Dun & Bradstreet India Data Updates

Indian Listed Company Ratings in the Dun & Bradstreet Data Cloud

The 2020 Risk Spread in the Dun & Bradstreet Data Cloud shows that 82% of Indian listed companies have been categorized under the Risk Indicators "Fair" and "Limited". 199 Indian listed companies have seen a rating downgrade based on FY 2020 financials. These companies would require close monitoring before undertaking any business transaction with them.

2020 Financial Performance Matrix

Risk Indictor	Strong (1)	Good (2)	Fair (3)	Limited (4)
Interpretation	Minimal Trading Risk	Low Risk	Slightly Greater Than Average Risk	Significant Trading Risk
Risk Spread 2020	72 (2%)	514 (16%)	2,228 (68%)	443 (14%)
Risk Spread 2019	80 (2%)	580 (18%)	2,182 (67%)	415 (13%)
Indicative KPIs of businesses falling under each risk category	• Top industry players • Part of large conglomerates having strong internal control and corporate governance • High growth companies with consistent improvement in KPIs • Timely compliance to regulatory & statutory requirements		• Inconsistent growth trend • Companies having stress on working capital • Loss making businesses • Limited instances of non-compliance	• Significant working capital stressed businesses • Loan default • Businesses with negative tangible net worth • Non-compliant companies
Likely Impact of Covid - 19	Low	Minimal	High	Very High

Analysis excludes companies which have no operating revenue in any of last 2 years and companies operating in Banking / FIIs / Insurance space

Key Financial Performance Insights

Positive

1,357 companies have shown an increase in topline

1,233 companies have shown an increase in operating margin

2,038 companies have seen an increase in tangible net worth

2,100 companies have positive cash flow from operating activities

1,141 companies have reported a profit in both Q1 and Q2 of FY 2021

Negative

226 companies have reported NIL operating revenue in any of the last 2 years

233 companies are highly leveraged / 274 have eroded their net worth

650 companies have reported losses in both Q1 and Q2 of FY 2021

2,024 companies have shown a decline in operating margin

129 companies have defaulted in loan repayment

1,900 companies have shown a decline in topline

Key Features and Benefits of MCA21 Version 3

By Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet

The Union Budget 2021-22 revealed that the Ministry of Corporate Affairs (MCA) is set to launch the MCA21 Version 3.0 with additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management. MCA21, launched in 2006, is the first Mission Mode e-Governance project of the central government which enabled radical improvements in the e-governance and ease of doing business space by allowing registration of companies, filing of statutory documents etc. through online portal/ electronic filing. In addition, the MCA21 projects improve transparency by allowing inspection of public documents of companies.

The government intends to introduce MCA21 Version 3 (MCA21 V3) during FY22, which will be driven by data analytics, artificial intelligence and machine learning. Further, MCA21 V3 is expected to enhance user experience, and facilitate seamless integration and data exchange among regulators. The key features of the MCA V3 builds upon the two agenda of the government - ease of doing business and improving corporate governance.

On Ease of Doing Business

• The e-adjudication module will help manage the increased volume of adjudication proceedings by Registrar of Companies (RoC) and Regional Directors (RD), facilitate end to end digitisation of the process of adjudication and provide a platform for conducting online hearings with stakeholders and end to end adjudication electronically

• The e-Consultation module will help automate and enhance the current process of public consultation on proposed amendments, draft rules etc. Further, the system will also facilitate Artificial Intelligence driven sentiment analysis, and collation of stakeholders' inputs for internal reference of the ministry

On Improving Corporate Governance

• The government is in the process of setting up a Central Scrutiny Cell which will scrutinize certain Straight Through Process (STP) Forms filed by companies on the MCA21 registry and flag the companies for more in depth scrutiny

• The Compliance Management System (CMS) will assist in identifying non-compliant companies and issue e-notices to the defaulting companies. The CMS will also conduct rule based compliance checks

• An MCA Lab consisting of corporate law experts will be set up to evaluate the effectiveness of Compliance Management System, e-Consultation module, enforcement module, etc. and suggest enhancements to the same on an on-going basis

Introduction of the above modules will benefit multiple stakeholders such as the corporates, financial institutions, general public, etc. and further strengthen corporate governance and the ease of doing business environment.