

Date: November 04, 2019
SE/2019-20/053

To,

The General Manager The Corporate Relation Department Bombay Stock Exchange Limited Phiroza Jeejeebhoy Towers 14 TH 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
---	--

Dear Sir/Madam,

Sub: OUTCOME OF BOARD MEETING HELD ON MONDAY, NOVEMBER 04, 2019

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 Tuesday, November 05, 2019, at 11.00 a.m, post declaration of its Unaudited Standalone and Consolidated Financial Results for the quarter and half year ended September 30, 2019.

Kindly take the above on record.

Thanking you,

Yours faithfully,

For CARE Ratings Limited



Navin Kumar Jain
Company Secretary & Compliance Officer



Encl : As above

Mumbai, 4th November, 2019

Q2 and H1 2019-20 Results

The Board of Directors of CARE Ratings approved the financial results for the quarter ended and half year ended 30th September 2019 in the Board meeting held on Monday the 4th November, 2019.

Consolidated Financial Results

CARE Ratings consolidated income from operations for the half year ended September 30, 2019 was Rs. 121.55 crore compared with Rs. 156.65 crore in the comparable period previous year. Consolidated total income for the period ended September 30, 2019 was Rs. 138.45 crore as against Rs. 168.66 crore last year. Profit after tax moderated to Rs. 50.22 crore compared with Rs. 70.63 crore during this period.

Standalone Financial Results

CARE Ratings standalone income from operations for the half year ended September 30, 2019 was Rs.111.65 crore compared with Rs. 151.01 crore in the comparable period previous year. Total income for the half year ended September 30, 2019 was Rs. 128.32 crore as against Rs.162.62 crore in the corresponding period in the previous year. Profit after tax moderated to Rs.50.08 crore compared with Rs.71.94 crore during the period ended September 30, 2018.

The Board of Directors have recommended interim dividend of Rs. 8/- per share (of Rs. 10/- face value) for the quarter ended September 30, 2019.

Major factors affecting results of half year ended September 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.
- Capex formation in private sector not happening and as a result, capex related borrowings not getting the much needed traction.
- Substantial decline in economic growth; GDP growth forecast revised downwards by most institutions.

Operational Data

During H1 2019-20, our company has rated total debt amounting to Rs. 5.67 lakh crore compared with Rs. 8.13 lakh crore in the half year ended September 30, 2018 for new clients. This comprises Rs. 2.31 lakh crore in bonds (Rs.2.75 lakh crore last year), Rs.2.11 lakh crore in bank loans (Rs.3.54 lakh crore last year) and Rs. 1.25 lakh crore in short term ratings (including Commercial Paper) (Rs.1.84 lakh crore last year).

Economic backdrop

The first quarter of the fiscal year 2019-20 was typified by a slowdown in the economic activities at the global as well as domestic front. This was also witnessed in the second quarter of the fiscal year owing to weak consumer demand (indicated inter-alia by slowdown in the automobile industry) and subdued investment climate. Though the liquidity in the banking system has remained comfortable, the sustained NPA issue has constrained the lending activities by the banks even while demand for funds remained weak. Industrial activity has also remained muted.

Total corporate bonds raised during the first half of 2019-20 aggregated to Rs. 2.62 lakh crore, 28% higher than the issuances amounting to Rs. 2.05 lakh crore during H1 FY19. During H1 FY20, the incremental bank credit growth over March was nil compared with the 4.1% growth in H1 2018-19. During the first 6 months of fiscal year, the credit off take by the industrial and services sector contracted. The bank credit in the industrial sector contracted by 3.8% as against the 0.1% growth witnessed during H1 FY19. The services sector has also seen a contraction in the bank credit off take by 2.2% during H1 FY20 as against the 7.4% growth during the corresponding period last year.

Putting the growth concerns at the forefront, RBI had lowered the repo rate by 25 bps to 5.15% in its October 2019 monetary policy review as the inflation remained within the RBI's target of 4% (+/- 2%) while maintaining the accommodative stance.

'The Indian economy continued to show signs of weakness even during the second quarter of the ongoing fiscal year, which will have a bearing on our business going ahead. However, various measures announced by the government to arrest the slowdown in the economy, festive season and expectation of pick up in the consumer demand especially rural demand post-harvest could bode well for the Indian economy during the second half of the fiscal year 2019-20. We would be keenly following how things shape up in the second half of the year, 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 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 Andheri, Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune.

** In terms of rating income FY19.*

CARE Ratings Limited

Investor Presentation – H1FY20

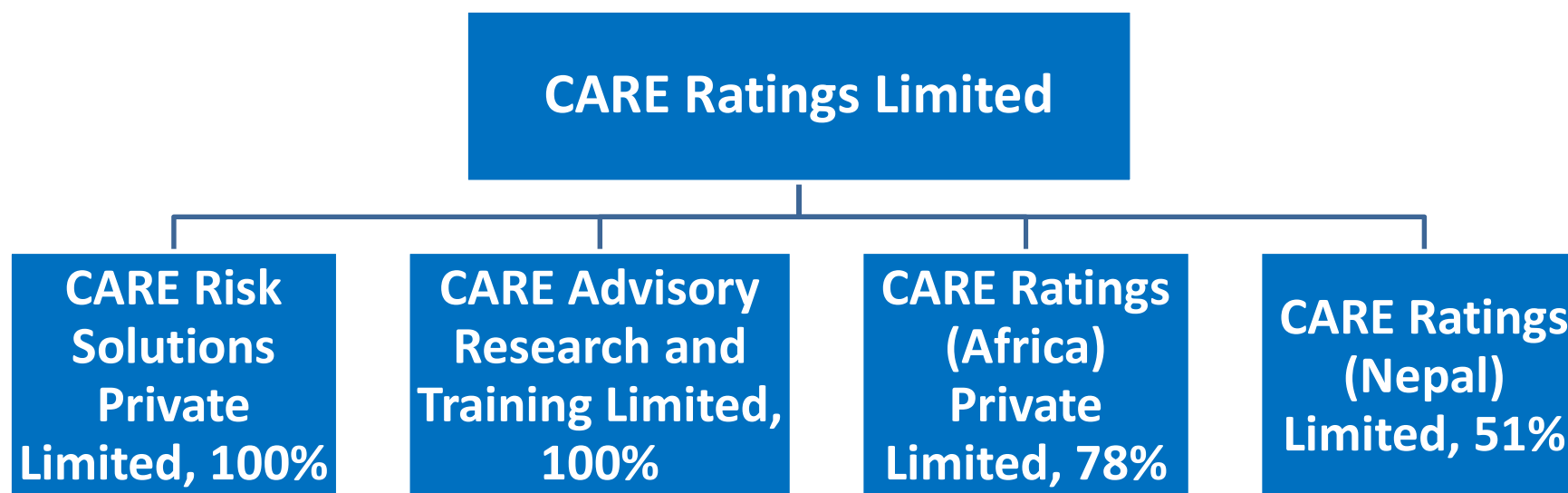
SAFE HARBOR STATEMENT

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.

THIS PRESENTATION HAS BEEN PREPARED BY THE COMPANY BASED ON INFORMATION AND DATA WHICH THE COMPANY CONSIDERS RELIABLE, BUT THE COMPANY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WHATSOEVER, AND NO RELIANCE SHALL BE PLACED ON, THE TRUTH, ACCURACY, COMPLETENESS, FAIRNESS AND REASONABLENESS OF THE CONTENTS OF THIS PRESENTATION. THIS PRESENTATION MAY NOT BE ALL INCLUSIVE AND MAY NOT CONTAIN ALL OF THE INFORMATION THAT YOU MAY CONSIDER MATERIAL. ANY LIABILITY IN RESPECT OF THE CONTENTS OF, OR ANY OMISSION FROM, THIS PRESENTATION IS EXPRESSLY EXCLUDED.

CERTAIN MATTERS DISCUSSED IN THIS PRESENTATION MAY CONTAIN STATEMENTS REGARDING THE COMPANY’S MARKET OPPORTUNITY AND BUSINESS PROSPECTS THAT ARE INDIVIDUALLY AND COLLECTIVELY FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND ASSUMPTIONS THAT ARE DIFFICULT TO PREDICT. THESE RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, THE PERFORMANCE OF THE INDIAN ECONOMY AND OF THE ECONOMIES OF VARIOUS INTERNATIONAL MARKETS, THE PERFORMANCE OF THE RATING INDUSTRY IN INDIA AND WORLD-WIDE, COMPETITION, THE COMPANY’S ABILITY TO SUCCESSFULLY IMPLEMENT ITS STRATEGY, THE COMPANY’S FUTURE LEVELS OF GROWTH AND EXPANSION, TECHNOLOGICAL IMPLEMENTATION, CHANGES AND ADVANCEMENTS, CHANGES IN REVENUE, INCOME OR CASH FLOWS, THE COMPANY’S MARKET PREFERENCES AND ITS EXPOSURE TO MARKET RISKS, AS WELL AS OTHER RISKS. THE COMPANY’S ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS COULD DIFFER MATERIALLY AND ADVERSELY FROM RESULTS EXPRESSED IN OR IMPLIED BY THIS PRESENTATION. THE COMPANY ASSUMES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESENTATION. ANY FORWARD-LOOKING STATEMENTS AND PROJECTIONS MADE BY THIRD PARTIES INCLUDED IN THIS PRESENTATION ARE NOT ADOPTED BY THE COMPANY AND THE COMPANY IS NOT RESPONSIBLE FOR SUCH THIRD PARTY STATEMENTS AND PROJECTIONS.

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



- 30 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

 <p>Milind Gadkari <i>Senior Director, Ratings</i></p> <ul style="list-style-type: none"> ■ 20 years of experience in credit rating, training of new recruits ■ Master's degree in management sciences; CFA 	 <p>Swati Agarwal Jain <i>Senior Director, Business Development</i></p> <ul style="list-style-type: none"> ■ 20 years of experience in credit rating, advisory and consultancy ■ PGDM 	 <p>Revati Kasture <i>Senior Director, Ratings</i></p> <ul style="list-style-type: none"> ■ 17 years of experience in credit analysis and research services ■ C.A.; Cost Accountant 	 <p>Sanjay Kumar Agarwal <i>Senior Director, Ratings</i></p> <ul style="list-style-type: none"> ■ 22 years of experience in corporate and infrastructure finance, risk management and banking ■ C.A.; ICWA 	 <p>Amod Khanorkar <i>Senior Director, Ratings</i></p> <ul style="list-style-type: none"> ■ 23 years of experience in credit rating, valuations and project appraisal in infrastructure sector ■ PGDM 	 <p>Madan Sabnavis <i>Chief Economist</i></p> <ul style="list-style-type: none"> ■ 29 years of experience in development banking, commercial banking, engineering & commodity markets ■ Masters degree in economics
 <p>Saikat Roy <i>Director, SME Business Development</i></p> <ul style="list-style-type: none"> ■ 16 years of experience in credit rating and banking sector ■ ICWA 	 <p>Umesh Ikhe <i>Chief Technology Officer</i></p> <ul style="list-style-type: none"> ■ 20 years of experience ■ Bachelors Degree in Computer Science; Executive General Management Programme from Indian institute of Management 	 <p>Sandeep Palodkar <i>HR head</i></p> <ul style="list-style-type: none"> ■ 24 years of experience ■ Master Degree in HR 	 <p>PS Ramesh <i>Senior Director Ratings</i></p> <ul style="list-style-type: none"> ■ 26+ years of experience ■ B Tech (IIT Madras) and MBA (IIM Bangalore) 	 <p>Bharat Adnani <i>Chief financial officer</i></p> <ul style="list-style-type: none"> • 24 years of experience in finance of which 12 years of CFO • CA and MBA Finance from JBIMS 	 <p>Padmanabh Bhagavath <i>Senior Director Ratings</i></p> <ul style="list-style-type: none"> • 25+ years of experience • Degree in Production Engineering and Post Graduate Diploma & degrees in MBF

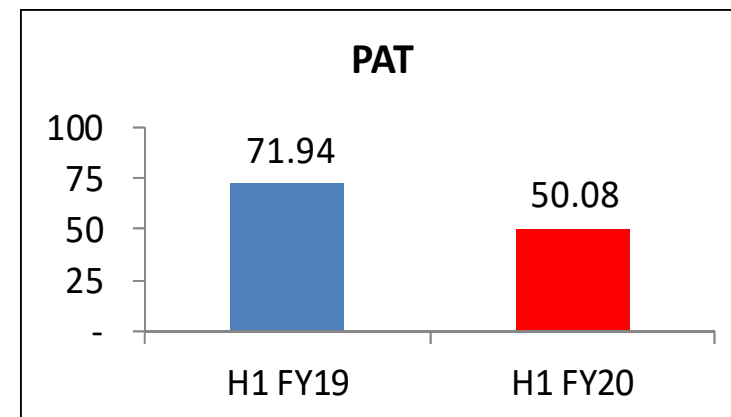
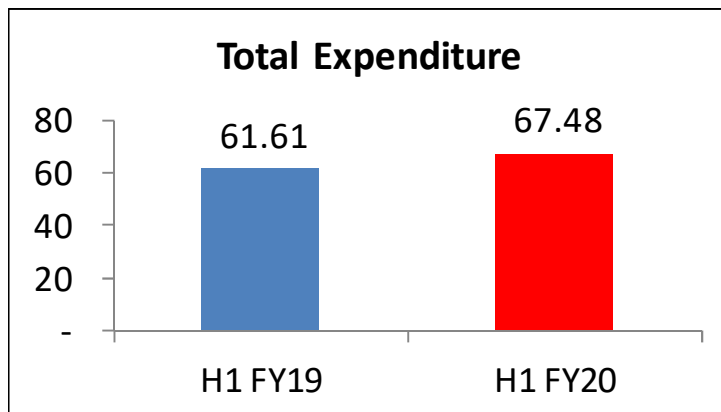
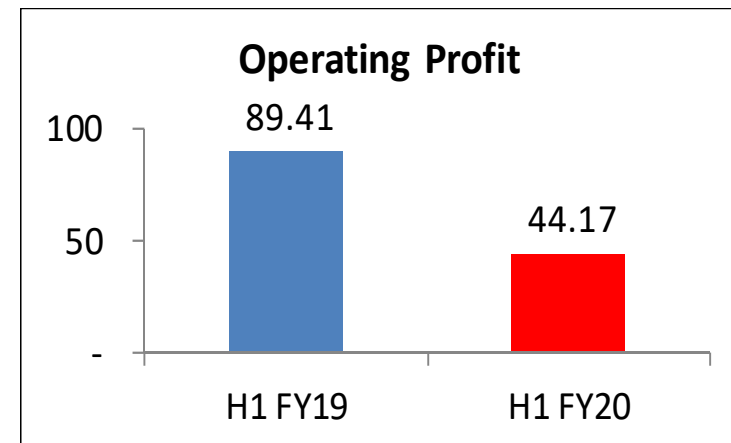
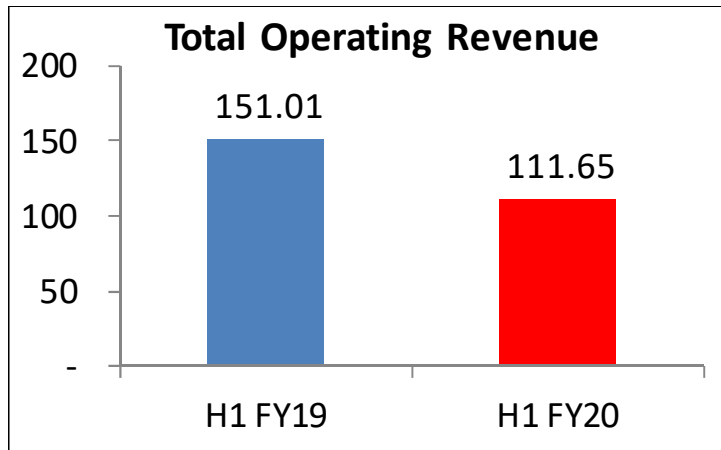
Shareholding Snapshot as on September 30, 2019

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
L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSIN	4.72
VIRTUS KAR INTERNATIONAL SMALL-CAP FUND	4.05
BMO INVESTMENTS II (IRELAND) PUBLIC LIMITED COMPAN	4.02
INDIA CAPITAL FUND LIMITED	3.35
MORGAN STANLEY ASIA (SINGAPORE) PTE.	2.38
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI	2.30
RUSSELL INVESTMENTS LIMITED	1.80
BAJAJ HOLDINGS AND INVESTMENT LTD	1.69
MAWER GLOBAL SMALL CAP FUND	1.53
GOVERNMENT PENSION FUND GLOBAL	1.50
DHANDHO INDIA ZERO FEE FUND, L.P	1.31
GOVERNMENT OF SINGAPORE - E	1.30
PINEBRIDGE GLOBAL FUNDS - PINEBRIDGE INDIA EQUITY	1.25
TATA STEEL LIMITED	1.20
ISHARES CORE EMERGING MARKETS MAURITIUS CO	1.10
TATA INVESTMENT CORPORATION LIMITED	1.05
Total for Top 20 Shareholders	68.27

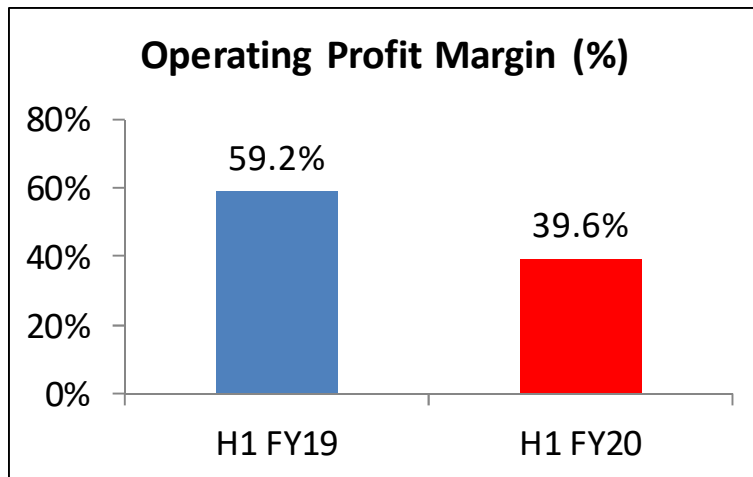
Financial Performance

Particulars	Rs. in Crores					
	Standalone			Consolidated		
	H1FY20	H1FY19	% Change	H1FY20	H1FY19	% Change
Revenue from Operations	111.65	151.02	-26.1%	121.55	156.65	-22.4%
Total Expenses	67.48	61.61	9.5%	77.18	68.83	12.1%
Operating Profit	44.16	89.41	-50.6%	44.37	87.81	-49.5%
Other Income	16.67	11.61	43.7%	16.90	12.02	40.6%
Profit Before Tax	60.84	101.02	-39.8%	61.27	99.83	-38.6%
Provision for Tax	10.76	29.07	-63.0%	11.04	29.20	-62.2%
Profit After Tax	50.07	71.94	-30.4%	50.22	70.63	-28.9%
Operating Profit margin (%)	39.6%	59.2%		36.5%	56.1%	
Profit Before Tax margin (%)	47.4%	62.1%		44.3%	59.2%	
Net Profit margin (%)	39.0%	44.2%		36.3%	41.9%	
Basic EPS (Rs. per share)	17.00	24.42		16.86	23.92	

Financial Performance:H1FY20 (Rs cr)- Standalone

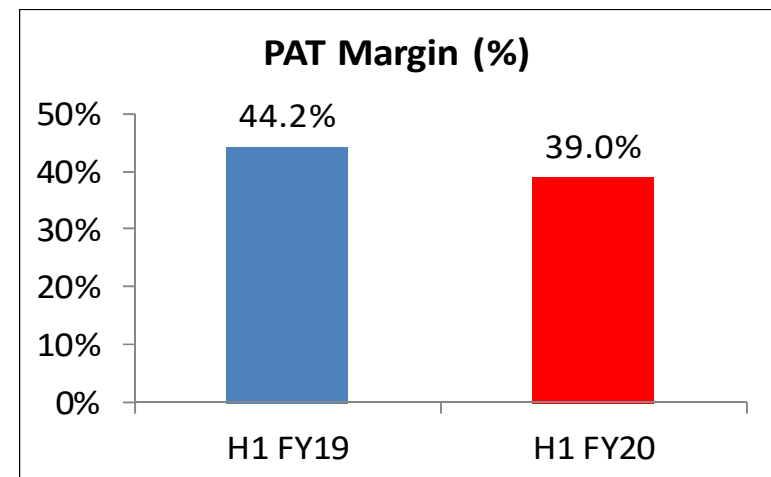


Financial Performance: H1FY20 - Standalone

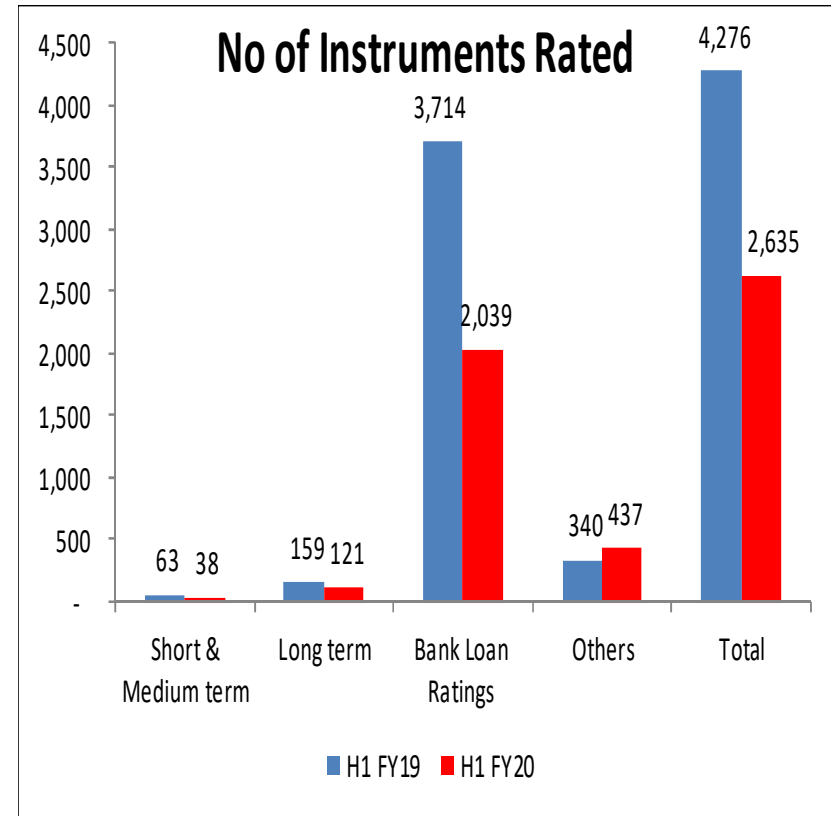
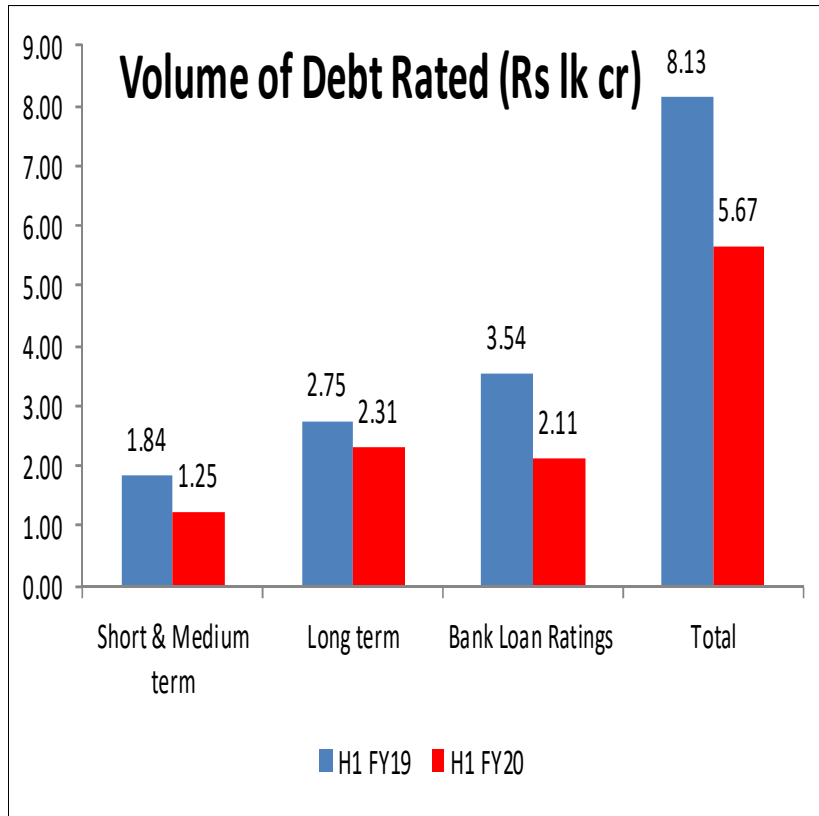


H1FY20 Operating profit margin fell due to lower operating income caused by lower borrowing by the NBFC sector since the end of the second quarter of FY19 & muted Capex of the corporate sector.

H1FY20 PAT margin fell due to revenue moderation, Increase in employee cost & other expenses

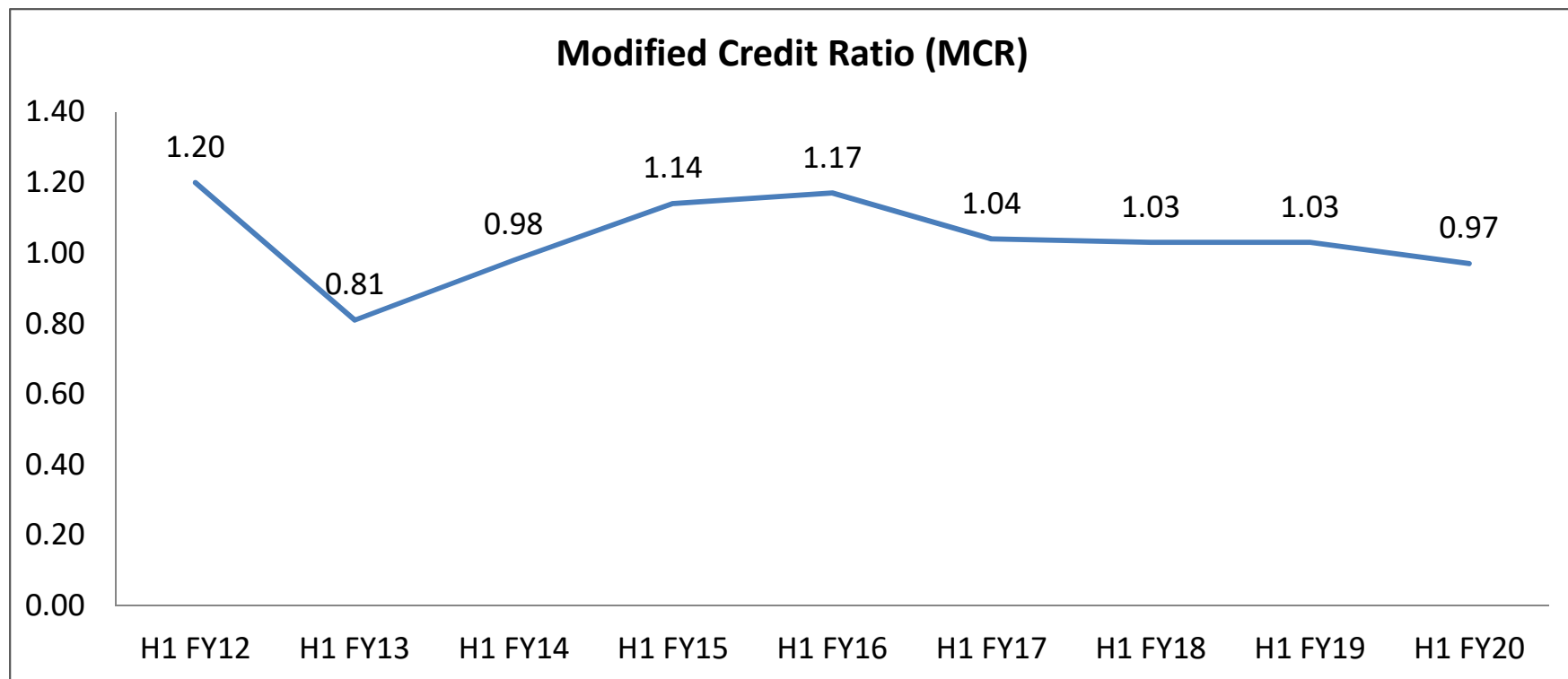


Business Performance (New clients): H1FY20



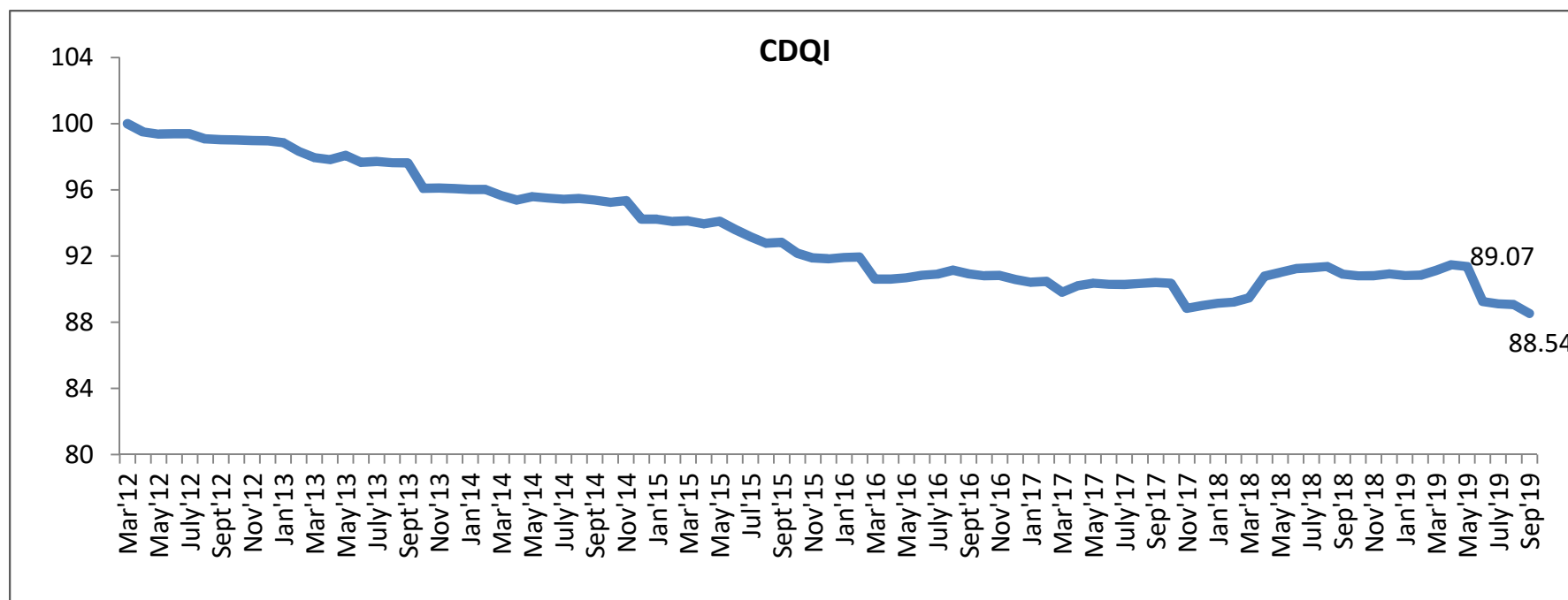
Rating Movement

The credit quality of entities rated by CARE Ratings declined in the first half of the current financial year reiterating the slowdown in the domestic economy. The credit quality as measured by CARE Rating's 'Modified Credit Ratio' (MCR) in H1FY20 was at a 6 year low when compared with the corresponding period of the previous years.

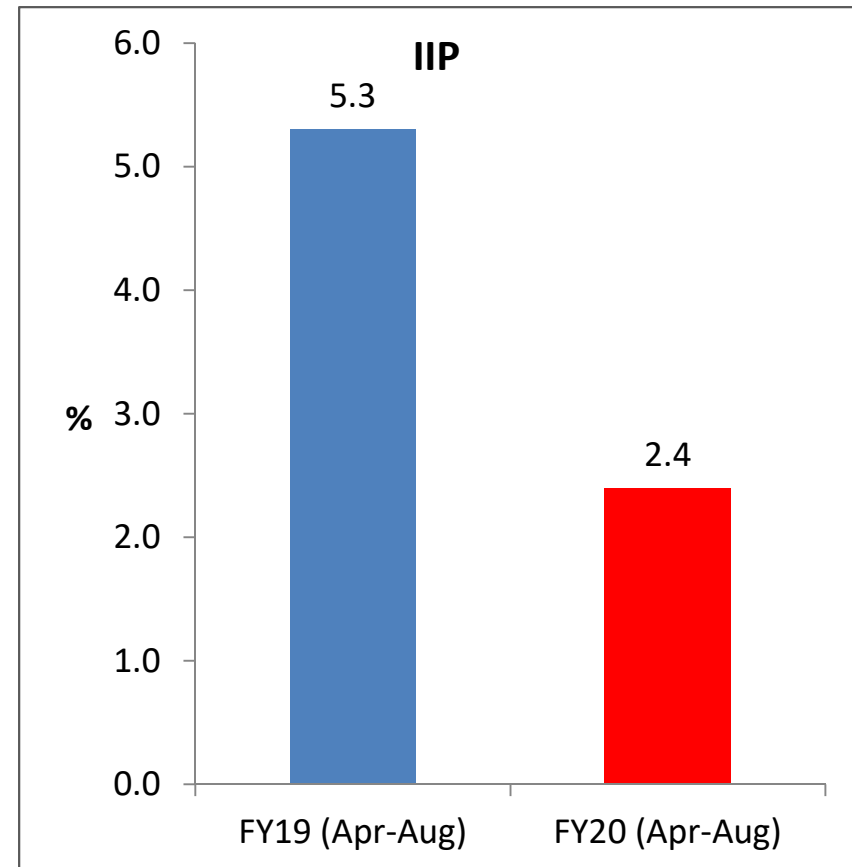
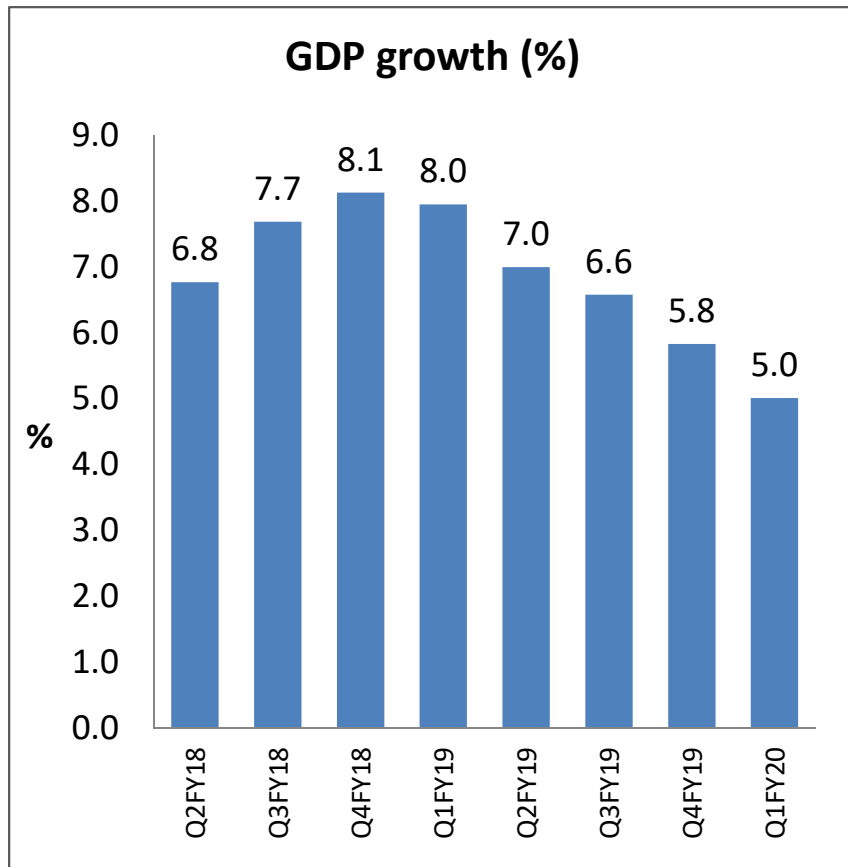


CARE Ratings Debt Quality Index (CDQI)

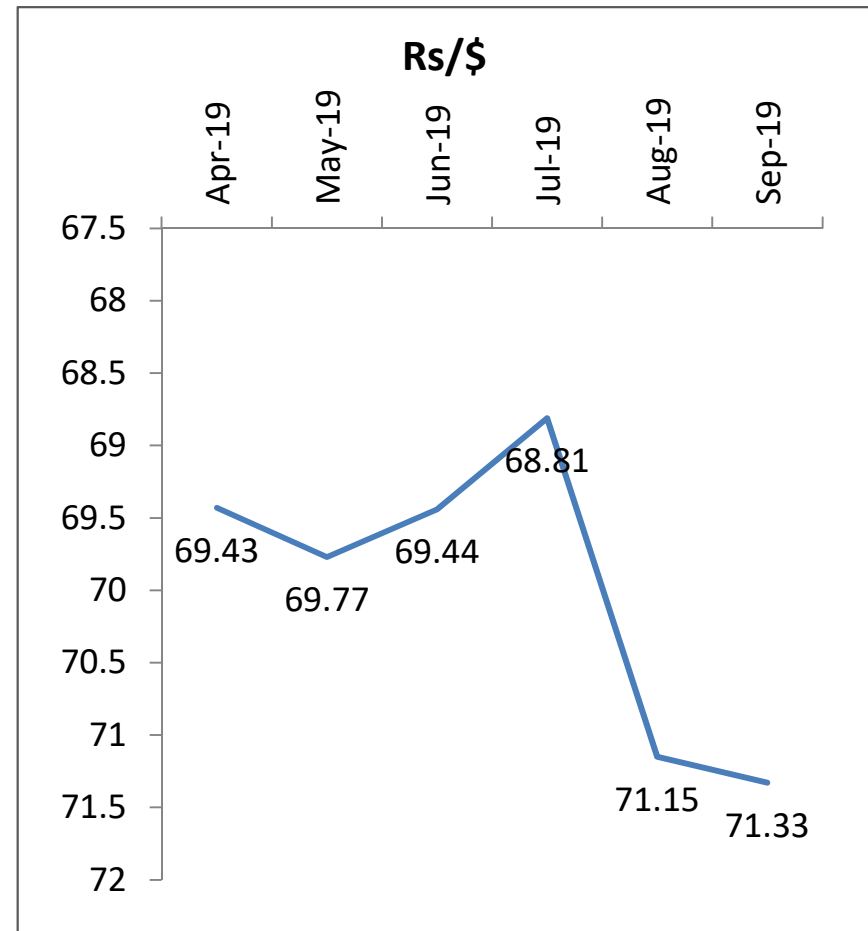
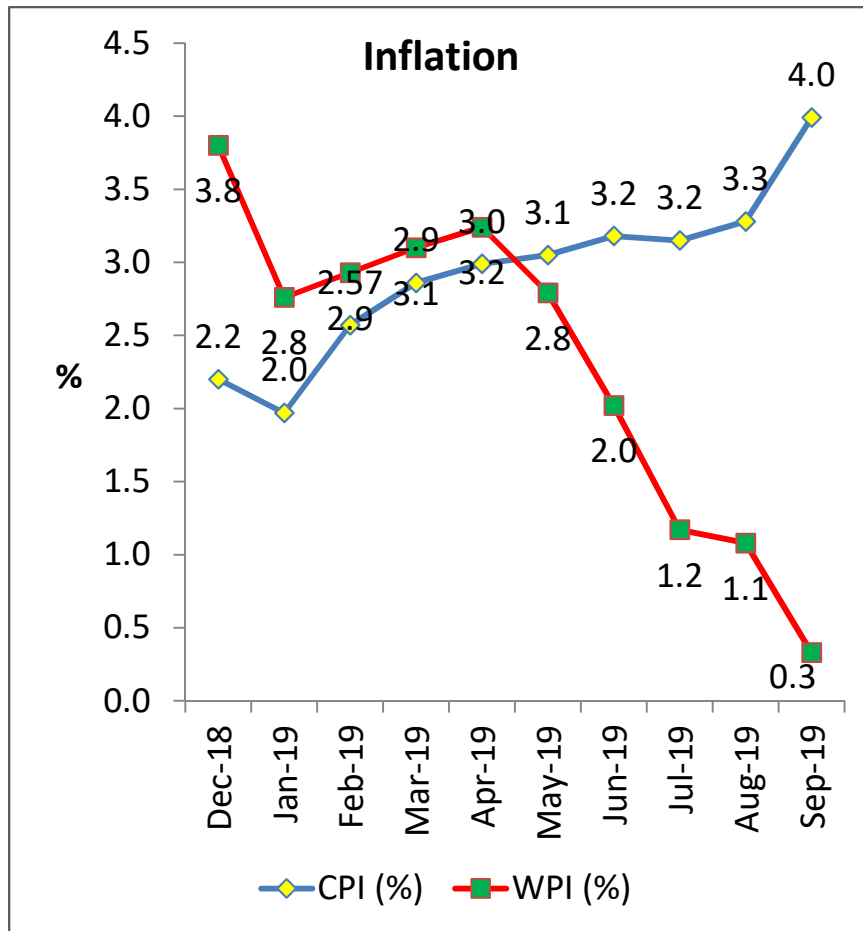
The index fell sharply in June 2019 mainly due to moderation in the liquidity scenario for NBFCs and HFCs resulting in sharp rating migrations. The index further declined marginally by 0.16 in July'19 and remained more or less stable in August'19. Thereafter, it declined by 0.54 in the month of September'19 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 monetisation plans.



Economic Backdrop

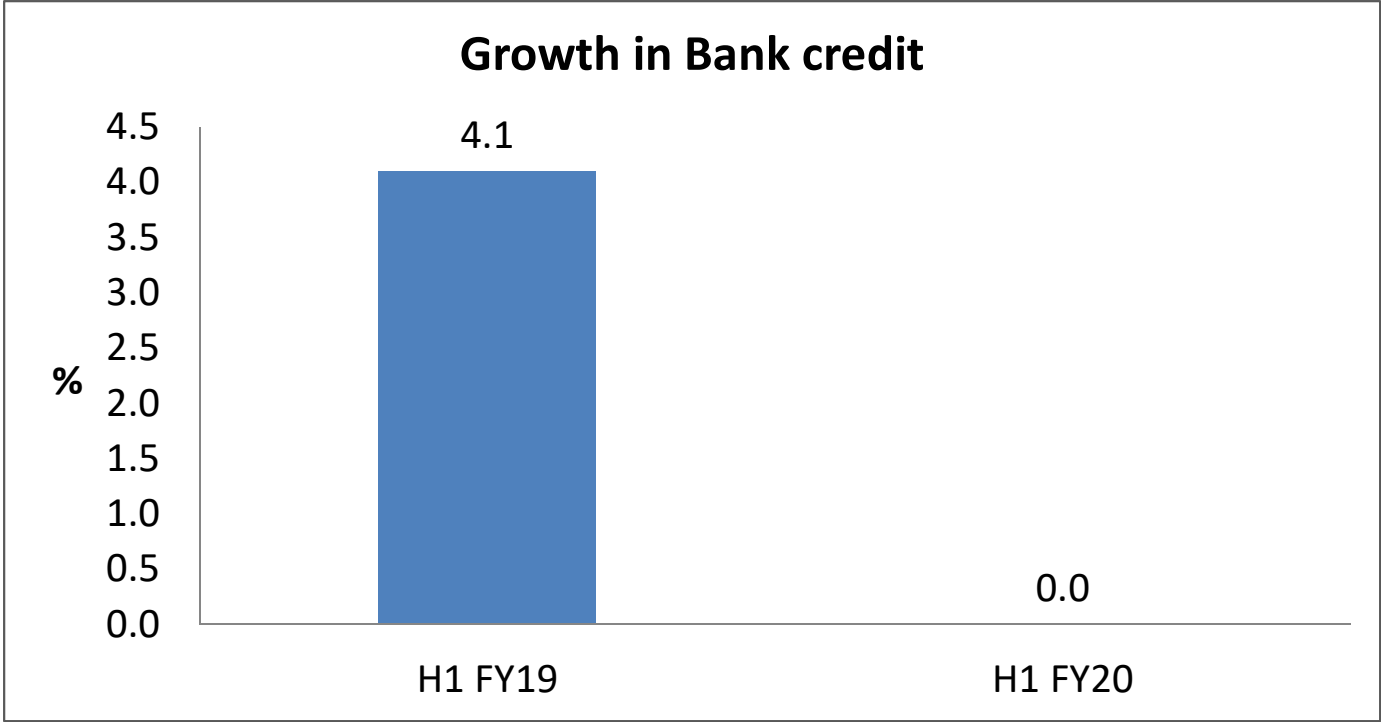


Economic Backdrop

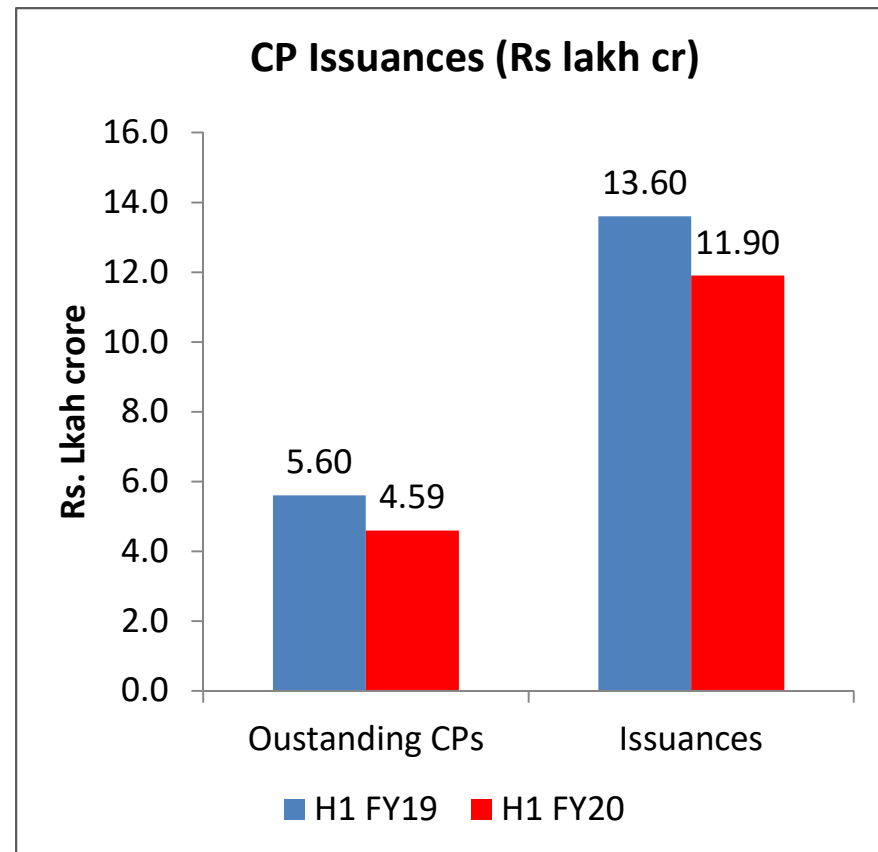
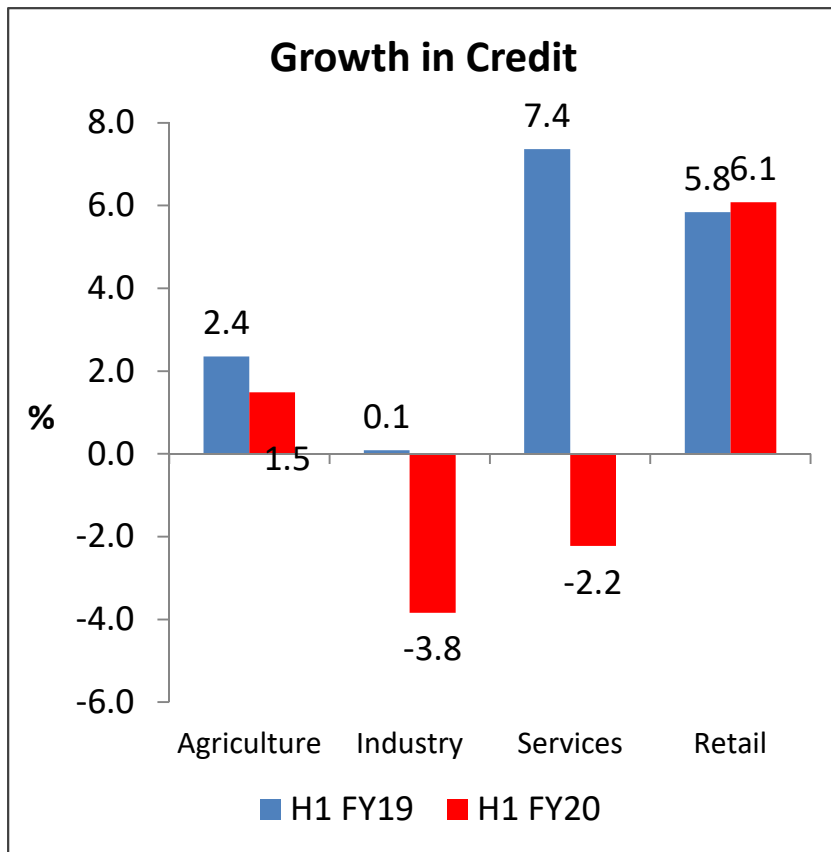


- As on Oct. 31, 2019, the exchange rate was Rs. 70.93/\$

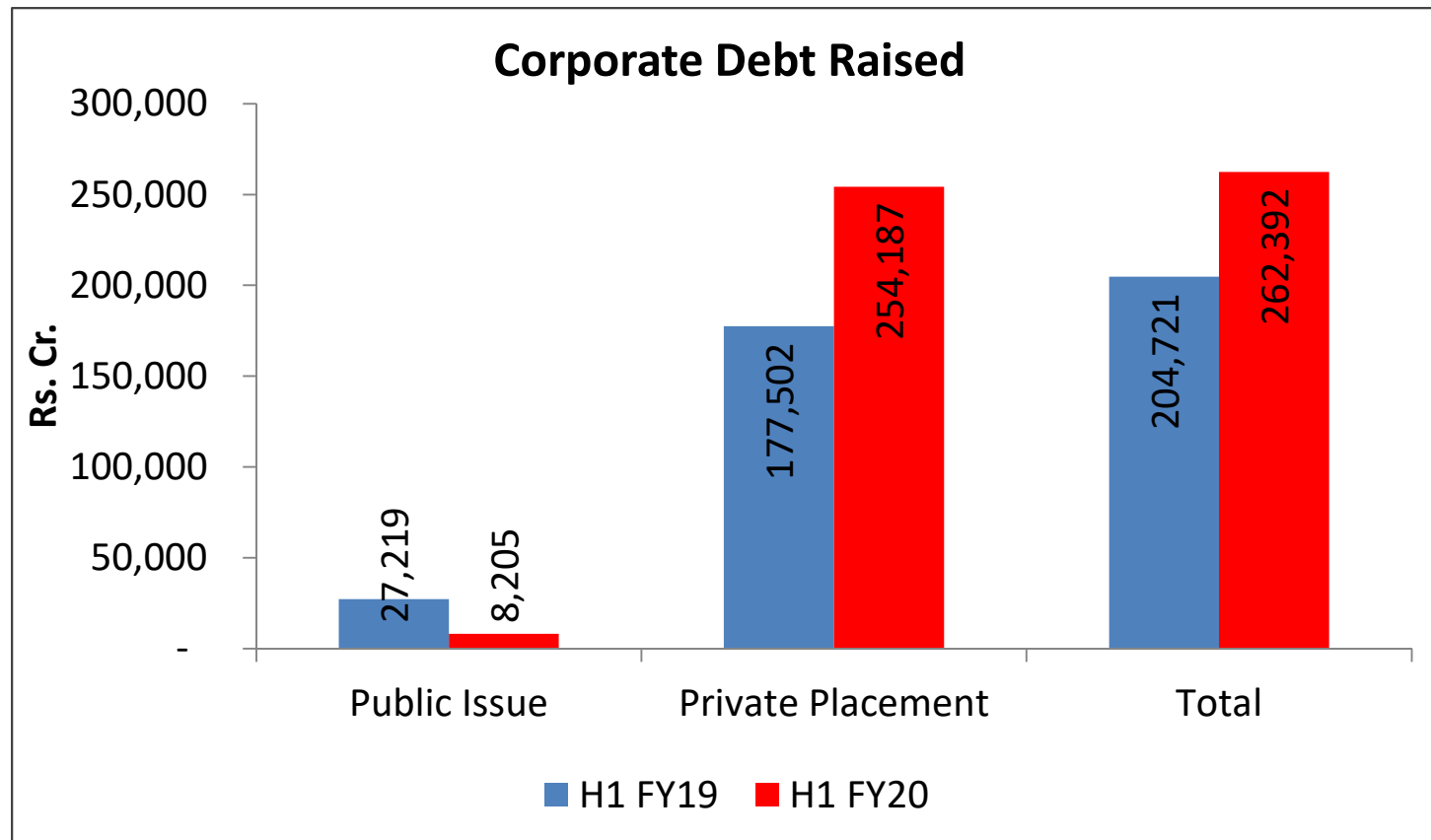
Economic Backdrop



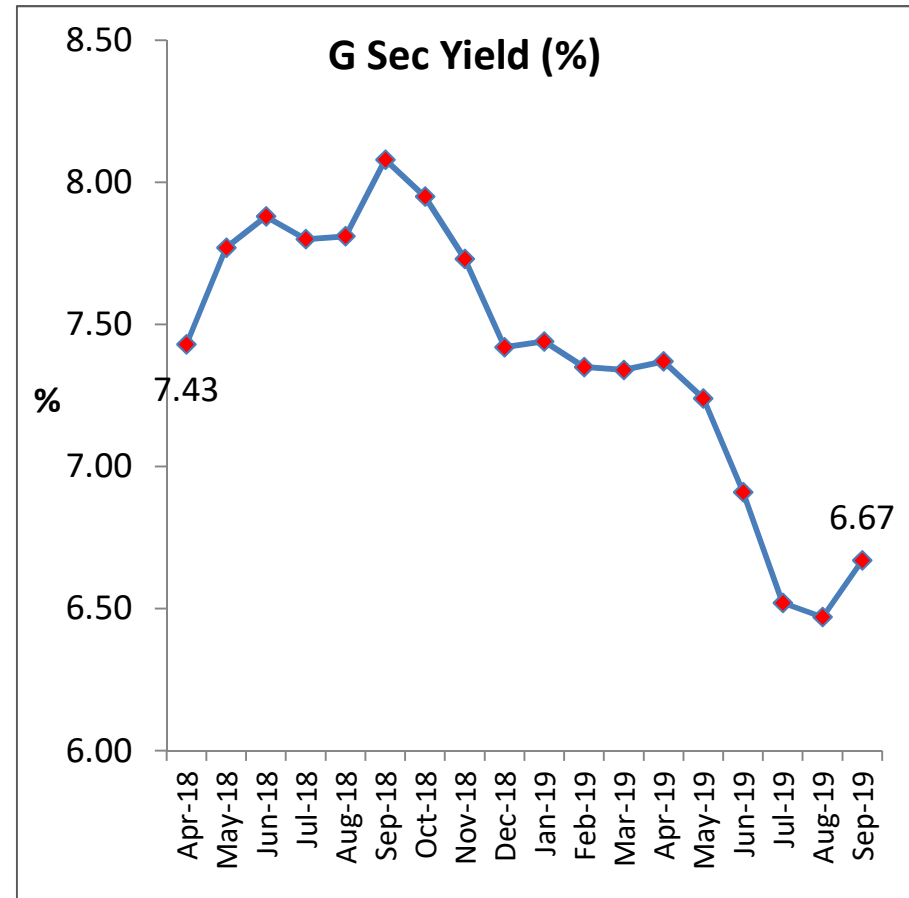
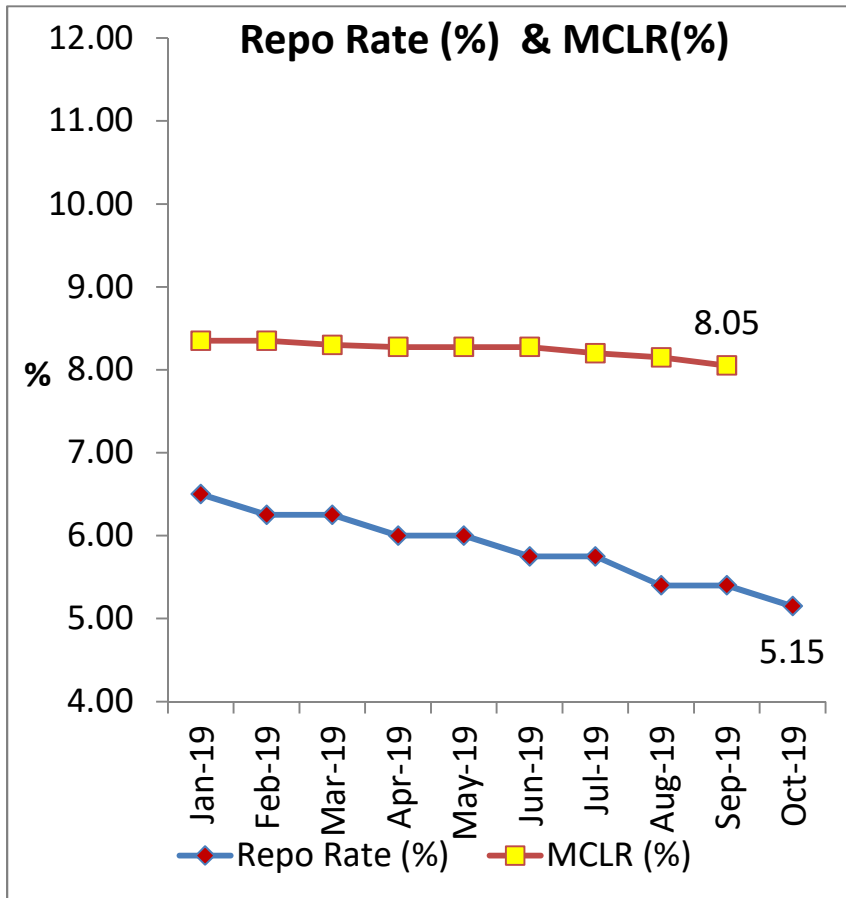
Economic Backdrop



Economic Backdrop



Economic Backdrop



- As on Oct. 31, 2019, the benchmark 10 year GSec was 6.65%
- A new 10 year 6.45% GSec benchmark was issued , yield of which was 6.45% as on Oct. 31, 2019.

Flow of funds to the commercial sector

Rs. lakh crore	FY19 (Apr-mid-Sept)	FY20 (Apr-mid-Sept)
A. Flow from banks, i.e., Adjusted non-food credit (A1+A2)	1.9	-1.3
A1. Non-food credit	1.7	-0.9
A2. Non-SLR investment by scheduled commercial banks	0.2	-0.4
B. Flow from non-banks (B1+B2)	5.5	2.2
B1. Domestic sources	4.4	0.1
1. Public issues by non-financial entities *	0.1	0.6
2. Gross private placement by non-financial entities *	0.5	0.6
3. Net issuance of CPs subscribed by non-banks	2.5	0.2
4. Net credit by housing finance companies \$	0.5	-0.1
5. Total accommodation by 4 RBI regulated AIFIs *	0.4	0.0
6. NBFCs-ND-SI and deposit taking NBFCs (net of bank credit) \$	0.4	-1.3
7. LIC's net investment in corporate debt, infrastructure and social sector^	0.0	0.1
B2. Foreign sources	1.1	2.1
1. External commercial borrowings / FCCB *	0.0	0.5
2. Foreign direct investment to India ^	1.1	1.5
C. Total flow from banks and non-banks (A+B)	7.4	0.9

Note: \$: Up to Jun ^: Up to Jul *: Up to Aug.

Source: RBI

Economic Outlook for FY20

- GDP growth is expected to be 6.2% in FY20
- Inflation expected to be around 3.5-4% for the remainder of FY20
- RBI unlikely to go in for a further rate cut in the next monetary policy given that the CPI inflation came in close to the RBI's median target of 4%.
- For the remainder of FY20, we expect another repo rate cut by 15-25 bps, which would be data driven

Thank You