

To,

The National Stock Exchange India Ltd.
Listing Department
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

The General Manager
The Corporate Relation Department
BSE Limited
Phiroza Jeejeebhoy Towers
14th Floor, Dalal Street
Mumbai 400 001

Dear Sir/ Madam,

SUB: OUTCOME OF THE BOARD MEETING HELD ON JULY 31, 2019.

Please find enclosed herewith the Press Release and Investor Presentation of the Company of CARE Ratings Limited (Formerly known as Credit Analysis and Research 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 Thursday, August 01, 2019, at 11.00 a.m, post declaration of its Unaudited Standalone and Consolidated Financial Results for the quarter ended June 30, 2019.

Kindly take the above on record.

Yours faithfully,

For CARE Ratings Limited
(Formerly known as Credit Analysis and Research Limited)


Navin Kumar Jain
Company Secretary & Compliance Officer



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

Mumbai, 31st July, 2019

Q1-FY20 Results

The Board of Directors of CARE Ratings approved the financial results for the quarter ended June 2019 in the Board meeting held on Wednesday, the 31st July, 2019.

Consolidated Financial Results

CARE Ratings consolidated Total income for the quarter ended June 30, 2019 is Rs.57.73crore compared with Rs.64.56crore in the comparable quarter previous year. Consolidated income from operations for the quarter ended June 30, 2019 is Rs. 49.92 crore as against Rs. 59.99 crore in the quarter ended June 30, 2018. Profit after tax moderated to Rs. 13.49 crore compared with Rs. 25.16 crore in the comparable quarter last year.

Standalone Financial Results

CARE Ratings standalone Total income for the quarter ended June 30, 2019 is Rs.52.96crore compared with Rs.61.66crore in the comparable quarter previous year. Standalone income from operations for the quarter ended June 30, 2019 is Rs. 45.22crore as against Rs. 57.42crore in the quarter ended June 30, 2018. Profit after tax moderated to Rs. 13.09crore compared with Rs. 25.55 crore in the comparable quarter last year. PAT moderated mainly due to dip in income from operations, increase in employee cost and increase in other expenses.

The Board of Directors have recommended dividend of Rs. 3/- per share (of Rs. 10/- face value) for the quarter ended June 30, 2019.

Major factors affecting results of financial year ended March 2019

The prolonged period of headwinds faced by the NBFC sector since the end of the second quarter of FY19 had its impact on the borrowings by this crucial segment of the economy. With the capex related borrowings of the corporate sector also not picking up, the performance of the company got impacted. Further, rating income is a function of availability of adequate information (including audited results) for conclusion of ratings and as such, can impact the quarterly rating revenues, especially in the first quarter.

Operational Data

For the quarter ended June 30, 2019, your company has rated total debt amounting to Rs.3.90 lakh crore compared with Rs.3.81 lakh crore in the quarter ended June 30, 2018. This comprises Rs.1.91lakh crore of bonds, Rs.1.17lakh crore bank loans and Rs.0.82lakh crore short term ratings (including Commercial Paper) for the quarter ended June 30, 2019.

Economic backdrop

Various challenges on the economy front including high NPAs in the banking system, stagnant private investment and lower consumption demand resulting subdued economic growth continued

to weigh on the economy during the first quarter of the fiscal year 2019-20. The liquidity condition in the system, however, improved during the quarter with banking system liquidity turning into surplus. While the price pressures are increasing especially in terms of food inflation, industrial activity has remained subdued during the quarter.

Total corporate bonds raised during Q1 FY20 amounted to Rs. 1.67 lakh crore, 44% higher than the issuances worth Rs. 1.16 lakh crore in the corresponding quarter last year. The bank credit growth (over March) witnessed further contraction from 0.1% in Q1 FY19 to 1.3% in Q1 FY20. During the period April-May 2019, the industrial and services sector too witnessed contraction in the bank credit. The bank credit in the industrial sector contracted by 2.5% in May 2019 over March 2019 compared with 2% in the previous period. Likewise, the services sector credit off take contracted at a faster pace at 5.3% compared with contraction 2.8% during the first 2 months of the year.

Citing growth concerns and low inflation, RBI further lowered the repo rate by 25 bps to 5.75% in June'19 and the stance was changed to accommodative from neutral.

'Our view on the state of the economy is cautious and the future growth of our business will be contingent on how the financial markets fare in the coming months. Overall growth in GDP for the year would be just above last year's growth, but the crux would be a pick-up in investment. The NBFC problem is still in the process of being resolved by the government and RBI and the early resolution will have a bearing on the performance of the bond market,' said Mr T.N. Arun Kumar, Interim CEO.

Contact:

Mr. T N Arun Kumar, Interim CEO, 022 - 6754 3412

ABOUT US

*CARE Ratings (until recently called Credit Analysis and Research Limited), is the second largest full service rating Company in India**. CARE Ratings offers a wide range of rating and grading services across a diverse range of instruments and has over 25 years' experience in the rating of debt instruments and related obligations covering wide range of sectors. The Company's list of clients includes banks and other financial institutions, private sector companies, central public sector undertakings, sub-sovereign entities, small and medium enterprises ("SMEs") and microfinance institutions, among others. The Company also provides issuer ratings and corporate governance ratings and offers rating of innovative debt instruments, such as REITs, expected loss (for infra), perpetual bonds etc. CARE Ratings is recognized for being knowledge based Company and has continued to work towards deepening the base.*

The company has a subsidiary CARE (Ratings) Africa Private Limited (CRAF) in Mauritius and CARE Ratings Nepal Limited in Nepal. The company has two wholly owned subsidiaries in Mumbai, India namely CARE Risk Solutions Private Limited and CARE Advisory Research & Training Limited. The Company has its registered office in Mumbai, and branches in Ahmedabad, Andheri, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune.

*** In terms of rating income FY19.*

CARE Ratings Limited

Investor Presentation – Q1FY20

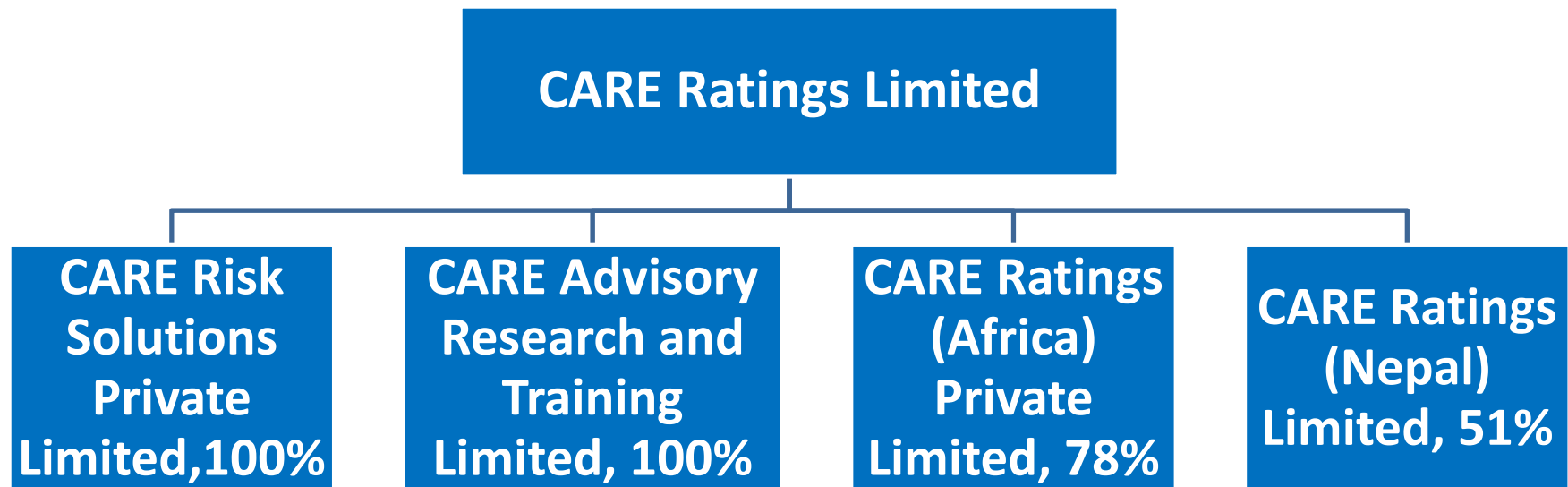
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CARE Ratings Group



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

Experienced & Professional Management

T N Arun Kumar– Interim CEO



- 27 years of experience in financial services
- Before joining CARE, worked for The Industrial Finance Corpn. of India Ltd.
- Holds Bachelor's degree in Technology (Agricultural Engineering) from IIT – Kharagpur
- PGDM from IIM - Ahmedabad
- CFA Charter Holder; FRM



Mehul Pandya – Executive Director

- 23 years of experience in rating services
- In charge of Business Operations of CARE
- B.E;MBA; CFA



Navin Kumar Jain– Executive Director

- 30+ years of experience
- ICSI ; Masters in Financial Services Management

Experienced & Professional Management



Milind Gadkari
*Senior Director,
Ratings*

- 20 years of experience in credit rating, training of new recruits
- Master's degree in management sciences; CFA



Swati Agarwal Jain
*Senior Director,
Business Development*

- 20 years of experience in credit rating, advisory and consultancy
- PGDM



Revati Kasture
*Senior Director,
Ratings*

- 17 years of experience in credit analysis and research services
- C.A.; Cost Accountant



Sanjay Kumar Agarwal
*Senior Director,
Ratings*

- 22 years of experience in corporate and infrastructure finance, risk management and banking
- C.A.; ICWA



Amod Khanorkar
*Senior Director,
Ratings*

- 23 years of experience in credit rating, valuations and project appraisal in infrastructure sector
- PGDM



Madan Sabnavis
Chief Economist

- 29 years of experience in development banking, commercial banking, engineering & commodity markets
- Masters degree in economics



Saikat Roy
*Director,
SME Business
Development*

- 16 years of experience in credit rating and banking sector
- ICWA



Umesh Ikhe
*Chief Technology
Officer*

- 20 years of experience
- Bachelors Degree in Computer Science; Executive General Management Programme from Indian institute of Management



Sandeep Palodkar - HR head

- 24 years of experience
- Master Degree in Human Resources
- Before joining CARE he was associated with Tata Capital Financial Services, WNS Global Services, Videocon Industries limited
- Strong exposure of working in operational and strategic HR in various capacities

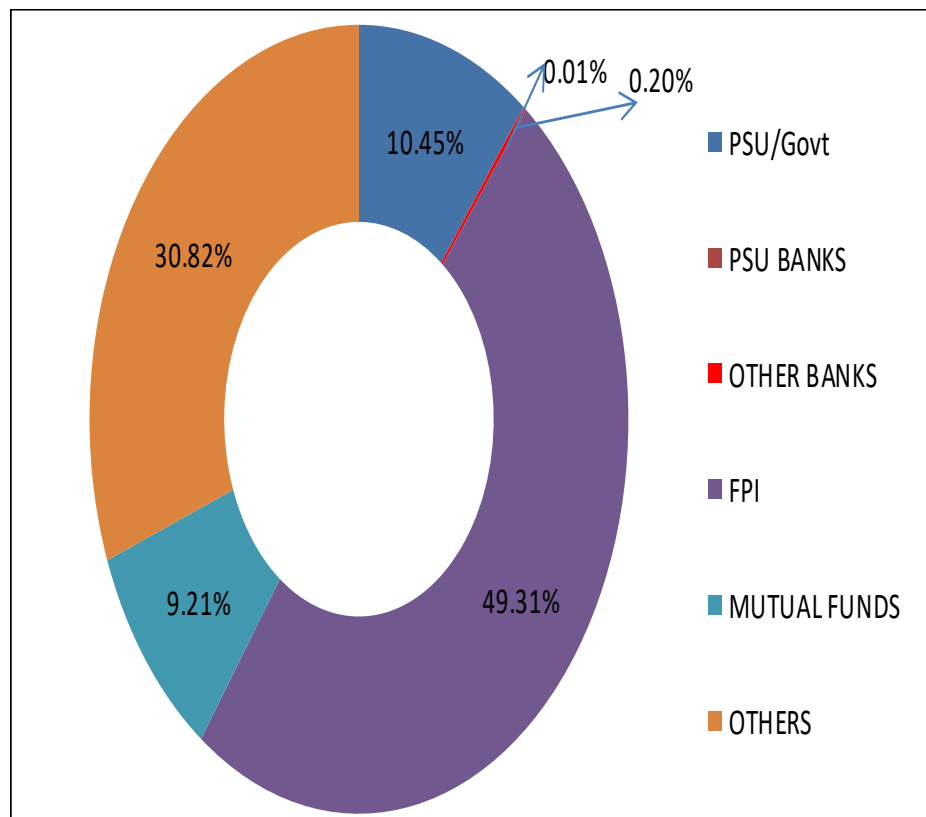


PS Ramesh
Senior Director

- 26+ years of experience
- B Tech (IIT Madras) and MBA (IIM Bangalore)
- Before joining CARE he was associated with India and overseas in Axis Bank, DBS Bank, Jana Small Finance Bank, CRISIL and ICRA

Shareholding Snapshot as on June 30, 2019

100% Public Shareholding- Professionally Managed

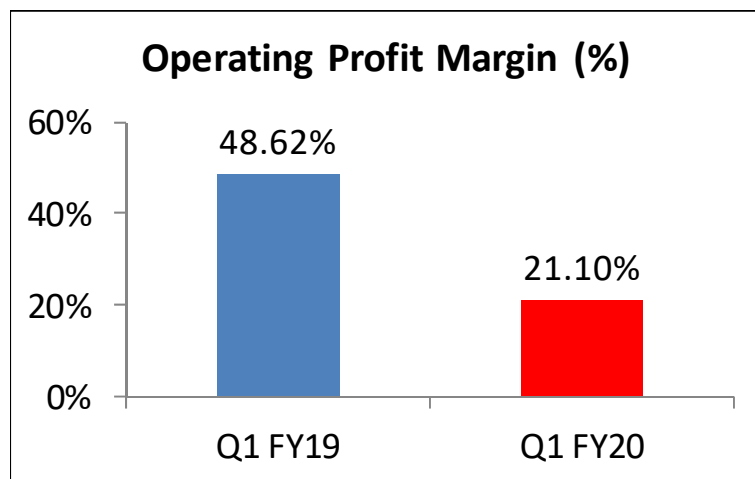


Names of Top 20 Shareholders	Holding %
LIFE INSURANCE CORPORATION OF INDIA+ LIC P & GS FUND	9.85
CRISIL LIMITED	8.90
FRANKLIN TEMPLETON INVESTMENT FUNDS + Mutual fund	8.13
STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P	6.84
VIRTUS KAR INTERNATIONAL SMALL-CAP FUND	5.18
INDIA CAPITAL FUND LIMITED	3.55
MAWER GLOBAL SMALL CAP FUND	3.49
L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSIN	3.03
BMO INVESTMENTS II (IRELAND) PUBLIC LIMITED COMPAN	2.92
MORGAN STANLEY ASIA (SINGAPORE) PTE.	1.94
RUSSELL INVESTMENTS LIMITED	1.80
BAJAJ HOLDINGS AND INVESTMENT LTD	1.69
GOVERNMENT PENSION FUND GLOBAL	1.50
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI	1.29
TATA STEEL LIMITED	1.20
ISHARES CORE EMERGING MARKETS MAURITIUS CO	1.18
GOVERNMENT OF SINGAPORE - E	1.17
L AND T MUTUAL FUND TRUSTEE LTD-L AND T TAX ADVANT	1.09
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1.05
TATA INVESTMENT CORPORATION LIMITED	1.05
Total for Top 20 Shareholders	66.9

Financial Performance

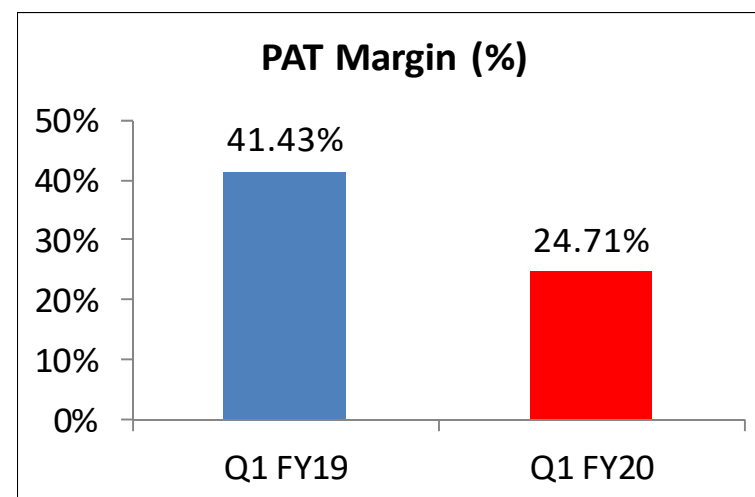
Particulars	Rs. Lakhs					
	Standalone			Consolidated		
	Q1FY20	Q1FY19	% Change	Q1FY20	Q1FY19	% Change
Revenue from Operations	4,522	5,742	-21.2%	4,992	5,999	-16.8%
Total Expenses	3,568	2,950	21.0%	3,989	3,265	22.2%
Operating Profit	954	2,792	-65.8%	1,003	2,734	-63.3%
Other Income	774	424	82.4%	781	457	70.8%
Profit Before Tax	1,728	3,216	-46.3%	1,784	3,191	-44.1%
Provision for Tax	420	661	-36.5%	435	676	-35.6%
Profit After Tax	1,309	2,555	-48.8%	1,349	2,516	-46.4%
Operating Profit margin (%)	21.1%	48.6%		20.1%	45.6%	
Profit Before Tax margin (%)	32.6%	52.2%		30.9%	49.4%	
Net Profit margin (%)	24.7%	41.4%		23.4%	39.0%	
Basic EPS (Rs. per share)	4.44	8.67		4.47	8.54	

Financial Performance: Q1 FY20

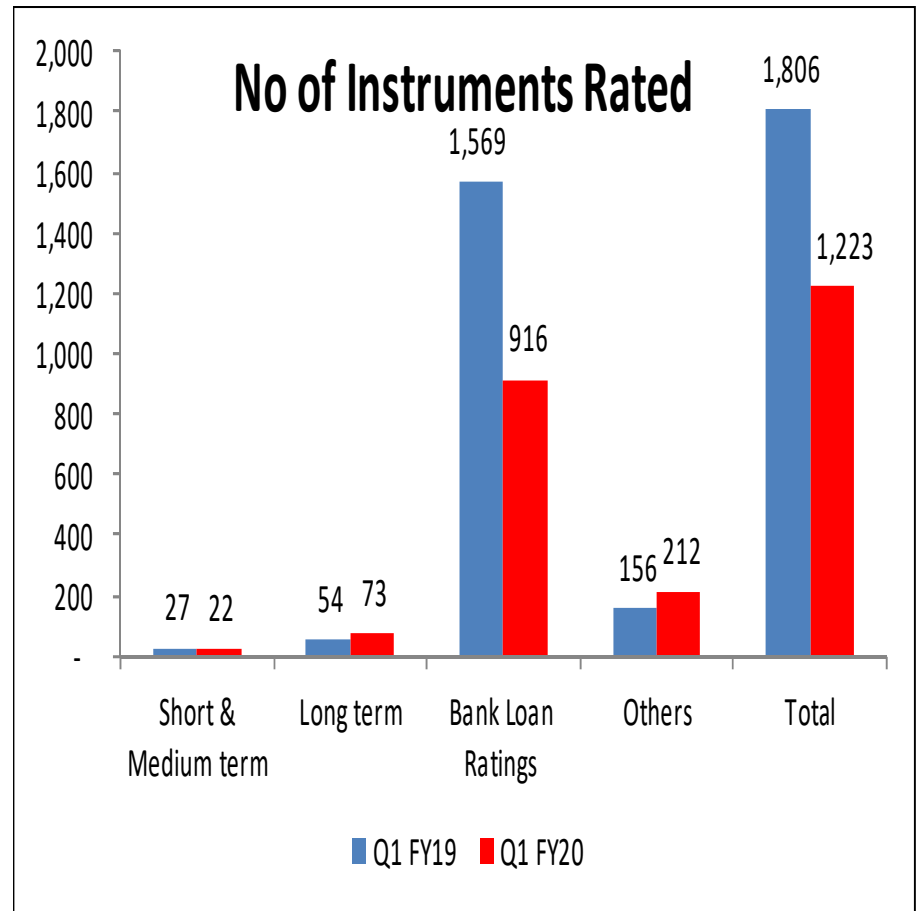
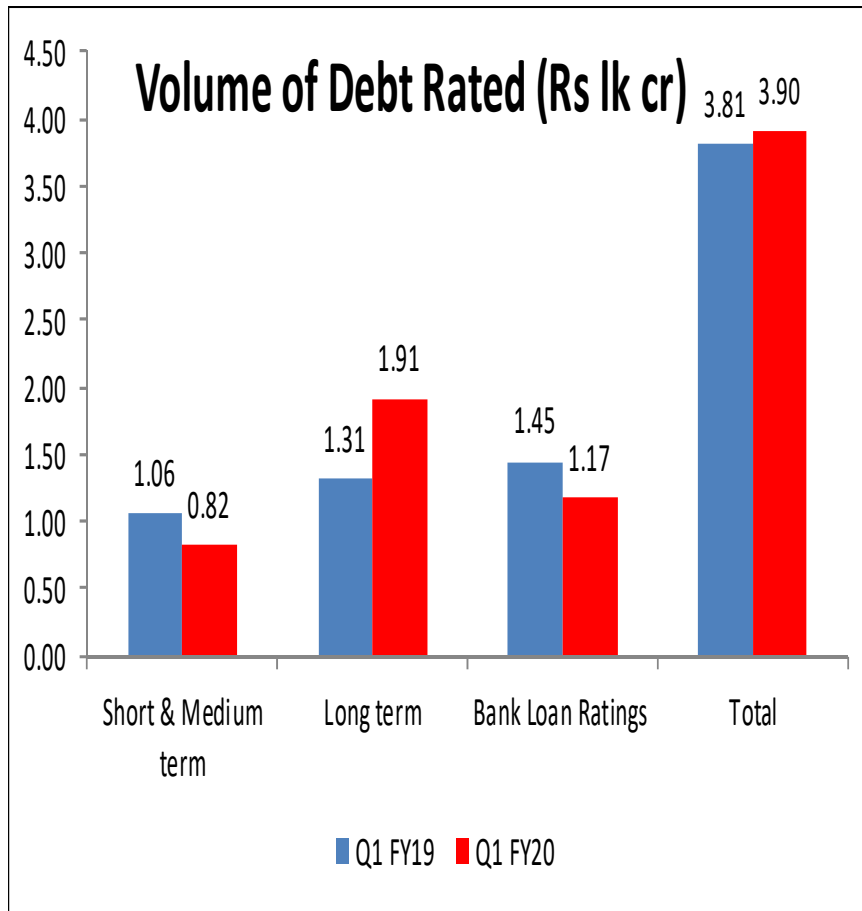


Q1 FY20 PAT margin falling due to revenue moderation, Increase in employee cost & other expenses

Q1 FY20 Operating profit margin falling due prolonged period of headwinds faced by the NBFC sector since the end of the second quarter of FY19 & its impact on the borrowings by this segment. Capex related borrowings of corporate sector also not picking up. Rating income a function of availability of adequate information (including audited results) for conclusion of ratings & can impact quarterly rating revenues, especially in first quarter

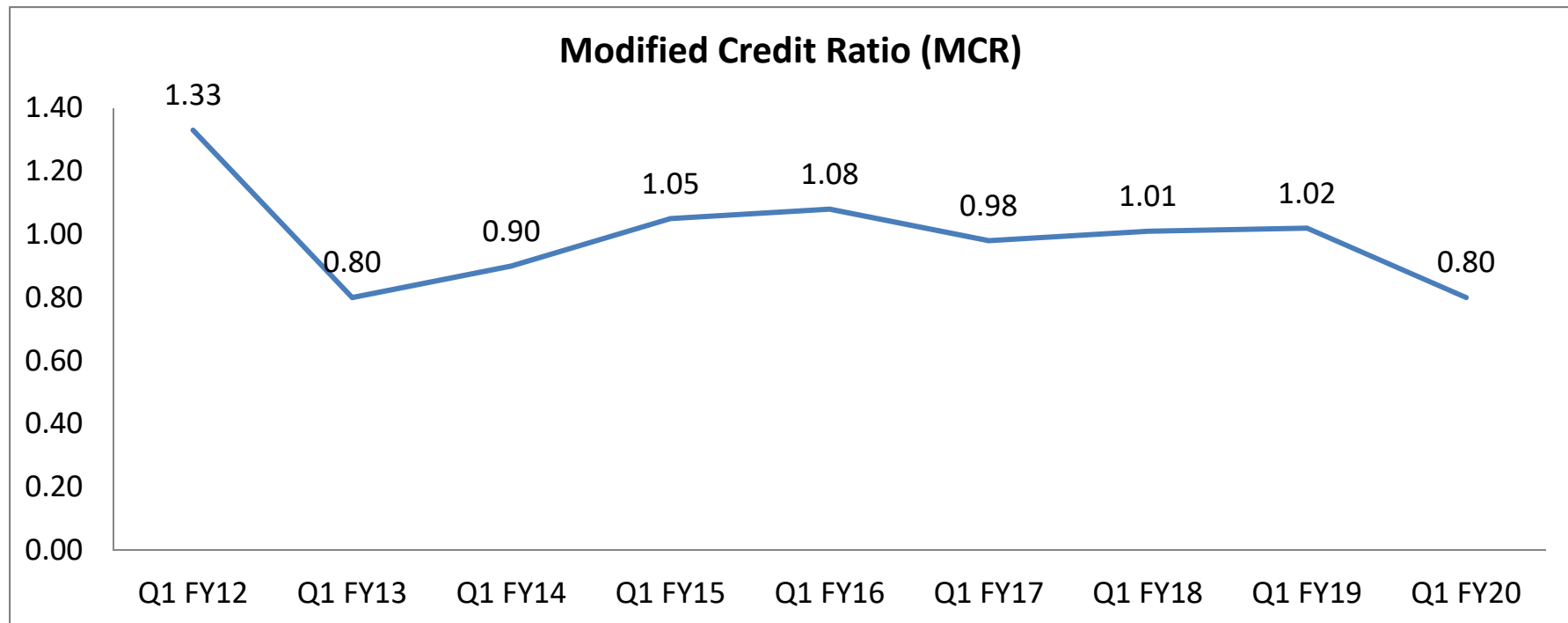


Business Performance: Q1 FY20



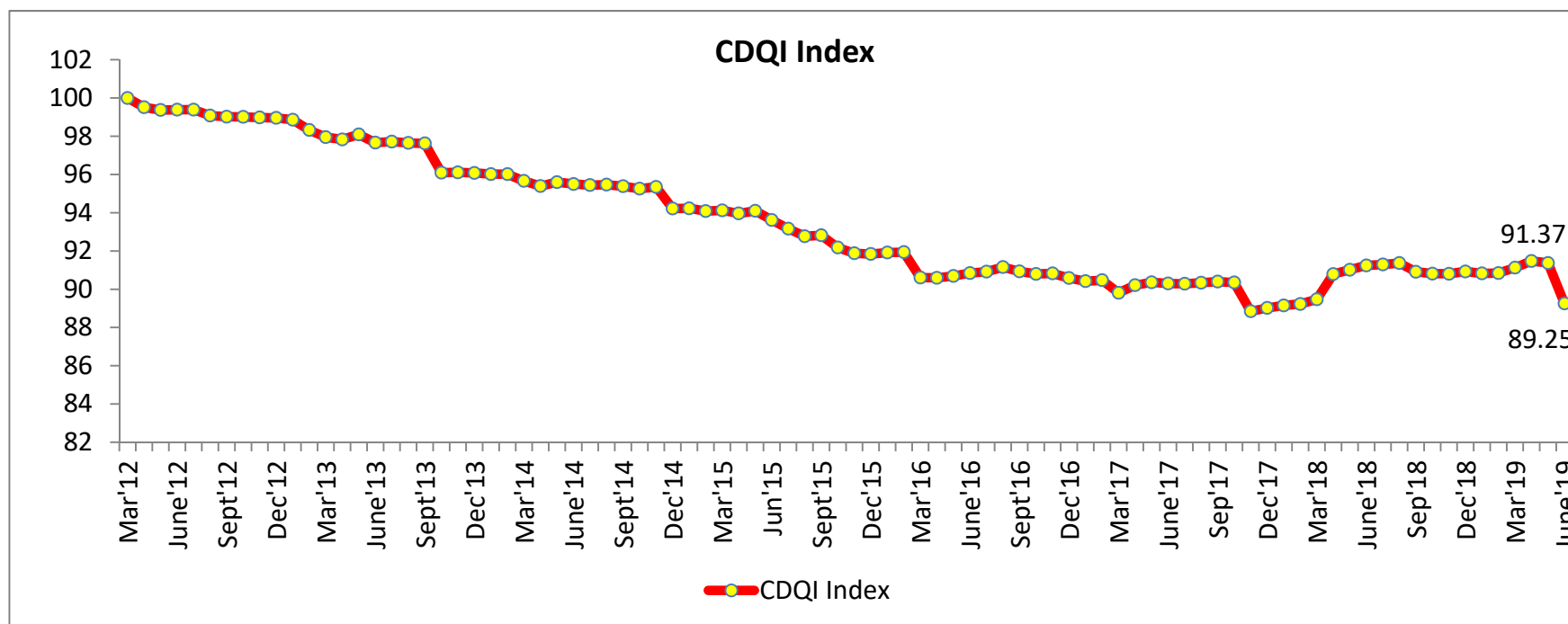
Rating Movement

There has been a deterioration in the credit quality of entities rated by CARE Ratings in the first quarter of the ongoing financial year which attests to the prevailing slowdown in the domestic economy. The credit quality as measured by CARE Ratings 'modified credit ratio' (MCR), for Q1 2019-20 declined to a 6 year low of 0.8. The ratio in the corresponding period of 2018-19 was 1.02.

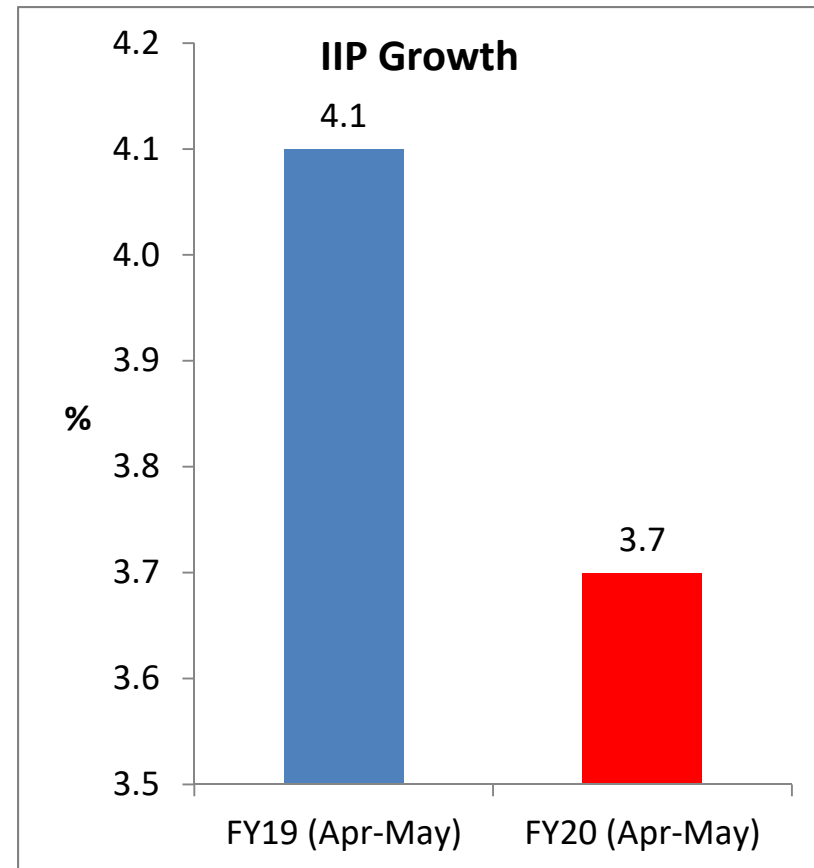
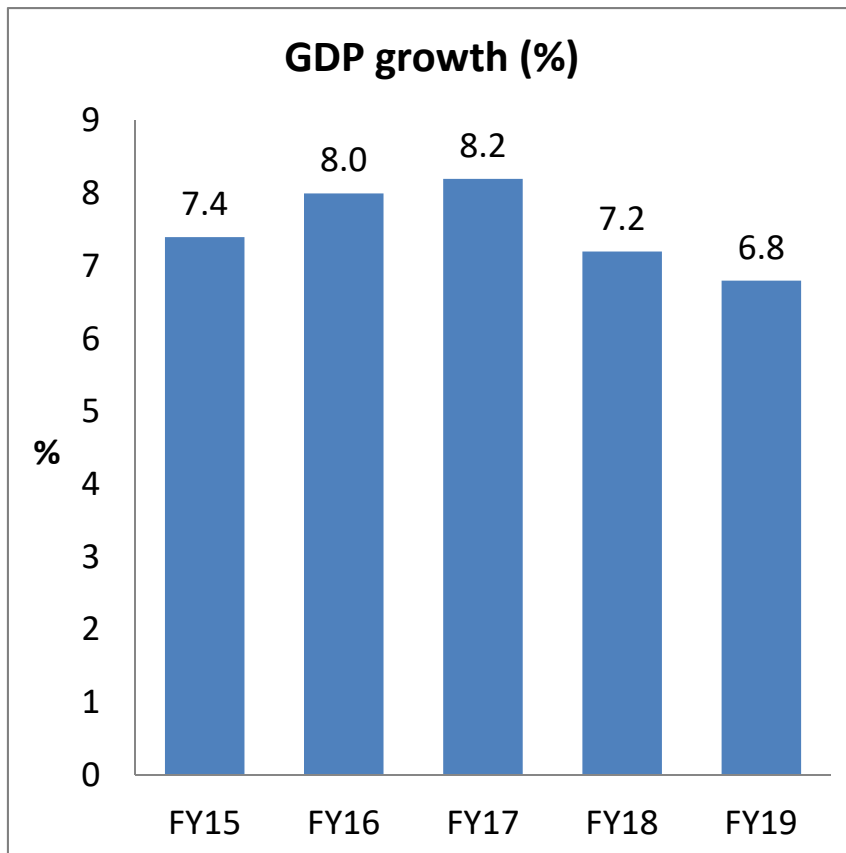


CARE Ratings Debt Quality Index (CDQI)

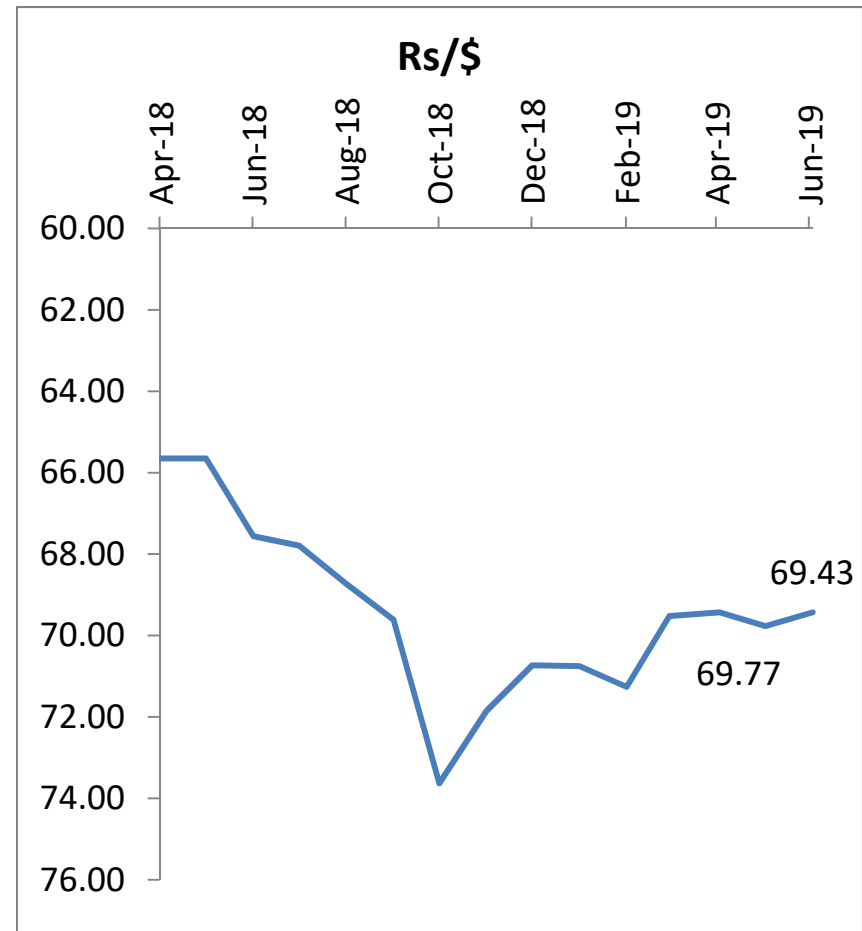
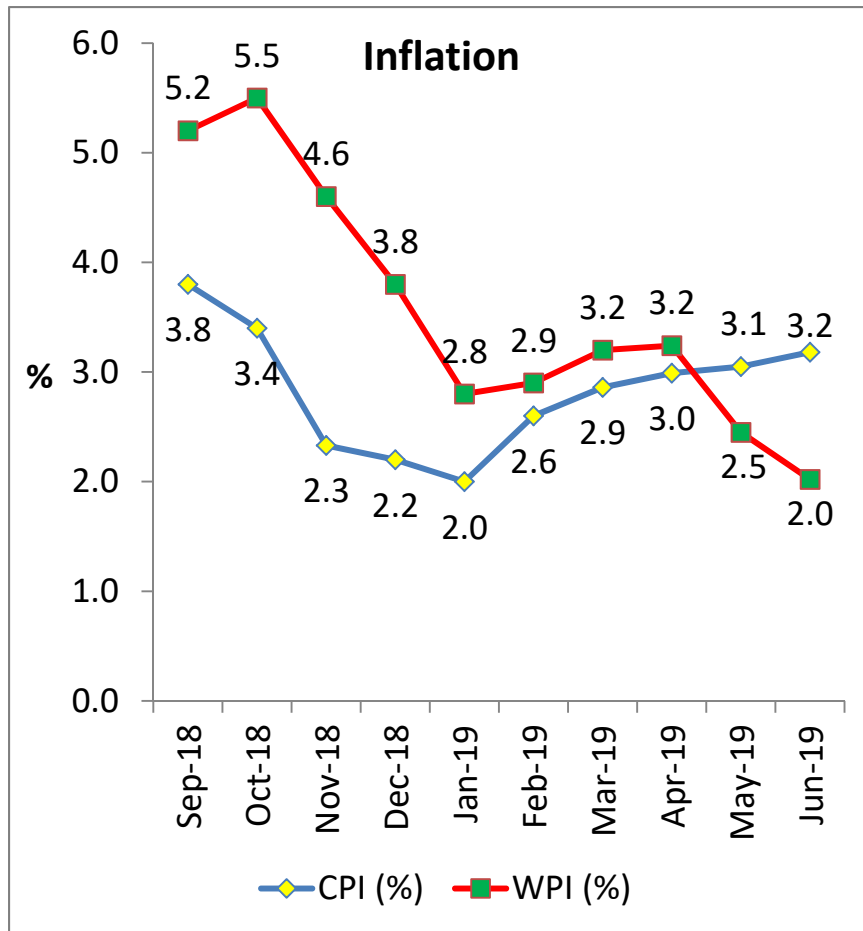
CDQI showed an improving trend during the first five months of FY19. However, it fell marginally in the months of September and October'18 and remained more or less stable in the months of November'18 –February'2019. It, thereafter, increased during Mar- Apr'19 due to debt issuances in the higher rated entities. CDQI fell sharply in June 2019 mainly due to the moderation in the liquidity scenario for NBFCs and HFCs resulting in sharp rating migration.



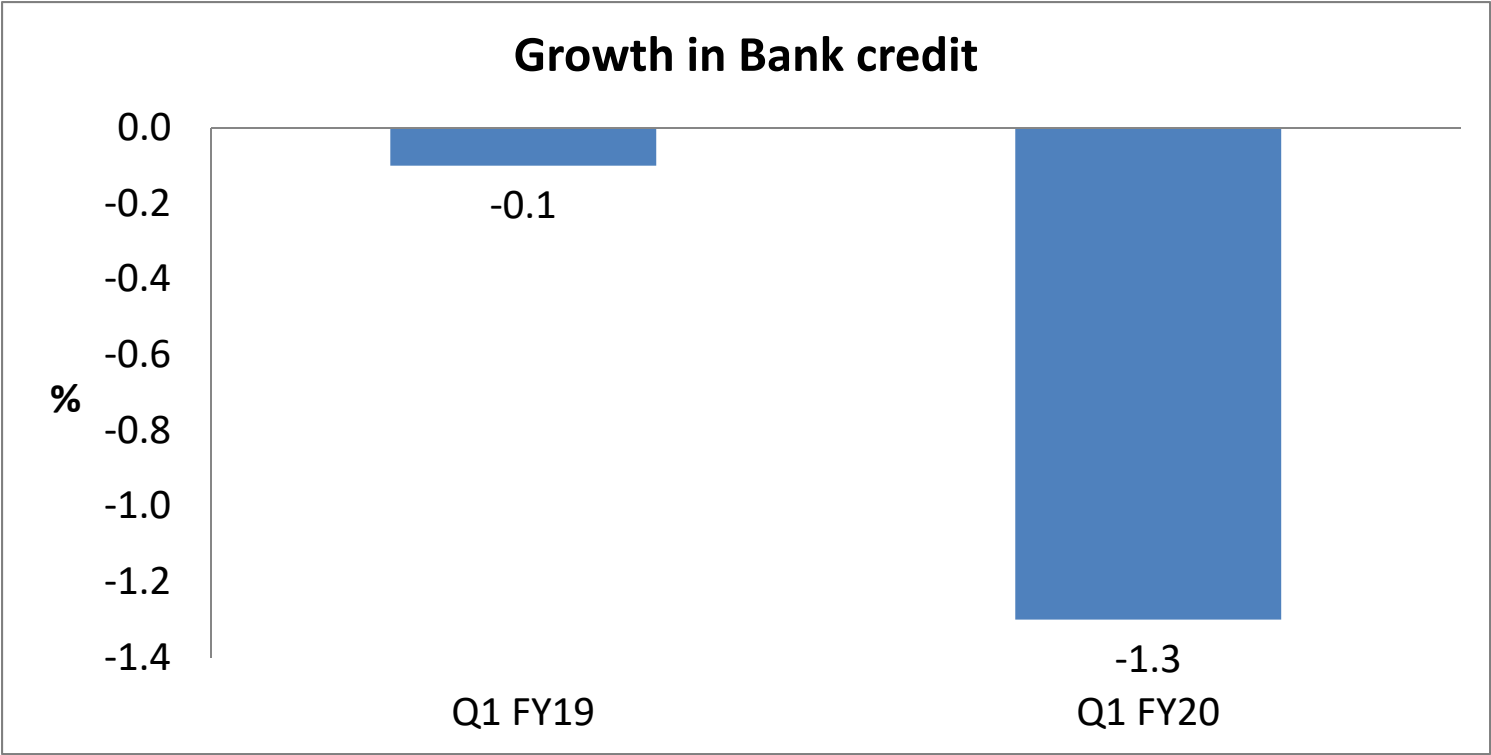
Economic Backdrop



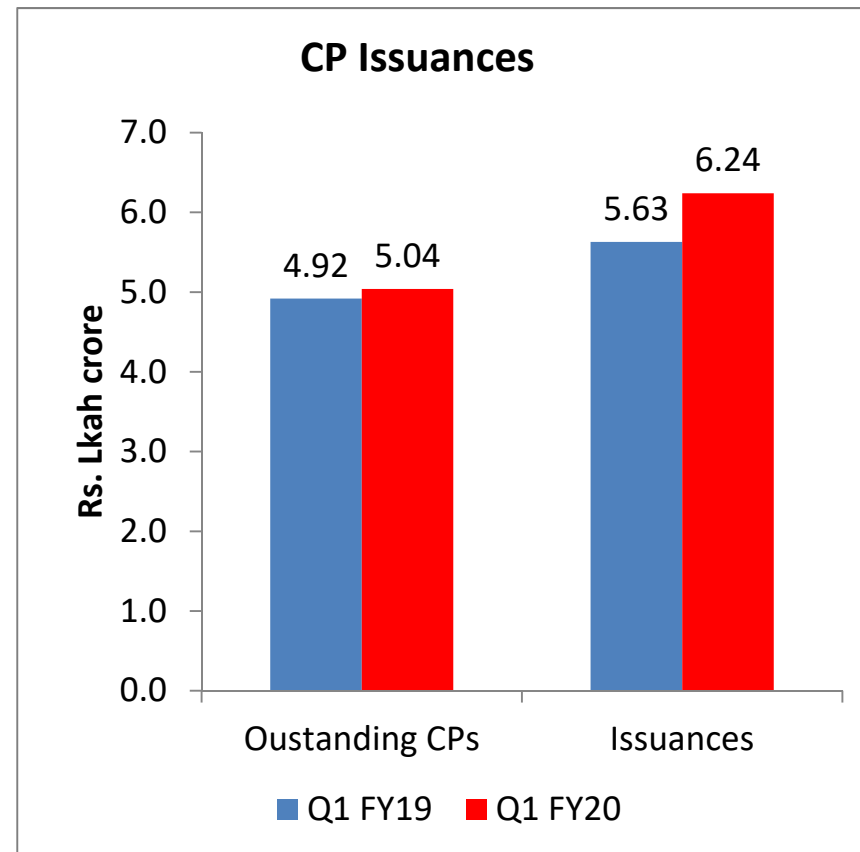
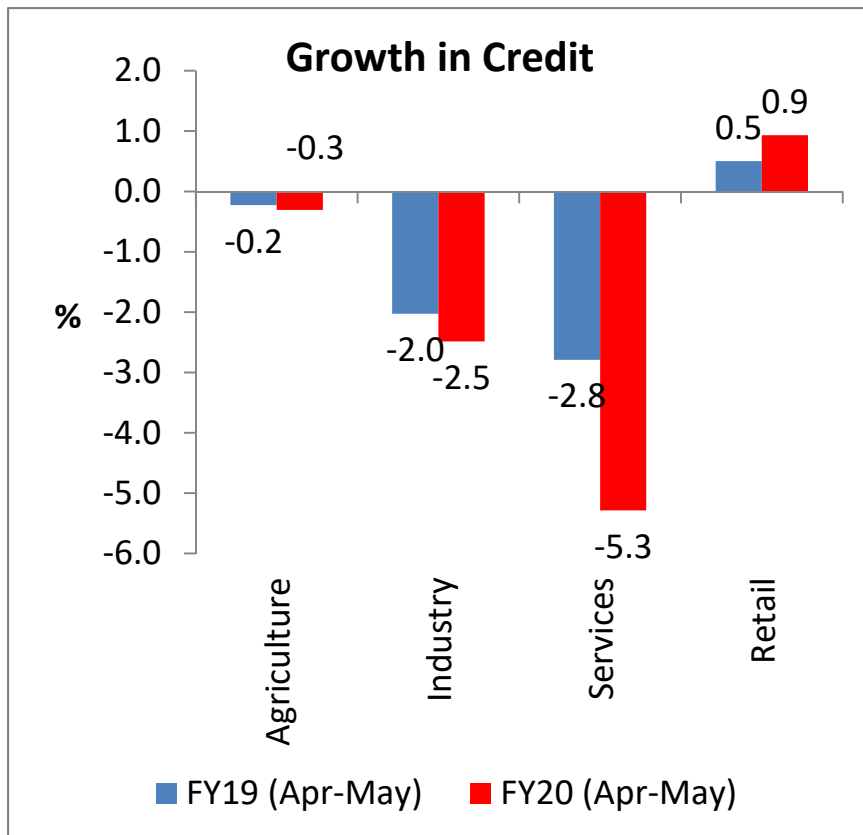
Economic Backdrop



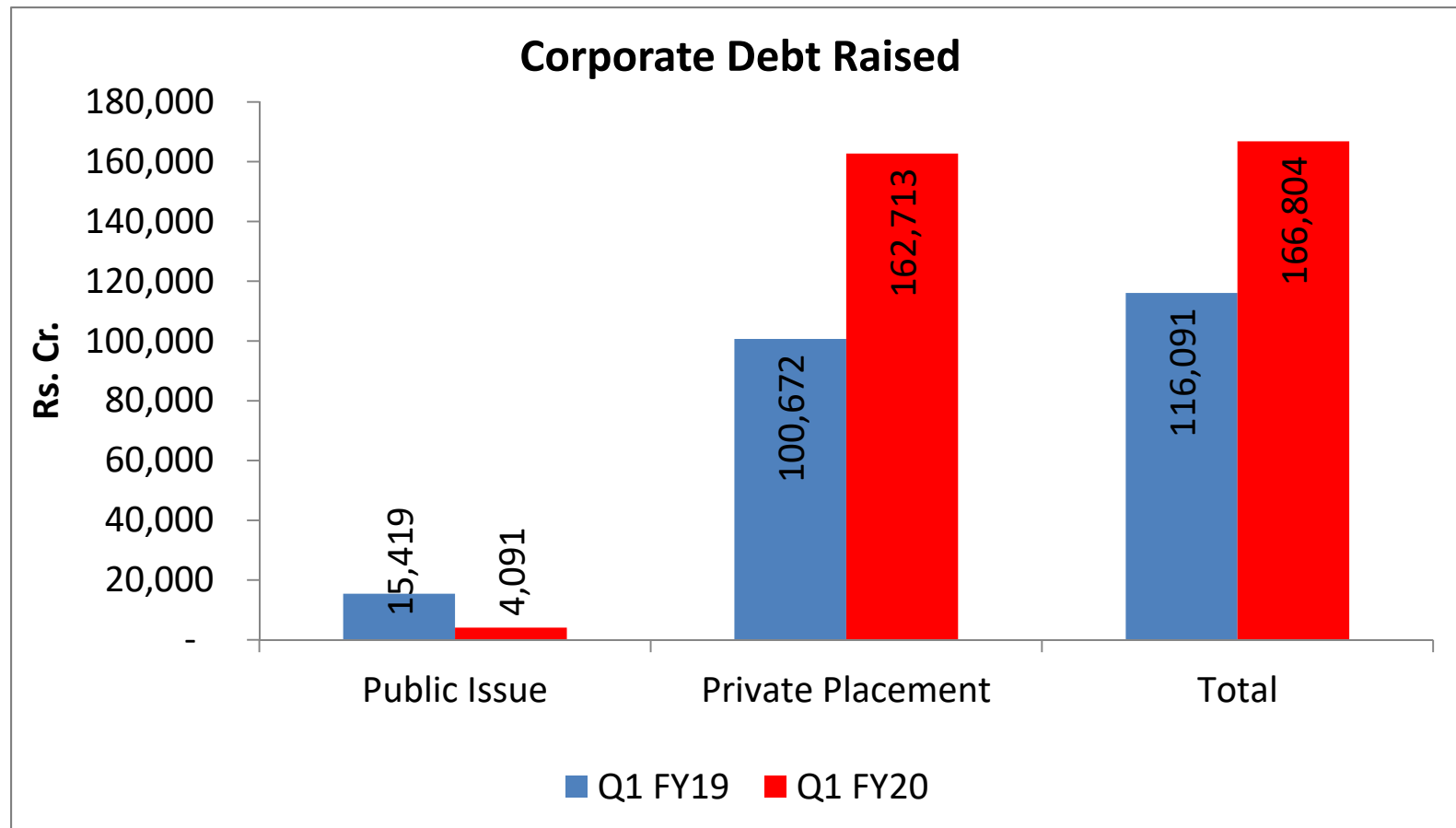
Economic Backdrop



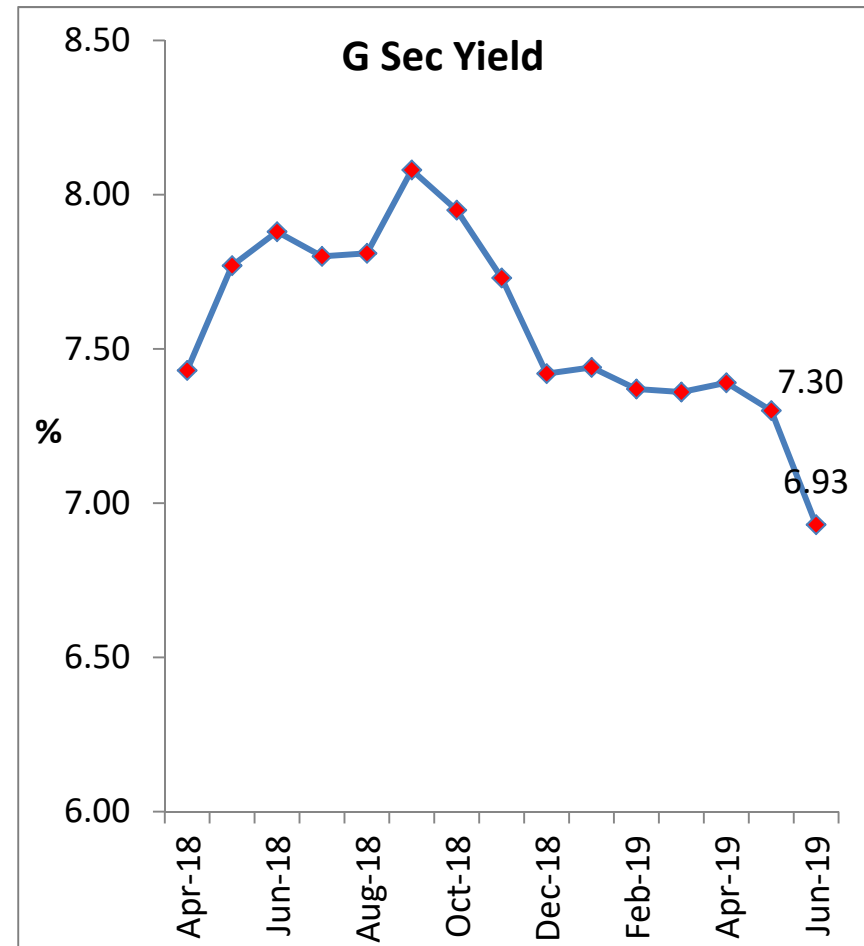
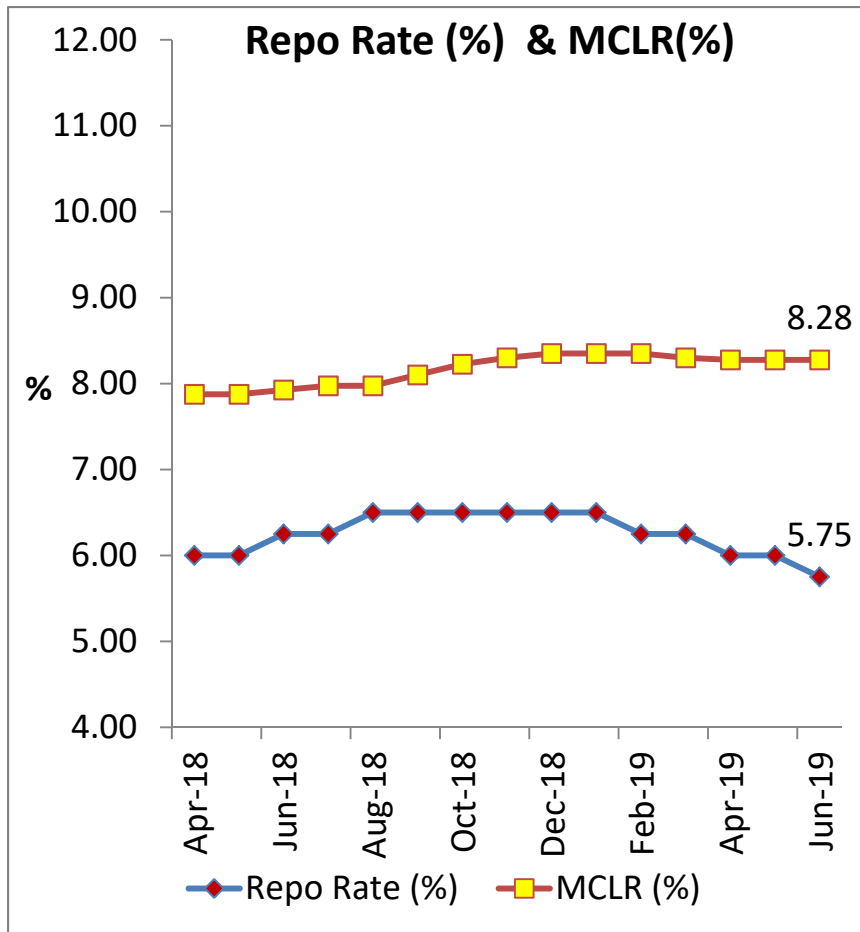
Economic Backdrop



Economic Backdrop



Economic Backdrop



Economic Outlook for FY20

- GDP growth is expected to be 7.1% in FY20
- Inflation expected to be around 4-4.5% in FY20 contingent upon global crude oil prices
- Exchange rate of Rupee to depreciate by 3% during the year assuming crude oil prices to remain in range of \$ 65/barrel
- RBI could lower the repo rate by 25-50 bps this year depending upon how inflation pans out

Thank You