

Date: August 10, 2020  
SE/2020-21/033

To,

**The National Stock Exchange India Ltd.**

Listing Department  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051

**Scrip Code: CARERATING**

**The General Manager**

The Corporate Relation Department  
BSE Limited  
Phiroza Jeejeebhoy Towers  
14<sup>th</sup> Floor, Dalal Street  
Mumbai 400 001

**Scrip Code: 534804**

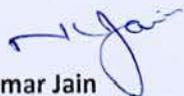
Dear Sir/ Madam,

**Sub: OUTCOME OF THE BOARD MEETING HELD ON AUGUST 10, 2020.**

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.

Please take the above on record.

Yours faithfully,  
For CARE Ratings Limited



**Navin Kumar Jain**  
Company Secretary & Compliance Officer



Encl : As above.

# Investor Presentation

Q1 FY21

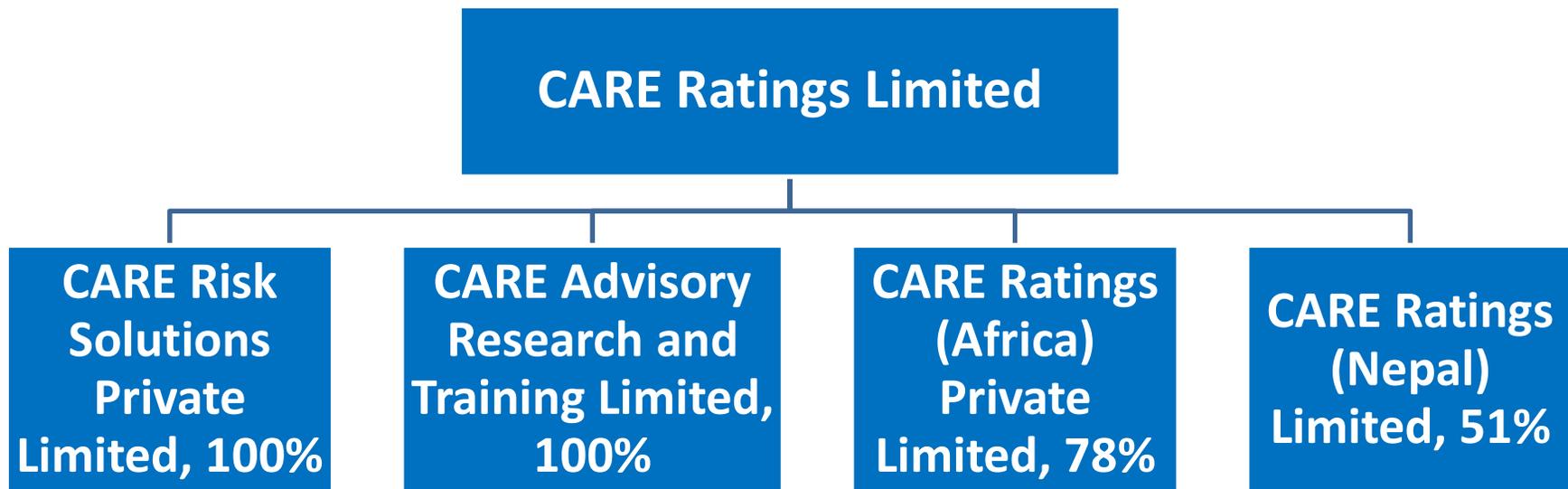
# Contents

Highlights

Financial & Business Performance

MCR/CDQI

Economic Backdrop



# 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

# Contents

Highlights

**Financial & Business Performance**

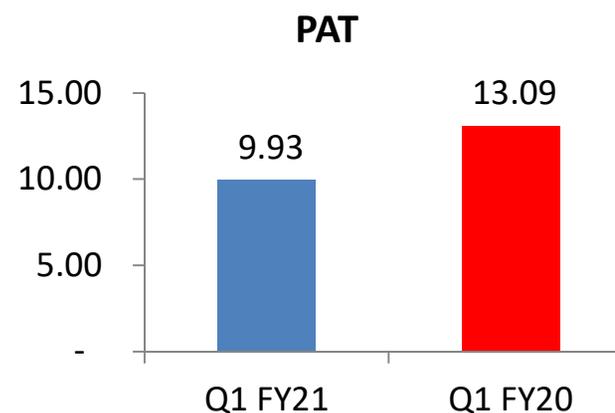
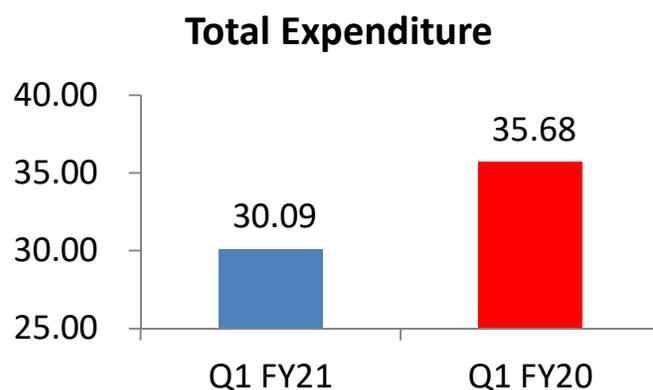
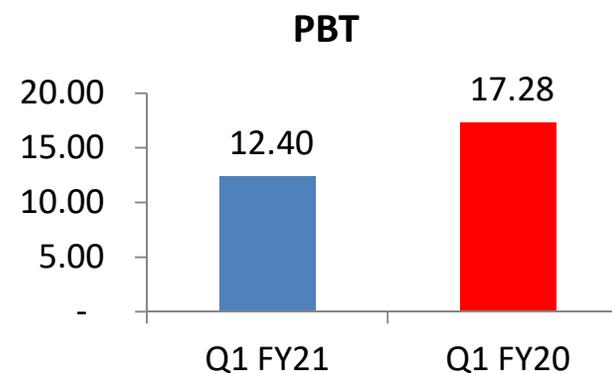
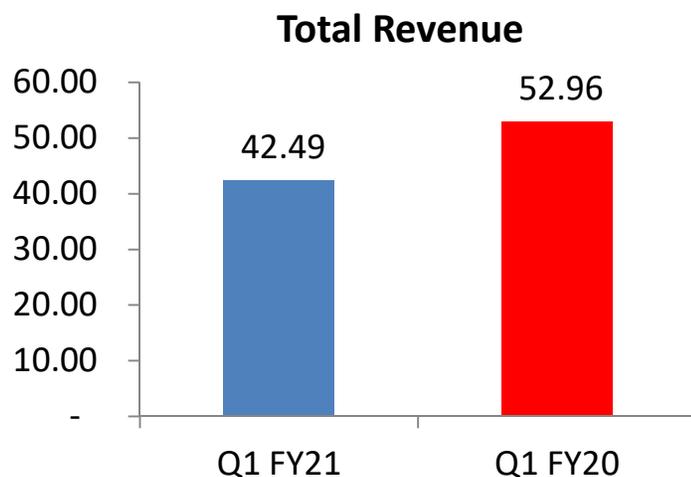
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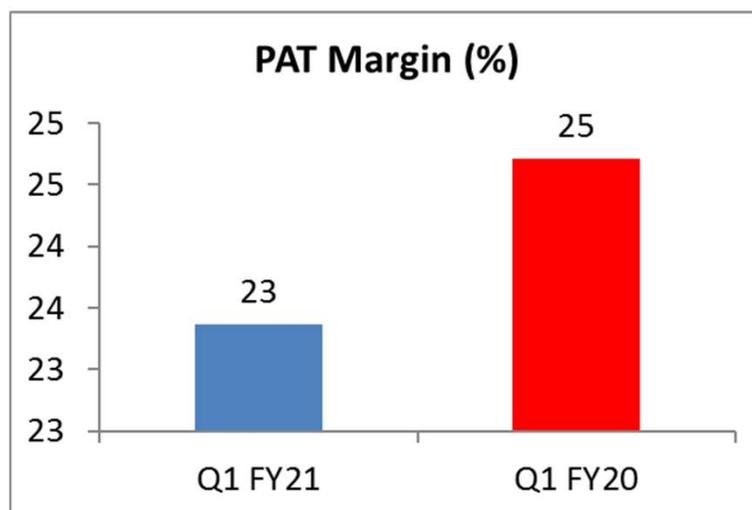
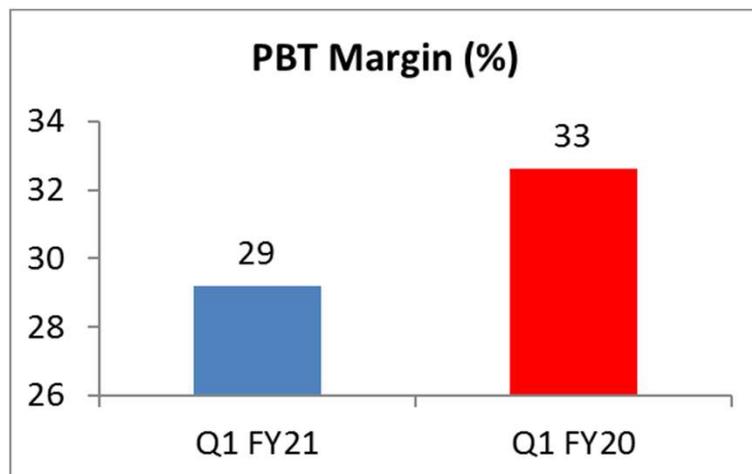
# Financial Performance

Particulars	Rs. in Crores					
	Standalone			Consolidated		
	Q1 FY21	Q1 FY20	% Change	Q1 FY21	Q1 FY20	% Change
Total Revenue	42.49	52.96	-20%	46.89	57.73	-19%
Total Expenses	30.09	35.68	-16%	34.55	39.89	-13%
<b>Profit Before Tax</b>	<b>12.40</b>	<b>17.28</b>	<b>-28%</b>	<b>12.34</b>	<b>17.84</b>	<b>-31%</b>
Provision for Tax	2.47	4.20	-41%	2.65	4.35	-39%
<b>Profit After Tax</b>	<b>9.93</b>	<b>13.09</b>	<b>-24%</b>	<b>9.70</b>	<b>13.49</b>	<b>-28%</b>
<b>Profit Before Tax margin (%)</b>	<b>29%</b>	<b>33%</b>		<b>26%</b>	<b>31%</b>	
<b>Net Profit margin (%)</b>	<b>23%</b>	<b>25%</b>		<b>21%</b>	<b>23%</b>	
<b>Basic EPS (Rs. per share)</b>	<b>3.37</b>	<b>4.44</b>		<b>3.17</b>	<b>4.47</b>	

## Financial Performance: Q1 FY21 (Rs Cr)- Standalone

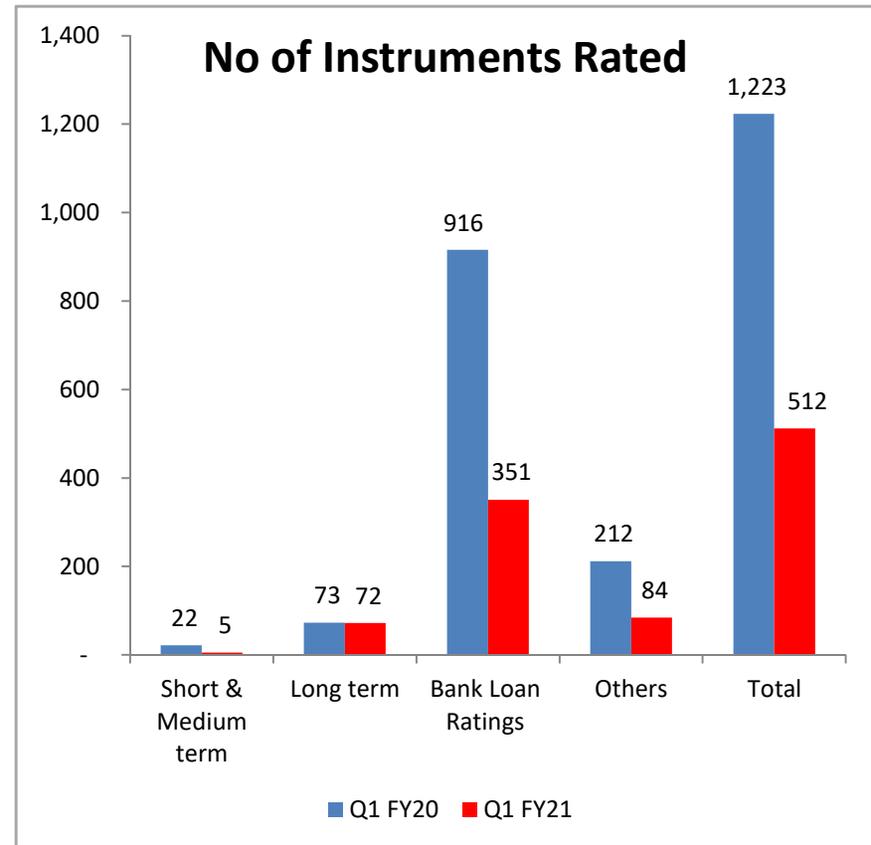
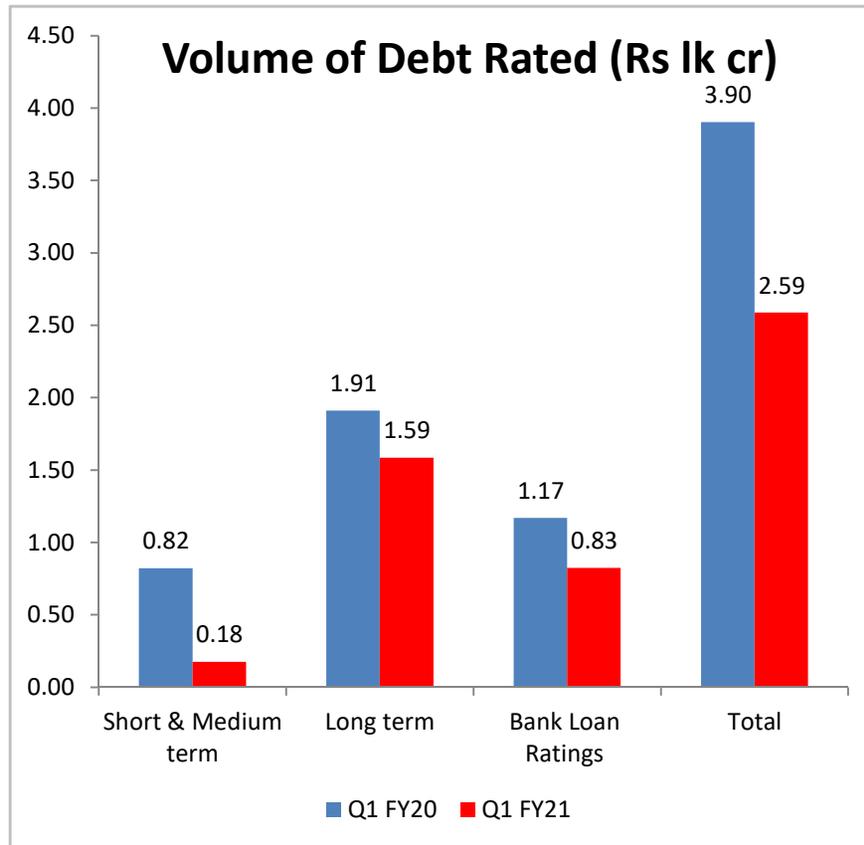


## Financial Performance: Q1 FY21- Standalone

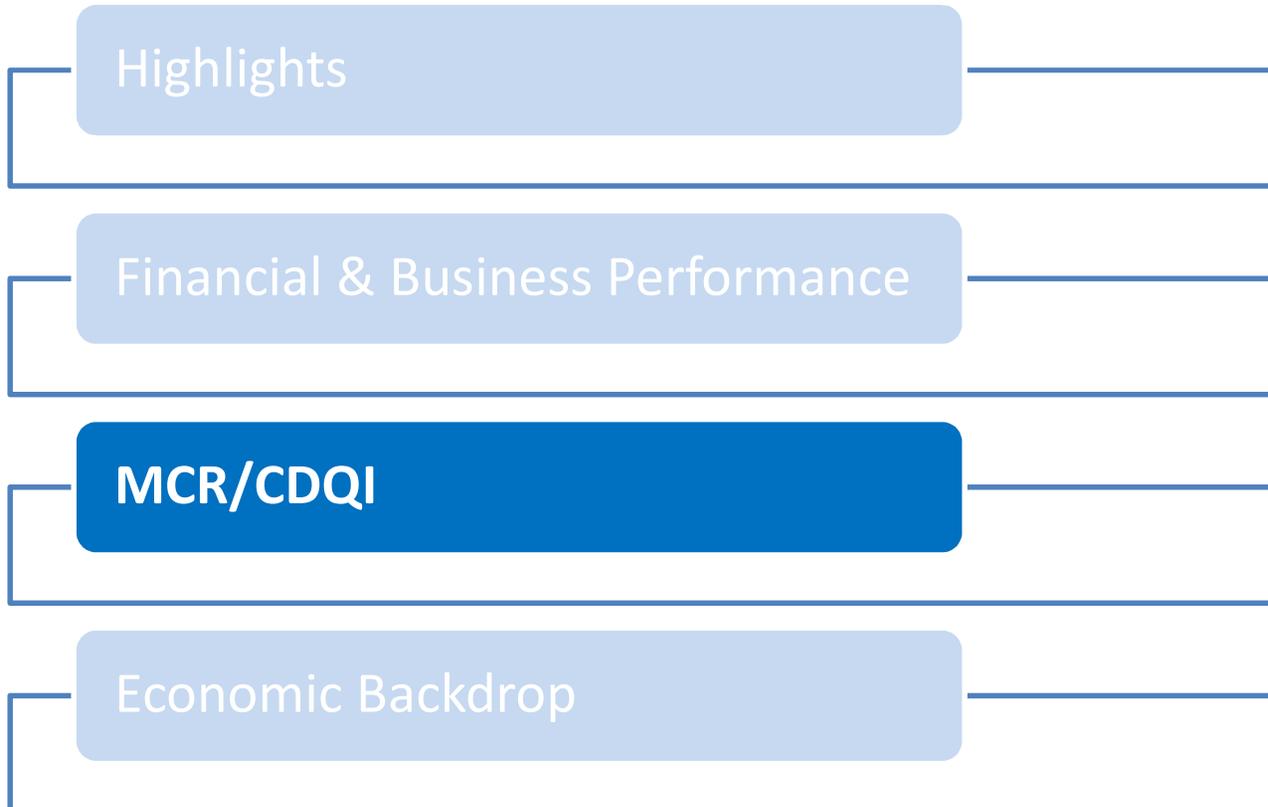


Q1 FY21 PBT margin & PAT margin fell due to lower income (as CARE Ratings has witnessed a impact of COVID-19 and the consequent lockdown announced affecting the operations of most entities and lower borrowing by the NBFC & other sector & muted Capex of the corporate sector)

# Business Performance : Q1 FY21



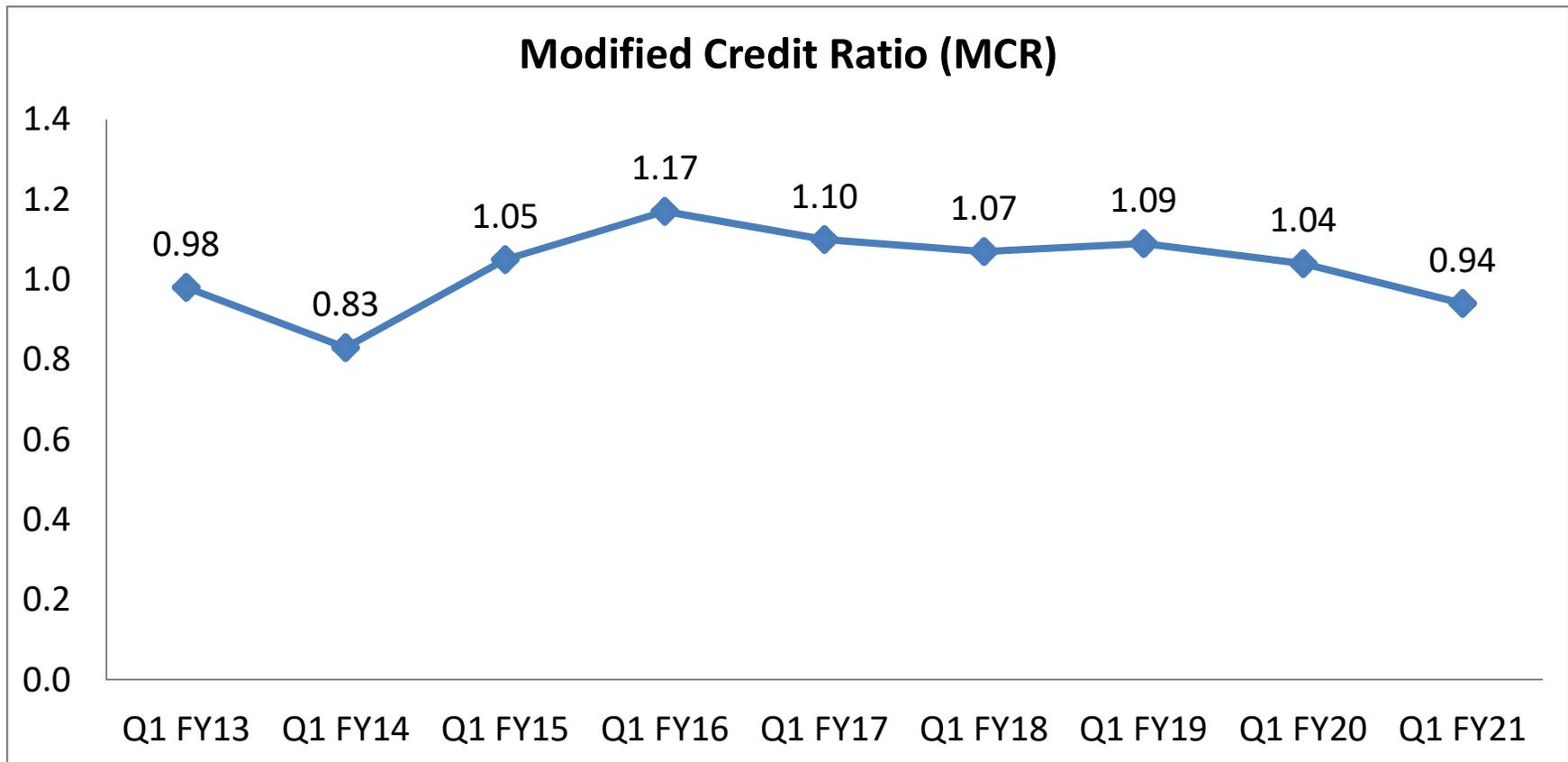
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- Highlights
- Financial & Business Performance
- MCR/CDQI**
- Economic Backdrop

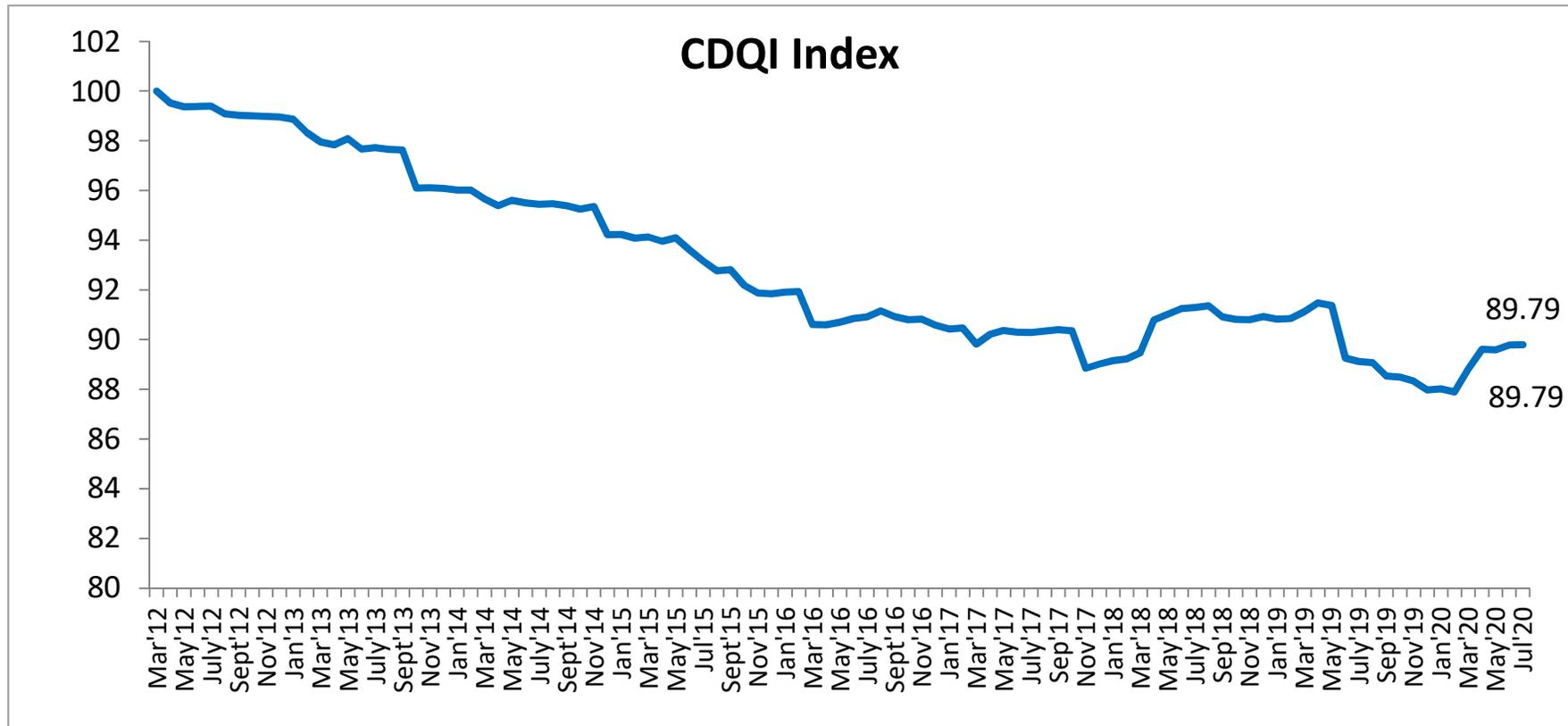
# Rating Movement

The credit profile of entities rated by CARE Ratings has witnessed a perceptible moderation in the current financial year triggered mainly by COVID-19 and the consequent lockdown announced affecting the operations of most entities. The credit quality of the rated entities as measured by CARE Rating’s ‘modified credit ratio’ (MCR) declined to a 26 quarter low in Q1 2020-21.

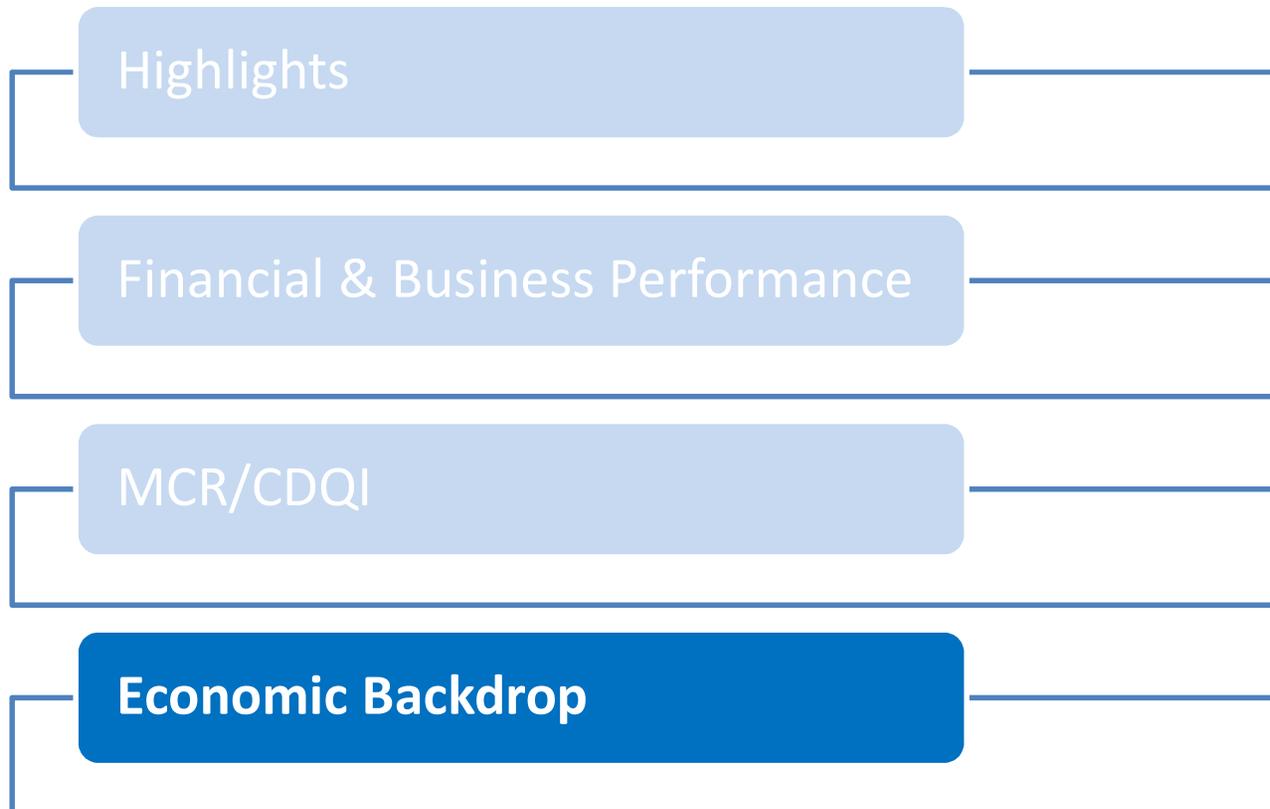


# CARE Ratings Debt Quality Index (CDQI)

The index has seen a notable increase in April'20 on account of enhancements in rated debt of high rated entities while it remained almost stable in May 2020 at 89.58. CDQI increased by 0.20 points in June 2020 on account of enhancements in rated debt of high rated entities and few ratings moving from default grade to non-default category on improvement in the liquidity of those companies. In July 2020, it remained unchanged at the previous month's level.

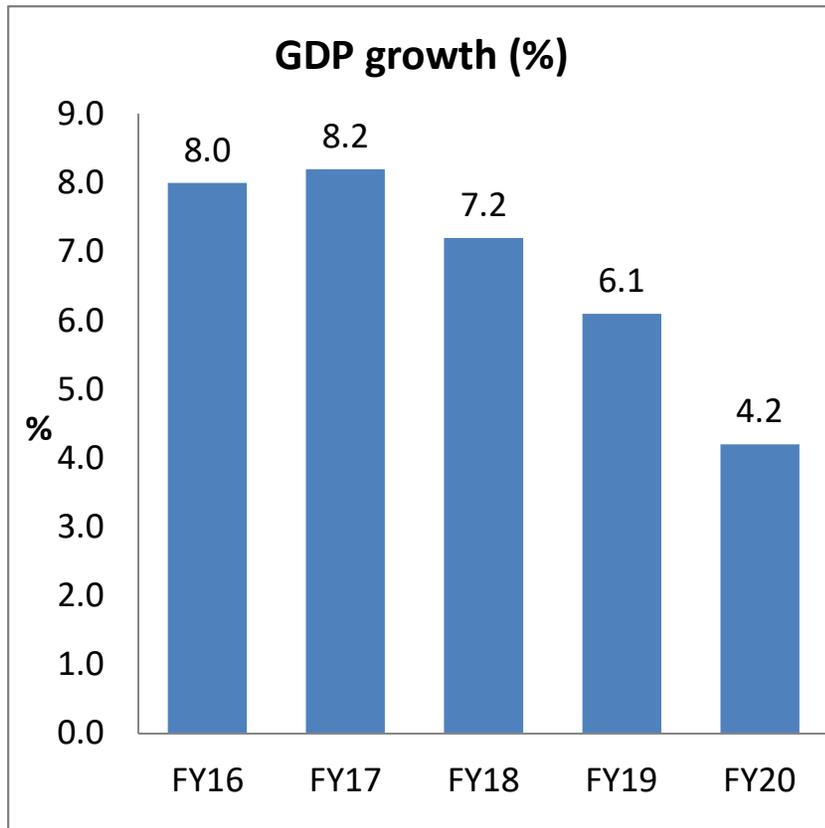


# Contents

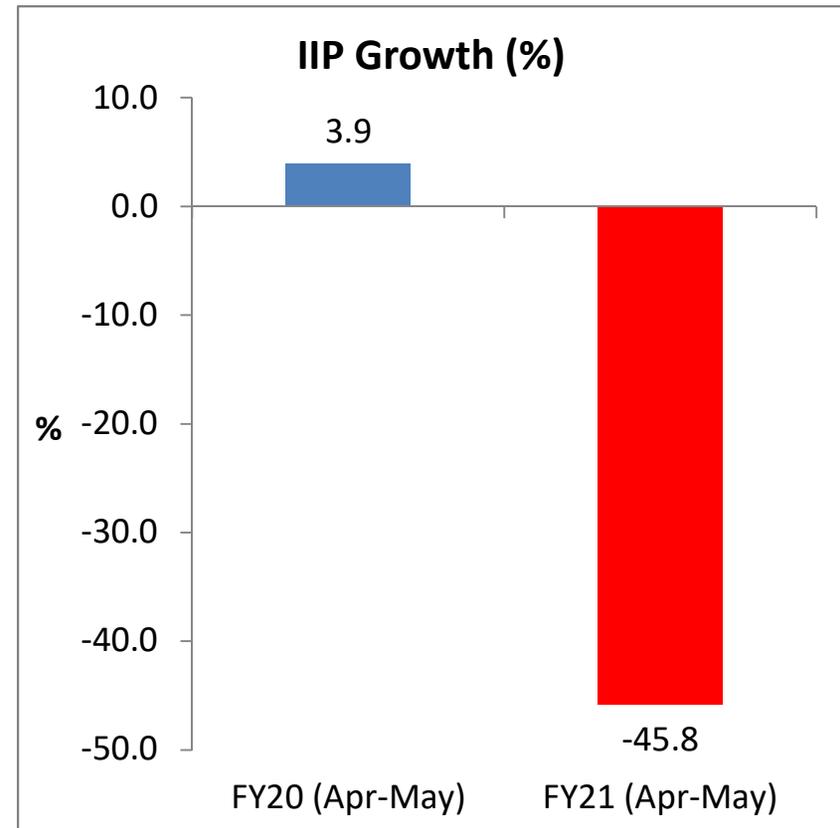


Highlights	
Financial & Business Performance	
MCR/CDQI	
<b>Economic Backdrop</b>	

# Economic Growth and Industrial Output



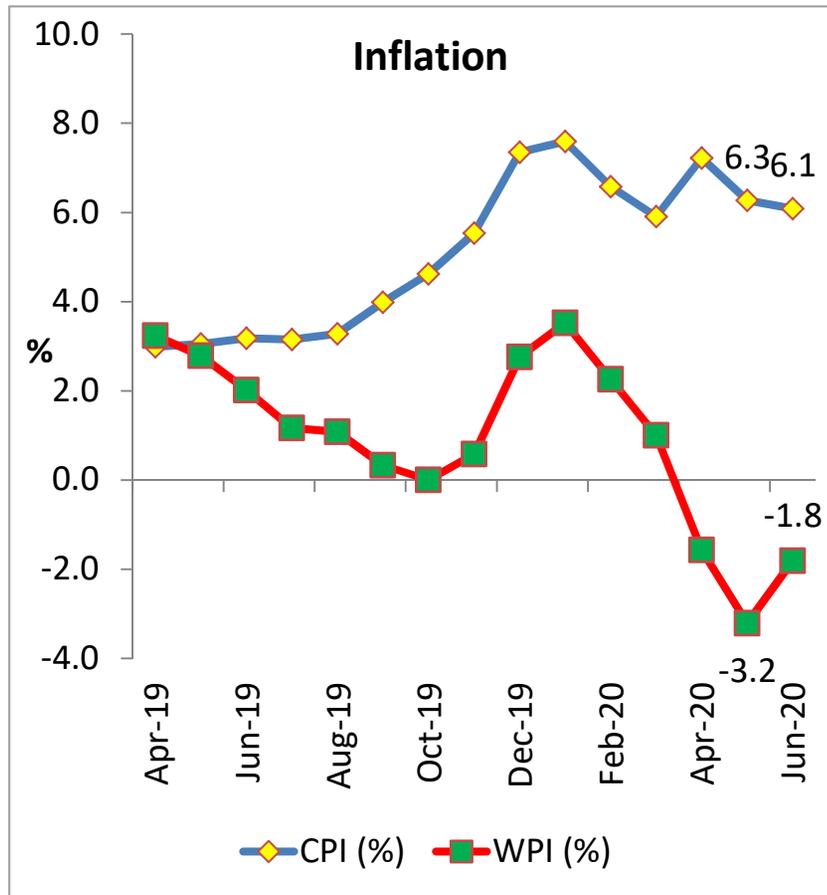
Source: MOSPI



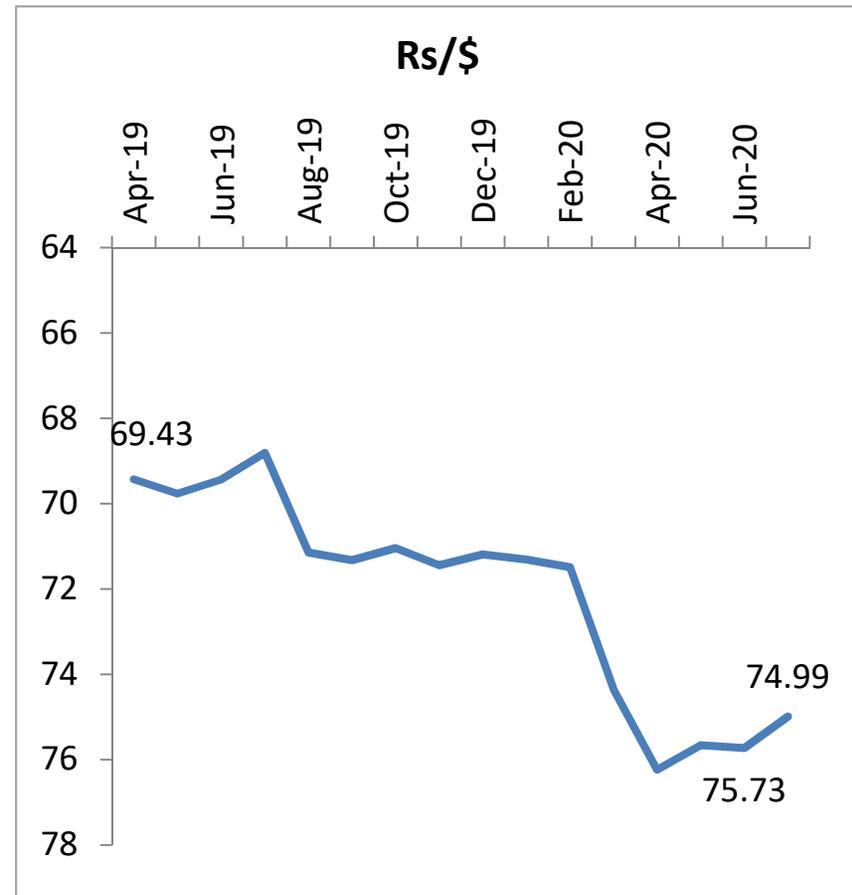
Source: MOSPI

Our estimate for FY21 – Contraction in real GDP growth by 6.4%

# Inflation and Exchange Rate

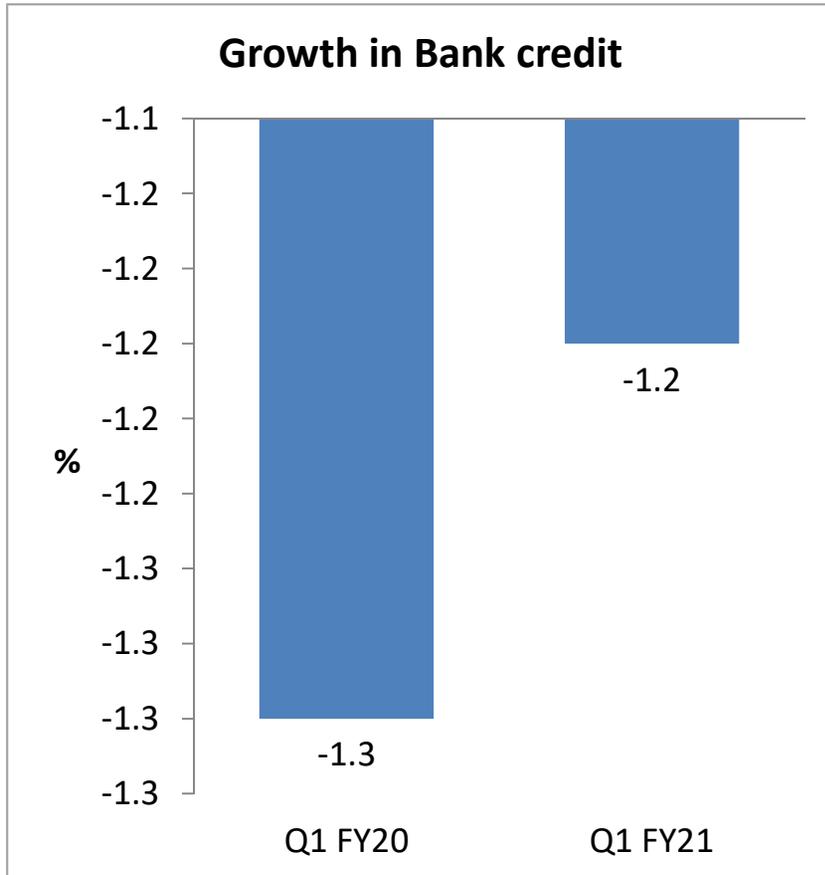


Source: MOSPI

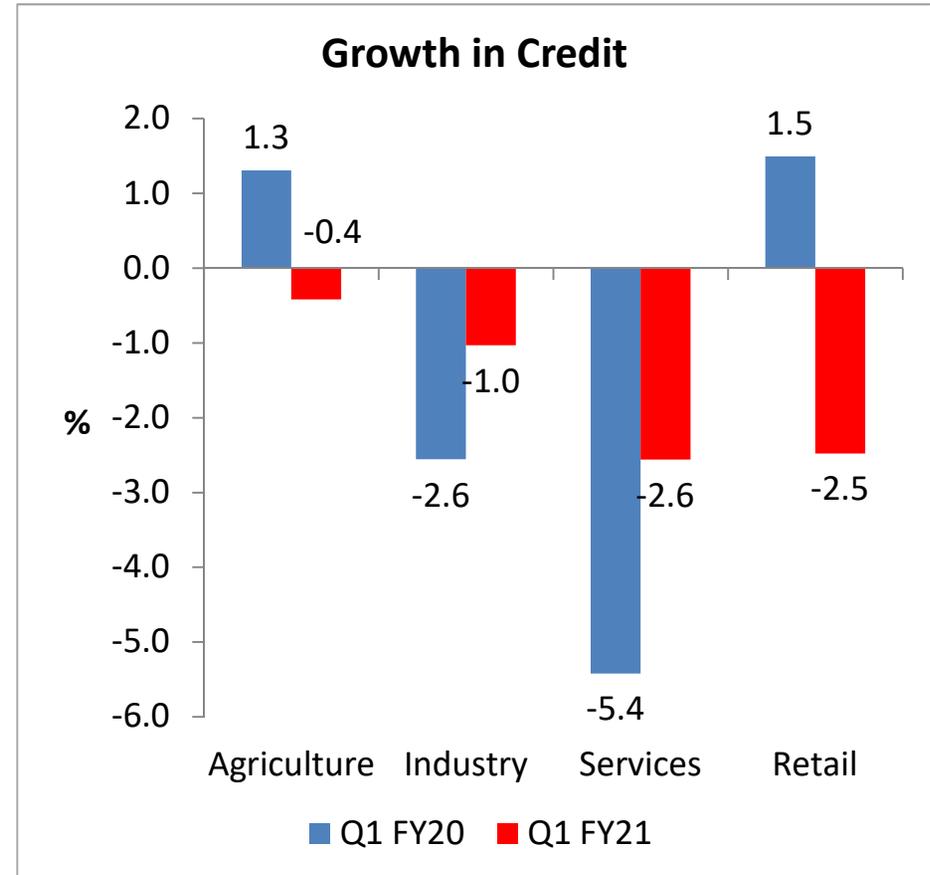


Source: RBI

# Bank Credit

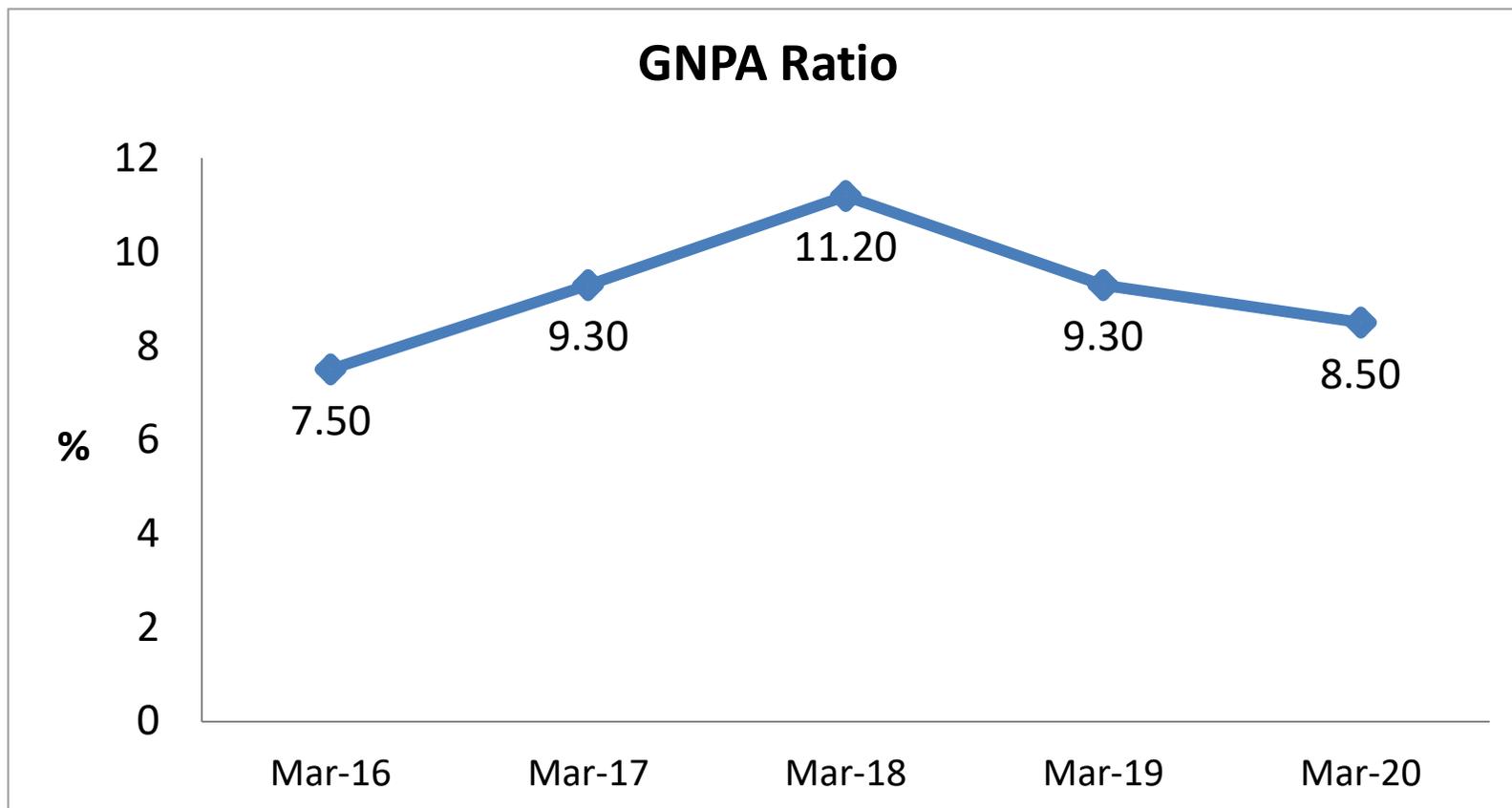


Source: RBI



Source: RBI

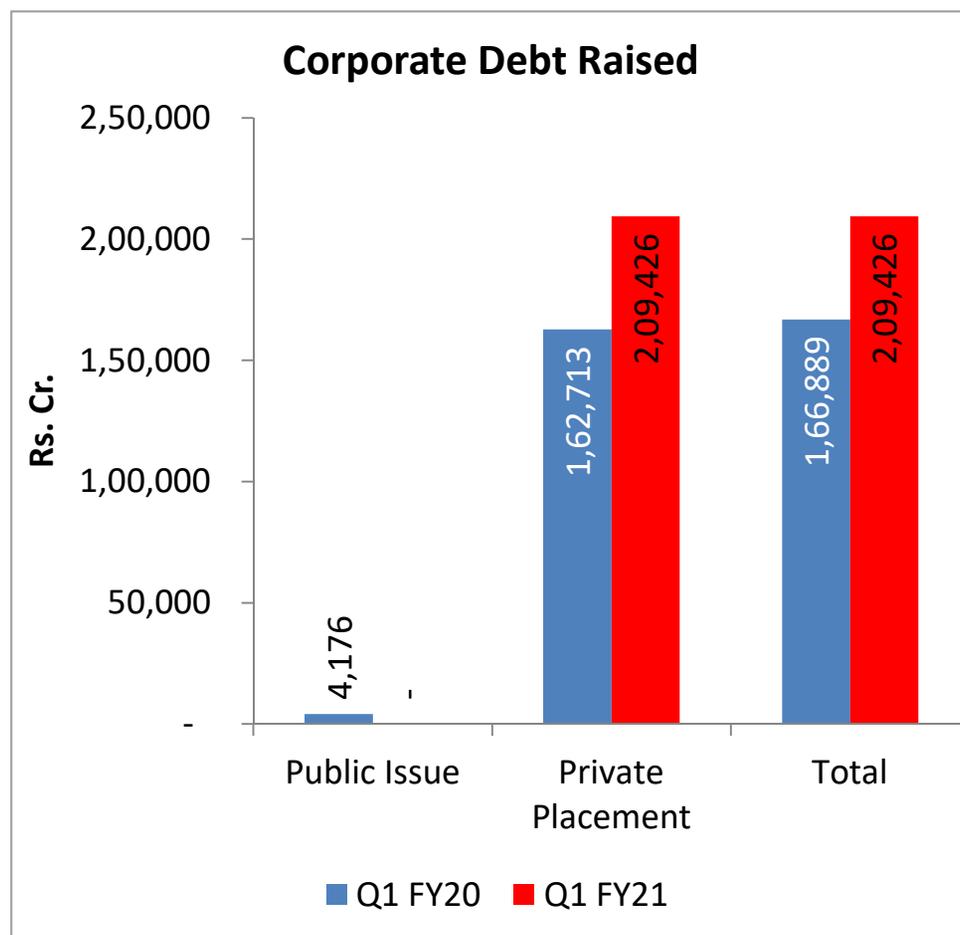
## Non-Performing Assets



Note: Gross NPAs as a percentage of gross advances

Source: RBI

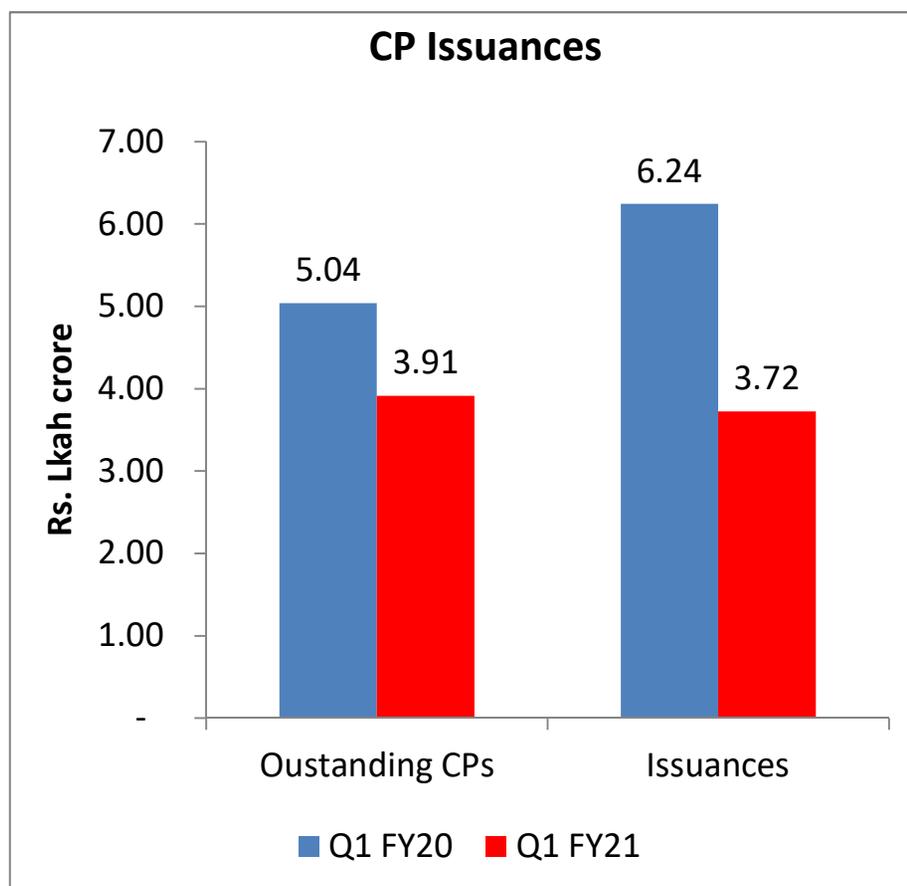
# Corporate Bond Issuances



Source: SEBI

- During the first quarter, majority of the corporate bond issuances are raised by the financial sector (57% share)
  - Banks/term lending (28%), financial services/investment (16%), housing finance (13%)
- Some of the other main sectors pertained to
  - Power generation and supply (8%)
  - Roads and highways (3% share)
  - Iron and steel (3%)
  - Real estate (3%)
  - Auto (2%)

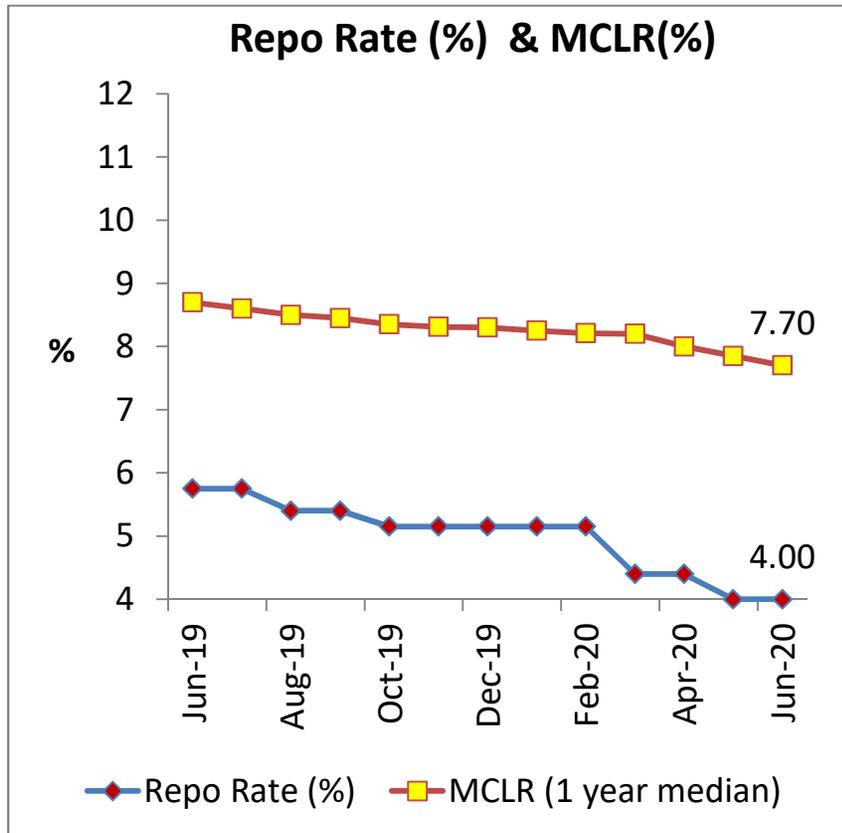
# Commercial Paper



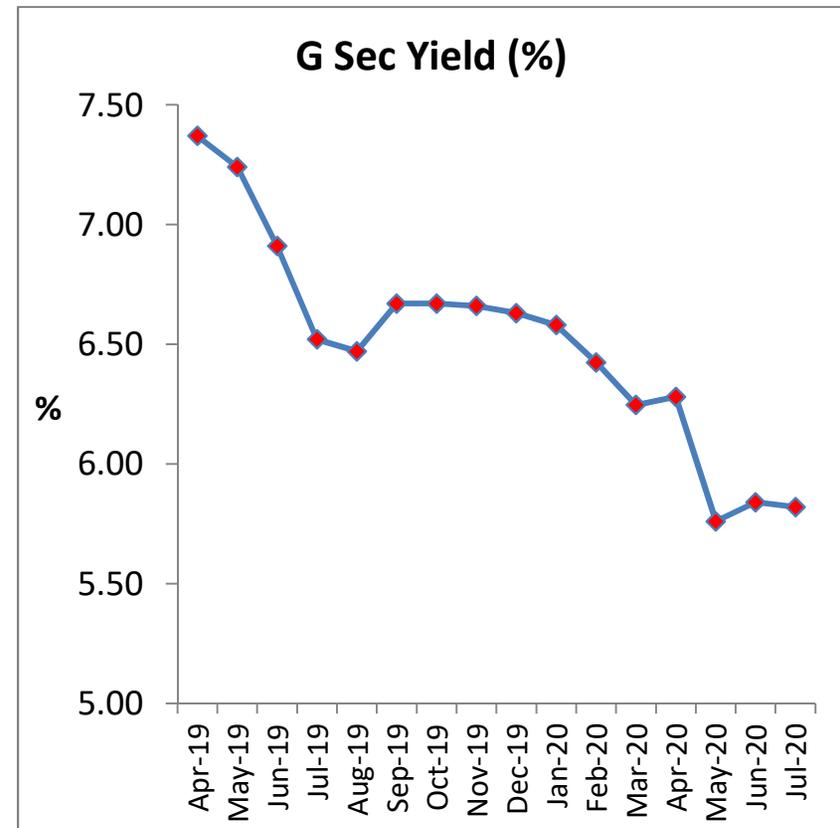
Source: RBI

- Within the total CP issuances during the quarter, the highest issuances were raised by oil exploration and refineries (25%) followed by banking/term lending (14%) and power (12%)
- Some of the other sectors pertained to
  - Financial services (11%)
  - Telecom (10%)
  - Housing Finance (6%)
  - Fertilizers (3%)
  - Textiles (2%)
  - Cement (1%)
  - Construction (1%)
  - Iron and steel (1%)

# Interest Rate and GSec yields



Source: RBI



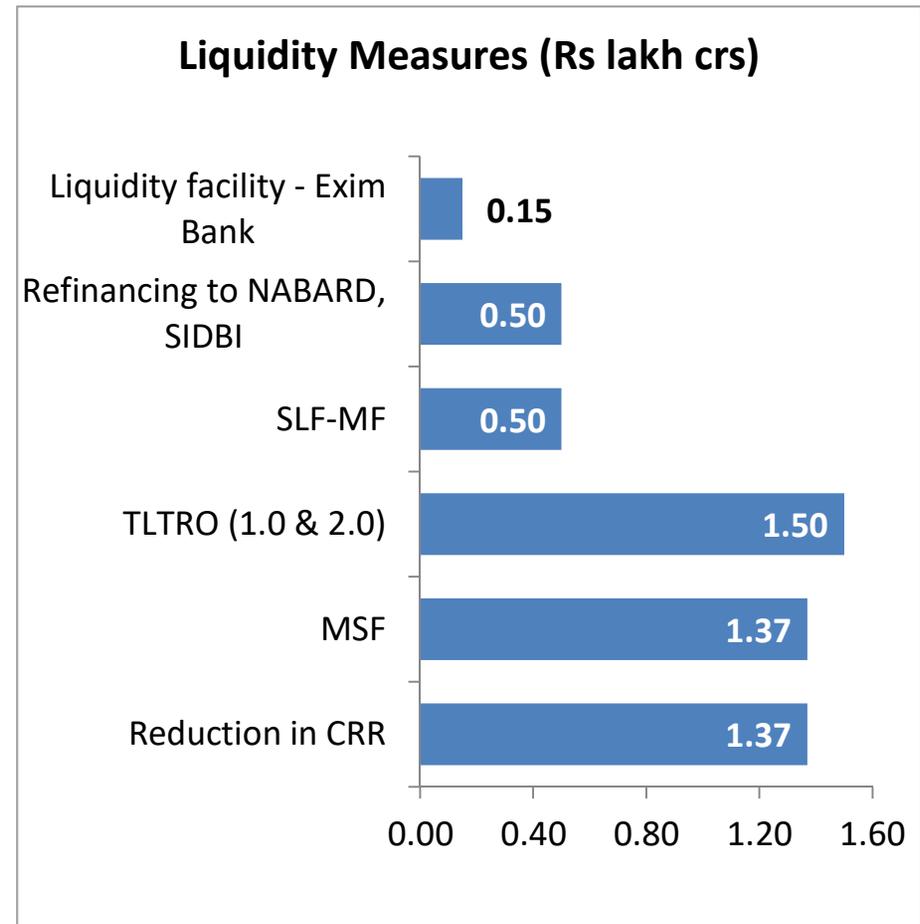
Source: FIMMDA

## Central Govt.'s Rs. 20 lakh cr stimulus package

Announcements	Amount (Rs crs)
PM Garib Kalyan Yojana	1,70,000
Spending on health sector	15,000
Support for MSMEs (Credit Guarantee)	3,70,000
EPF relaxation	9,250
NBFC/HFC/MFI liquidity (Credit guarantee)	30,000
Partial credit scheme for NBFCs	45,000
Funds to discoms (through PFC and REC)	90,000
Tax relaxation	50,000
Free food to migrants	3,500
Interest subvention on Mudra loans	1,500
Special credit line for street vendors	5,000
Credit Linked Subsidy Scheme for housing	70,000
Agri – Loans (KCC*, NABARD)	2,30,000
Infra to agri and allied	1,50,000
Social infrastructure	8,100
MGNREGA	40,000
<b>Total</b>	<b>12,95,150</b>

# RBI measures

- Repo Rate** • 115 bps cut to 4%
- Reverse Repo Rate** • Cut by 155 bps
- Loan Moratorium** • For 6 months
- LCR** • Reduced to 80%
- CRR** • 100 bps cut to 3% of NDTL
- NPA** • 6 months extension for resolution plan
- State Govt.** • WMA limit – 60%
- State Govt.** • CSF withdrawal limit relaxed



**Thank you**