

10th August 2020

Q1-FY21 Results

The Board of Directors of CARE Ratings approved the financial results for the first quarter of FY21 in the Board meeting held on Monday the 10th of August 2020.

Consolidated results

For the quarter consolidated total income is Rs 46.89 crore as against Rs 57.73 crore in corresponding quarter of FY20. Profit after tax (PAT) moderated from Rs 13.49 crore in Q1-FY20 to Rs 9.70 crore in Q1-FY21.

Standalone results

CARE Ratings standalone total income declined from Rs 52.96 crore in Q1-FY20 to Rs 42.49 crore in Q1-FY21. Other income increased from Rs 7.74 crore to Rs 9.44 crore. Total expenditure decreased from Rs 35.68 crore to Rs 30.09 crore during this period. PAT declined from Rs 13.09 crore to Rs 9.93 crore for the quarter with the margin correspondingly declining to 23.4% from 24.7%.

The shutdown following the pandemic affected the business environment as several companies were not able to function at a normal scale during the months of April and May. The RBI had offered a moratorium to companies on their debt servicing obligations which had an impact on overall growth in credit which was -1.2%. In particular, growth in credit to manufacturing and services had declined by -1% and -2.6% respectively over March. 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 and infusion of liquidity through various measures since March. Bond issuances were higher at Rs 2.09 lakh crore in Q1 mainly due to the measures taken by RBI on TLTROs. The issuers tended to be higher rated companies and also in the public sector. All these factors affected our rating business. The time extensions given to companies to announce their results meant that we had less access to audited results of companies which affected our surveillance business.

"While the national level lockdown has been lifted and the economy is in an 'unlock' phase, localized lockdowns have affected economic activity and business is also not yet close to normal. Companies in the services sector in areas like hospitality, media, entertainment, tourism, catering, etc. have not yet been opened up and would have to wait for some more time. Under these conditions we would tend to be cautious in our outlook for growth in the credit and debt markets in the coming quarters.



On the positive side there have been several policy measures announced by the government and RBI to push forward the flow of credit which will mitigate the situation to an extent," said Ajay Mahajan, MD & CEO, CARE Ratings

For further information contact:

Ajay Mahajan, MD & CEO 022- 6754 3636

Navin Jain, Executive Director, 022- 6754 3400

