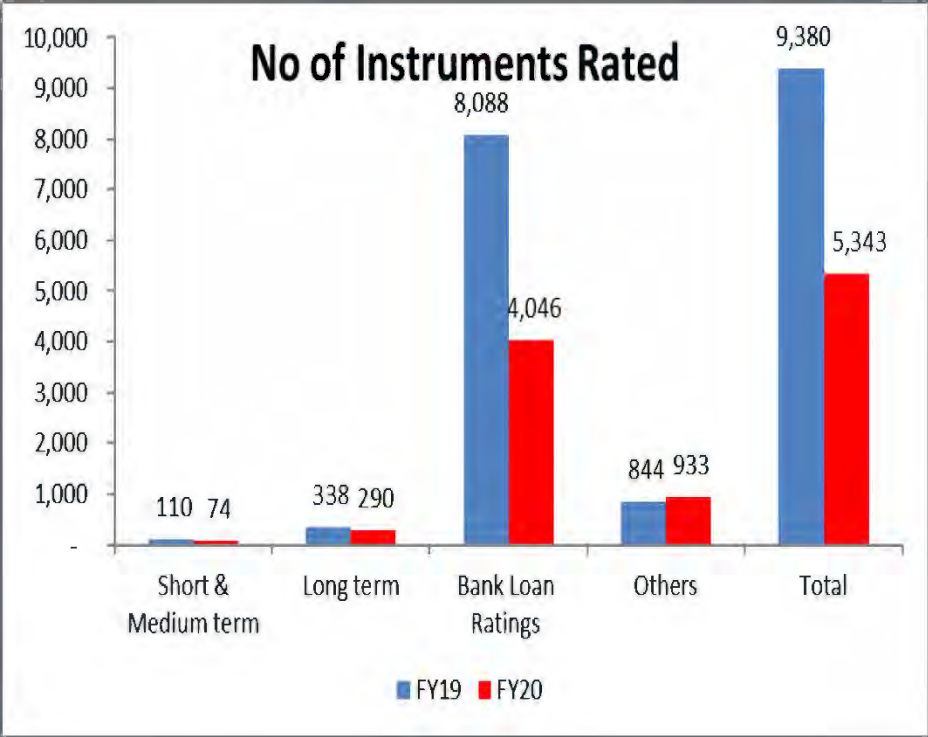
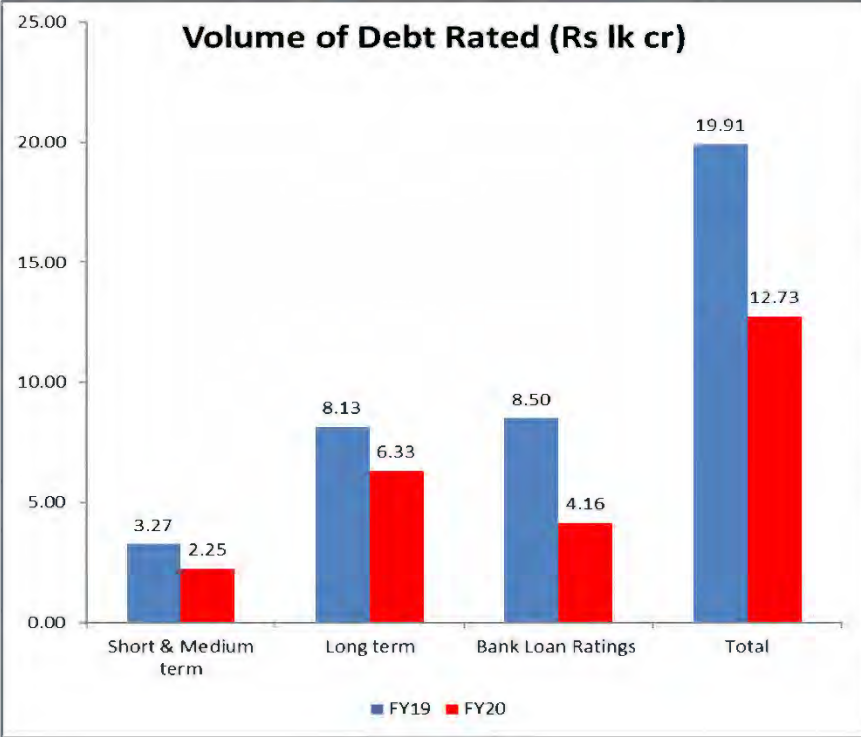


# Financial Performance: FY20 - Standalone

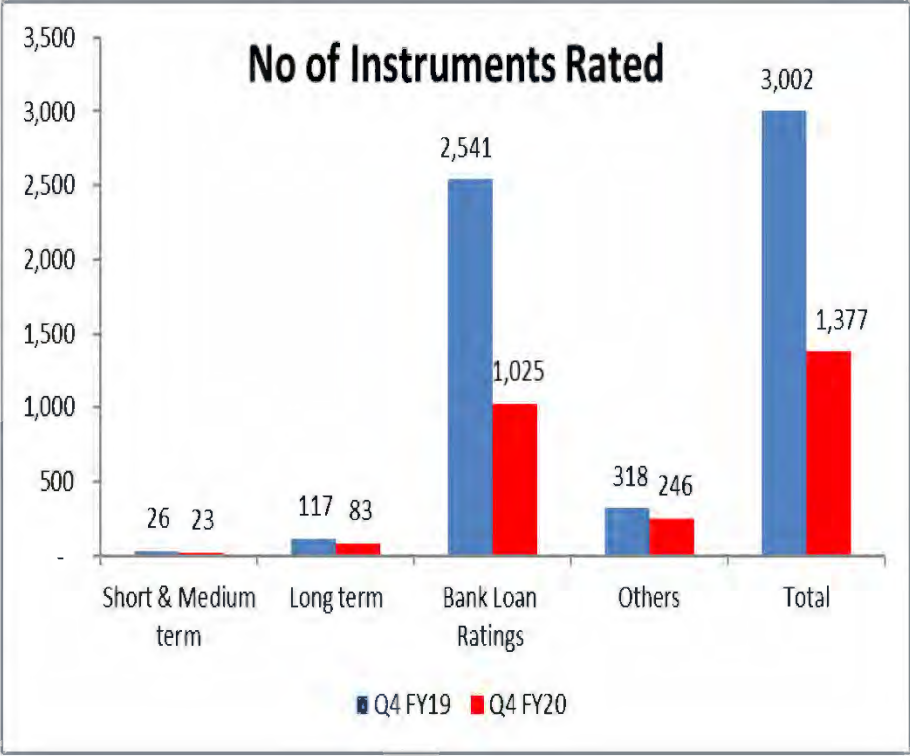
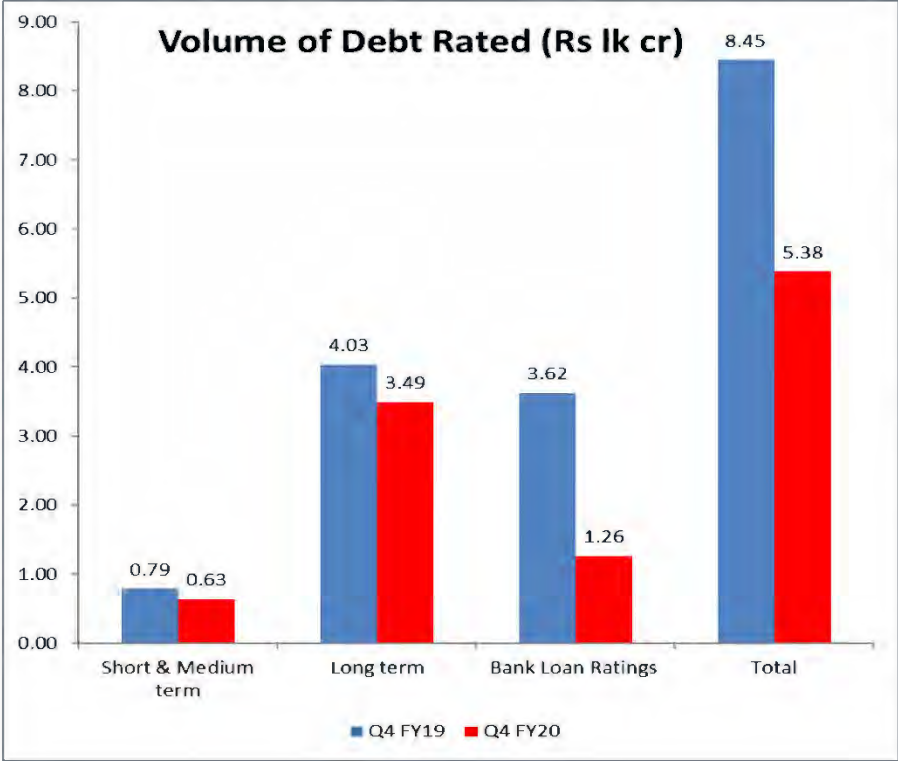


FY20 PBT margin & PAT margin fell due to lower income (due to lower borrowing by the NBFC sector & muted Capex of the corporate sector) coupled with higher operating expenses due to increase in employee cost & other expenses

# Business Performance (New clients): FY20



# Business Performance (New clients): Q4 FY20





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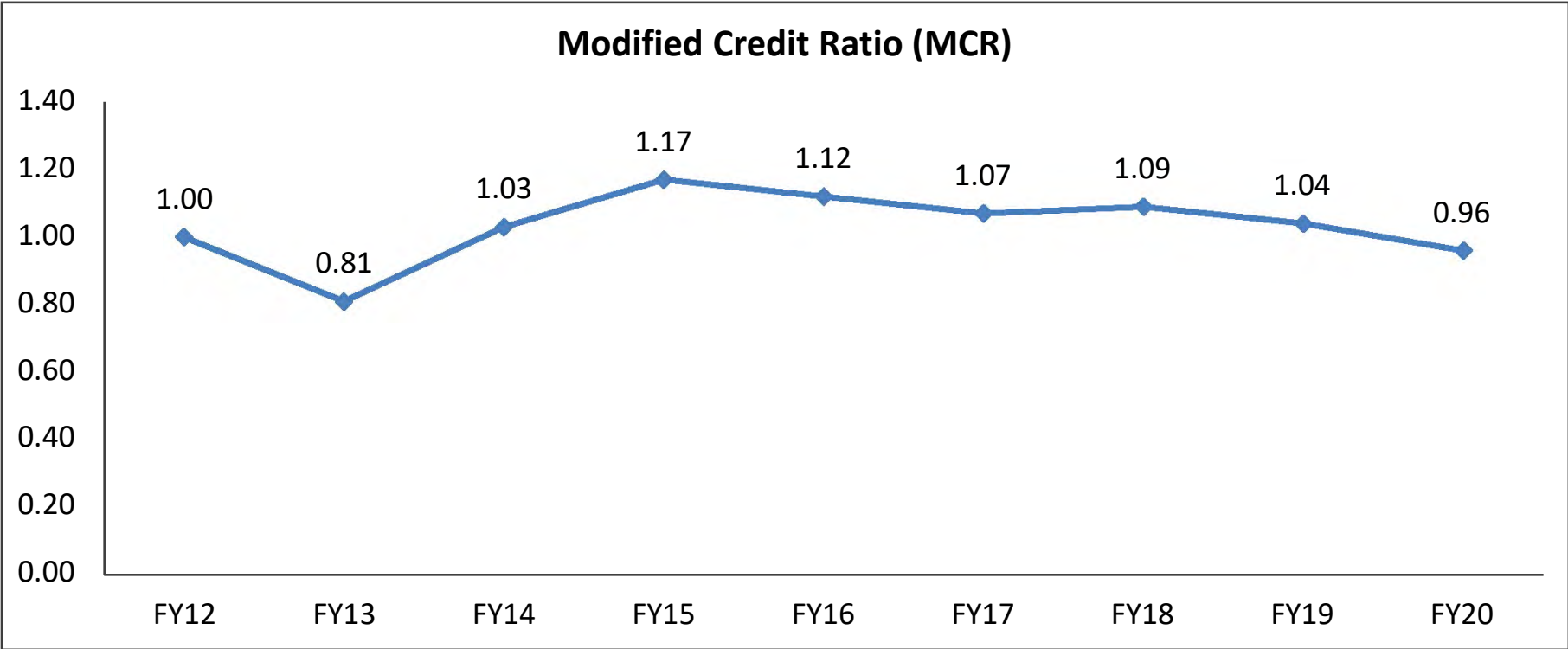
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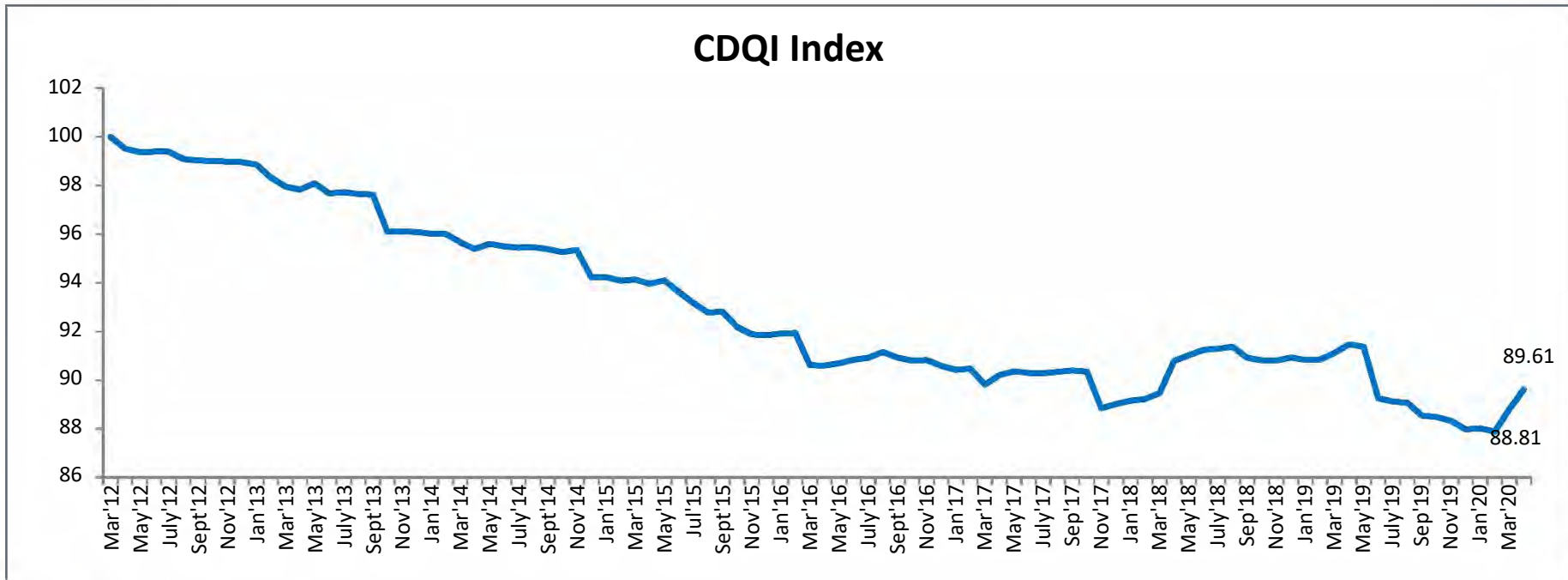
# Rating Movement

The weakness in the domestic economy has been emphasized by the sharp moderation in the credit quality of Indian companies in 2019-20. Indian corporates have been pressured by the slowdown in the domestic economy and tight financing conditions in the domestic economy. The credit quality of the rated entities as measured by CARE Rating's 'modified credit ratio' (MCR) declined to a 7 year low in 2019-20.



# CARE Ratings Debt Quality Index (CDQI)

CDQI declined by 0.54 points in the month of September'19 triggered by further downgrades in NBFC and HFC segment due to the continuing liquidity stress in the segments making it difficult for entities to raise finance in a timely manner as also delaying monetization plans. There was a marginal improvement seen in Jan'20 and the CDQI again declined marginally by 0.13 points in February '20 from a month ago to 87.89. The index has seen a notable increase in the previous 2 months i.e March'20 and April'20 on account of enhancements in rated debt of high rated companies. In April'20, the index rose by 0.80 points.



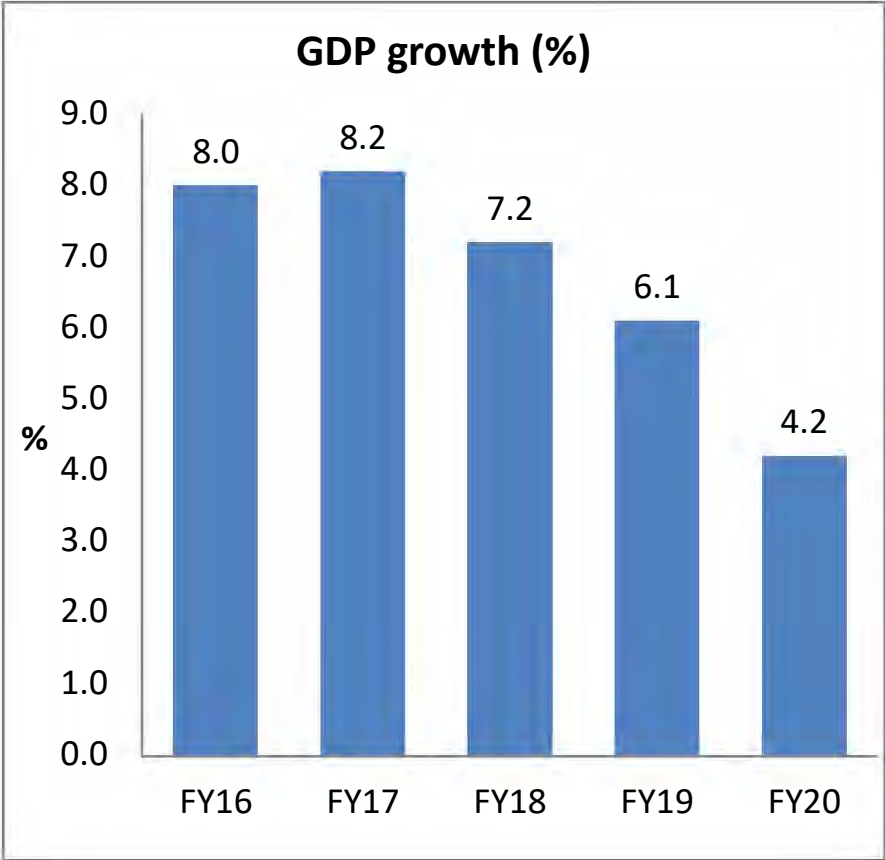
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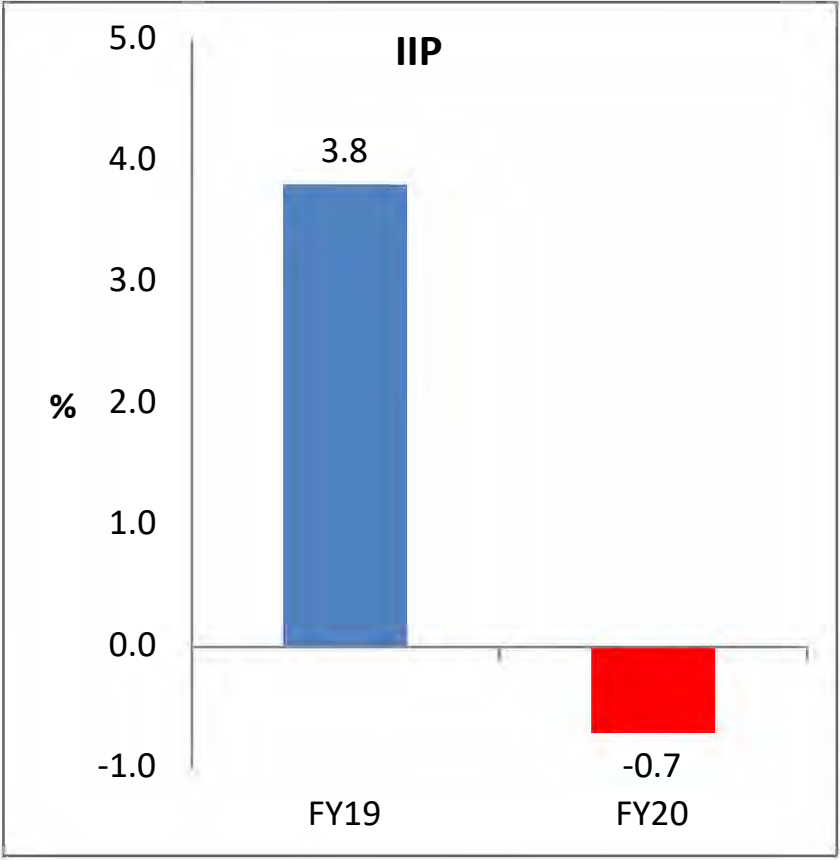
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# Economic Growth and Industrial Output

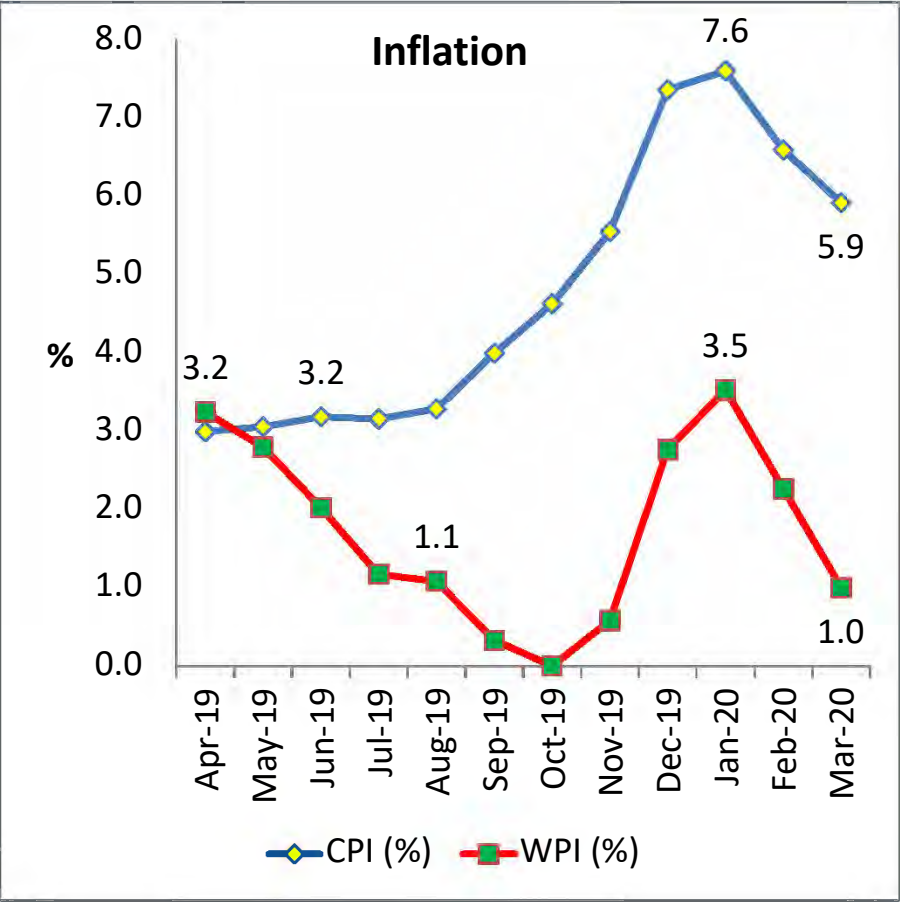


Source: MOSPI

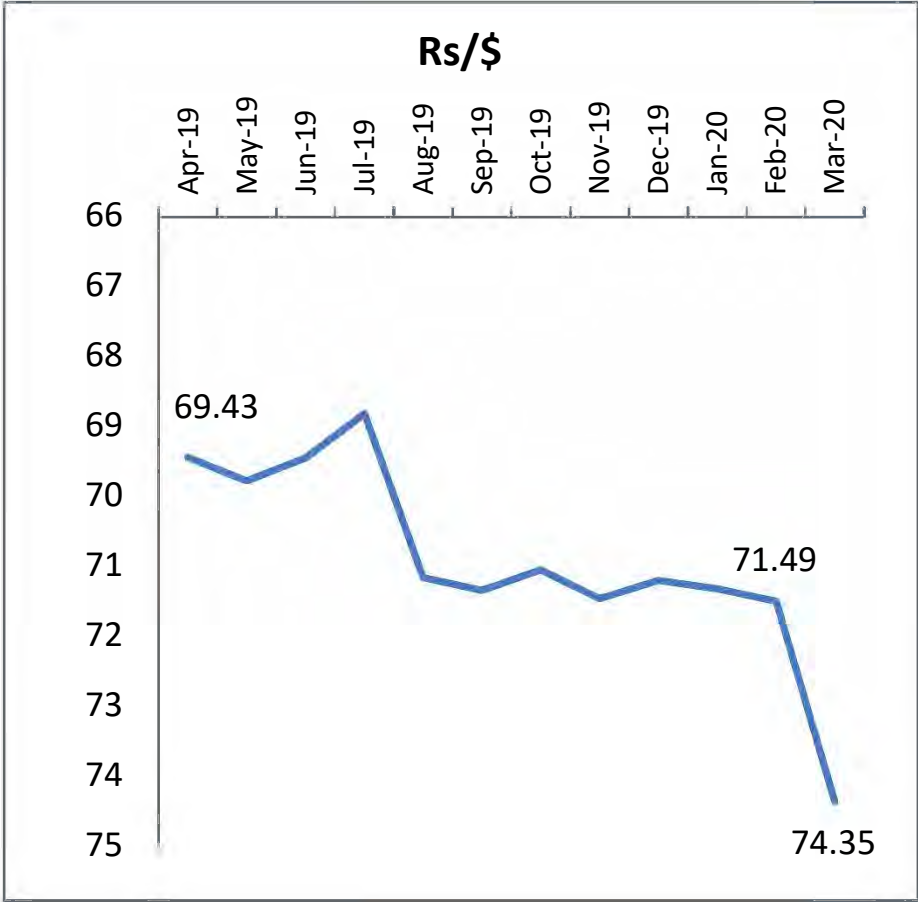


Source: MOSPI

# Inflation and Exchange Rate



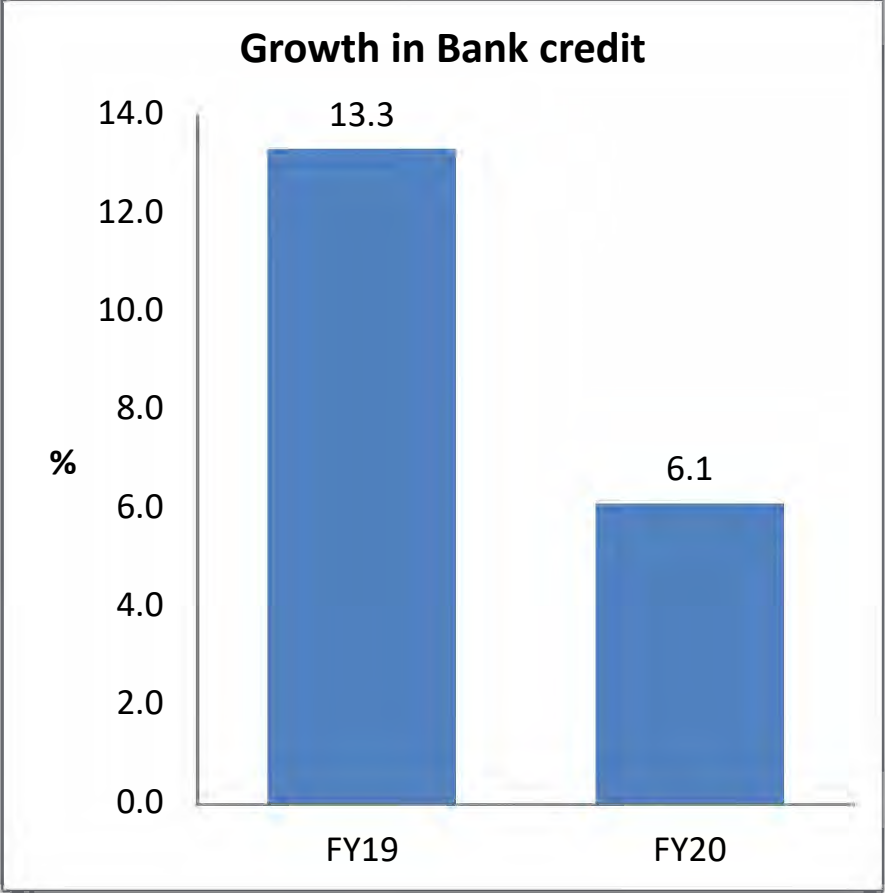
Source: MOSPI



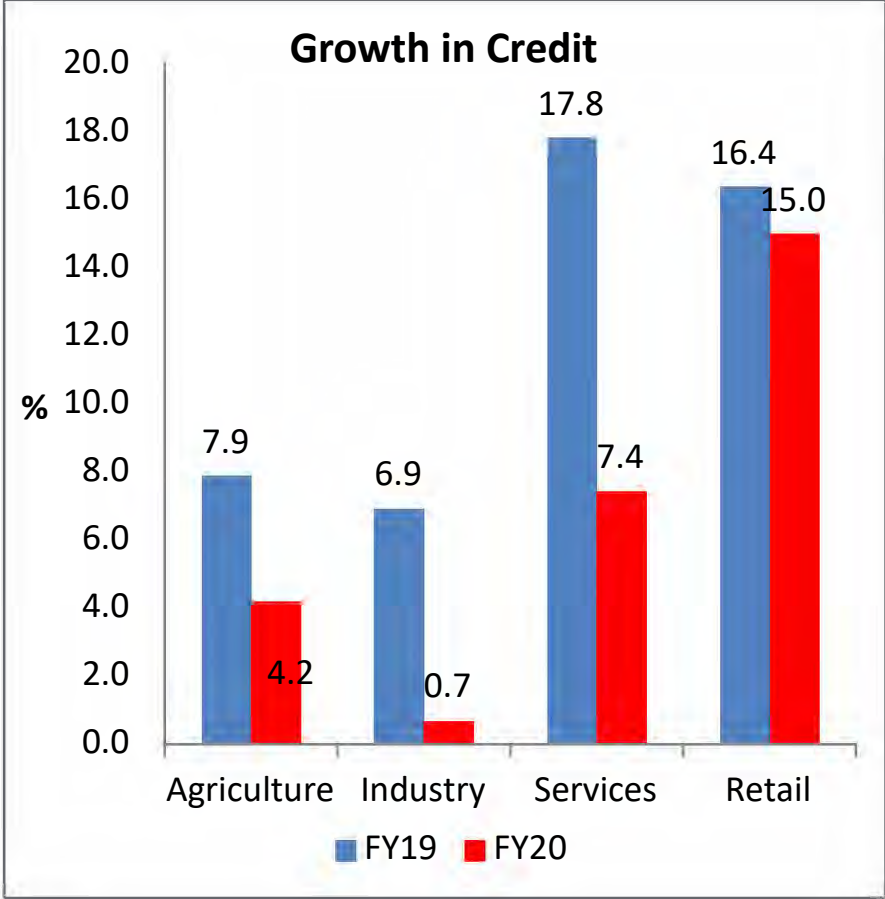
Source: RBI



# Bank Credit

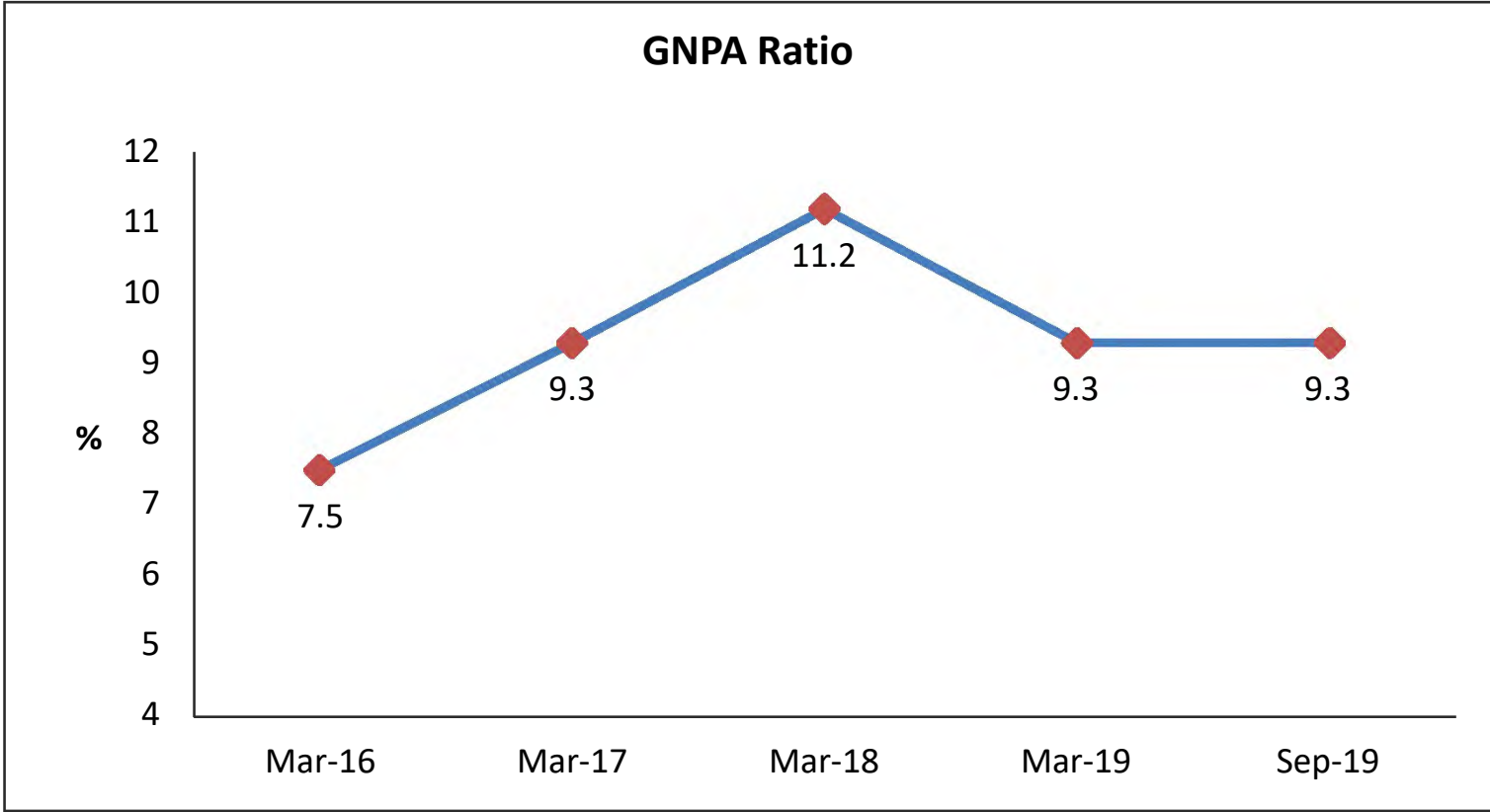


Source: RBI



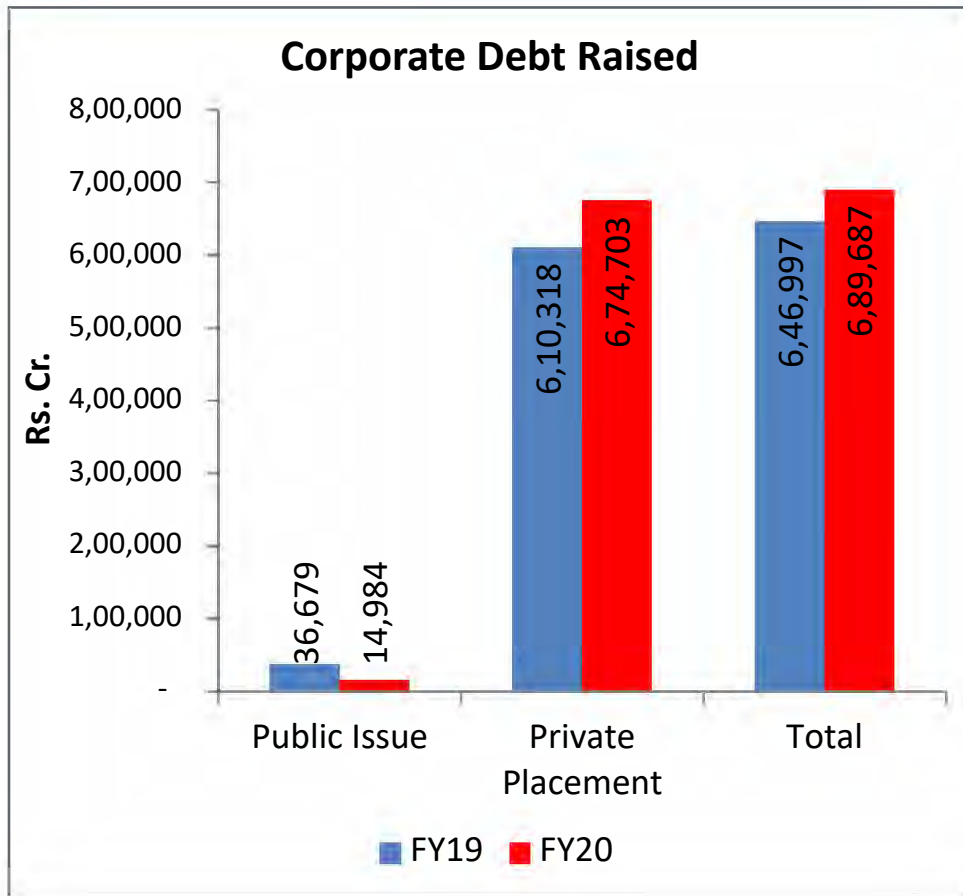
Source: RBI

# Non-Performing Assets



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

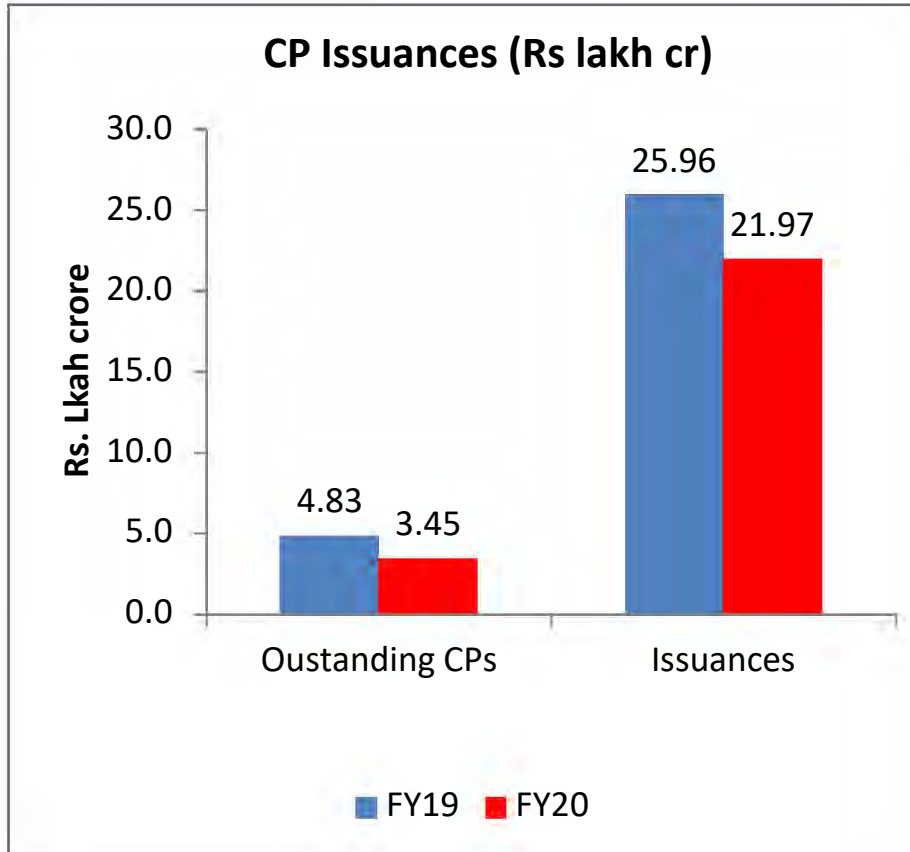
# Corporate Bond Issuances



Source: SEBI

- Majority of the corporate bond issuances are raised by the financial sector (~65% share)
  - Banks/term lending (35%), financial services/investment (18%), housing finance (13%)
- Infrastructure sector accounted for nearly 20% of the total corporate bond issuances
  - Roads and highways (8% share), power generation and supply (6%) and real estate (5%) are the dominant industries within infrastructure

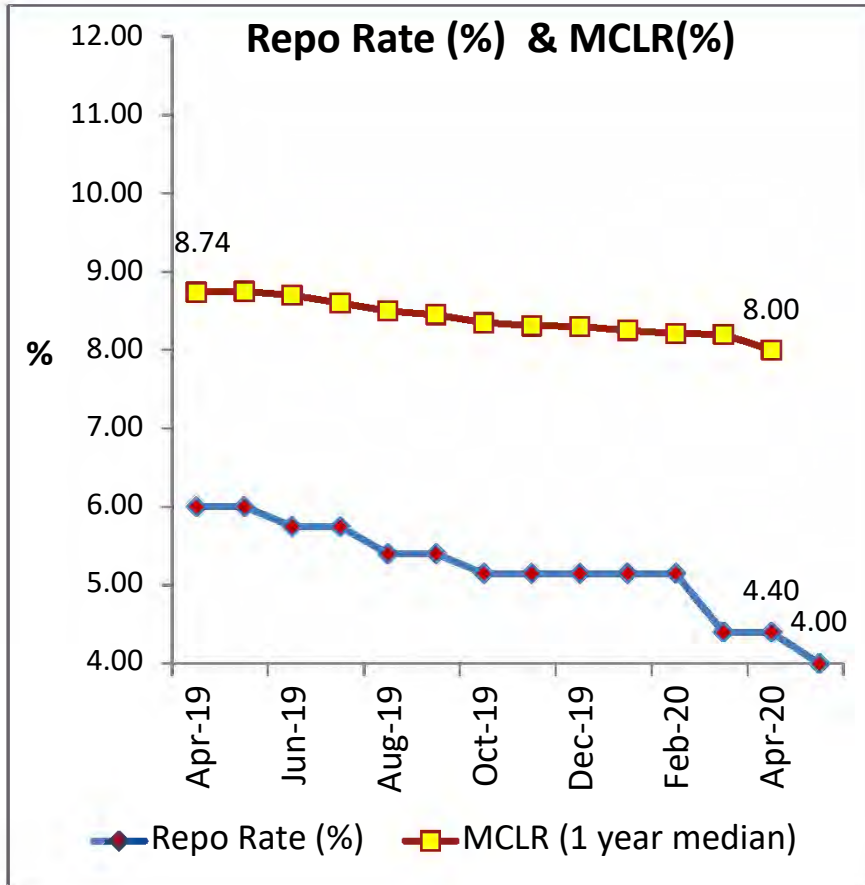
# Commercial Paper



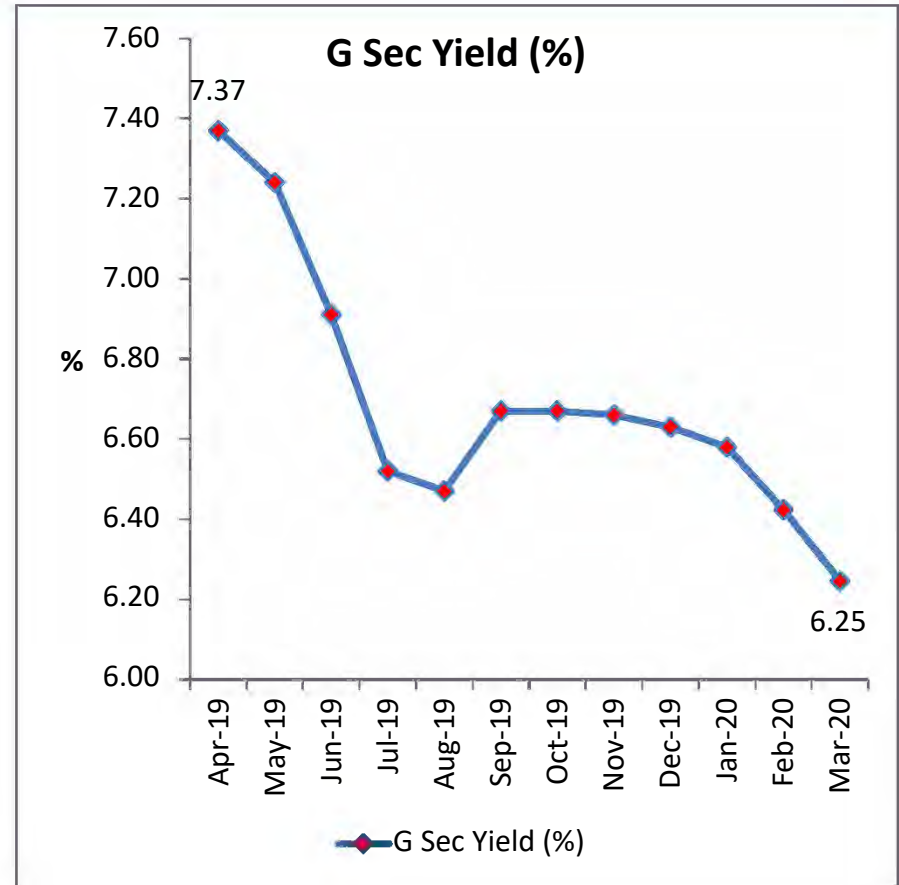
Source: RBI

- Within the total CP issuances, financial services/investment had highest share of 21% followed by oil exploration/drilling/refineries (16%) and term lending (12%)
- Some of the other sectors pertained to
  - Housing Finance (9%)
  - Telecom (9% share)
  - Power generation and supply (8% share)
  - Textiles (4%)
  - Fertilizer (4%)
  - Iron and steel (3%)

# Interest Rate and GSec yields



Source: RBI



Source: FIMMDA

# Government measures in FY20

Real estate  
AIF of Rs. 25,000 cr

Eased FDI norms in  
coal, contract mfg

Eased BS VI norms

Extension in MSMEs'  
NPA recognition

Thrust to MSMEs

Corporate tax rate  
cut to 22%

Infra boost - NIP

ECB norms  
liberalized

Capital infusion in  
PSUs

Liquidity support  
to HFCs

VRR for FPIs

Withdrawal of Angel  
Tax for Start-ups

Export promotion  
measures

Withdrawal of  
Surcharge on FPIs

Merger of PSBs

External Benchmarks  
for SCBs interest rate



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# Thank You