

Date: January 30, 2018

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

Dear Sir,

Sub: OUTCOME OF THE BOARD MEETING HELD ON JANUARY 30, 2018

1. Please find enclosed herewith the Unaudited Financial Results for the quarter and nine months ended December 31, 2017, Limited Review Report and the Press Release for Q3 & 9M FY2018 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.
2. The Board of Directors have declared 3rd Interim Dividend of Rs. 6/- per equity share of Rs.10/- each for financial year 2017-2018 and has fixed Monday, February 12, 2018 as a Record Date for the 3rd Interim Dividend.
3. The meeting of the Board of Directors of the Company commenced at 12.00 noon and concluded at 6.00 pm.

Please take note of the above.

Thanking you,

Yours faithfully,

For CARE Ratings Limited

(Formerly known as Credit Analysis and Research Limited.)


Mahendra Naik
Company Secretary
ACS 20230

Encl.: As above

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

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
CIN-L67190MH1993PLC071691



Regd. Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.
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Statement of Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2017

(₹ in Lakhs)

SN	Particulars	3 Months ended December 31, 2017	3 Months ended September 30, 2017	3 Months ended December 31, 2016	9 Months ended December 31, 2017	9 Months ended December 31, 2016	Year ended March 31, 2017
		Unaudited	Unaudited	Unaudited (Refer Note 4)	Unaudited	Unaudited (Refer Note 4)	Unaudited (Refer Note 4)
I	Revenue from Operations (Refer Note 5)	7,481.61	9,096.66	6,594.84	22,716.59	20,409.70	28,047.96
II	Other Income	465.17	625.27	667.61	1,740.22	2,740.38	3,370.12
III	TOTAL INCOME (I + II)	7,946.78	9,721.93	7,262.45	24,456.81	23,150.08	31,418.08
IV	EXPENSES						
	Employee Benefits Expense	2,211.88	1,914.57	1,580.79	5,766.77	4,915.84	6,693.82
	Depreciation and Amortisation Expense	79.37	79.72	76.00	238.89	238.07	314.19
	Other Expenses	633.62	552.16	586.12	1,763.27	1,518.39	2,725.14
	TOTAL EXPENSES (IV)	2,924.87	2,546.45	2,242.91	7,768.93	6,672.30	9,733.15
V	Profit before Exceptional Items and Tax (III)-(IV)	5,021.91	7,175.48	5,019.54	16,687.88	16,477.78	21,684.93
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit before Tax Expenses (V - VI)	5,021.91	7,175.48	5,019.54	16,687.88	16,477.78	21,684.93
VIII	Tax Expenses:						
	Current Tax	1,298.17	2,329.63	1,499.19	5,221.03	4,803.23	6,345.41
	Deferred Tax	(4.44)	12.20	(291.22)	(643.89)	79.60	132.69
	Total Tax Expense	1,293.73	2,341.83	1,207.97	4,577.14	4,882.83	6,478.10
IX	Net Profit for the period (VII - VIII)	3,728.18	4,833.65	3,811.57	12,110.74	11,594.95	15,206.83
X	Other Comprehensive Income						
	A (i) Items that will not be reclassified to profit & Loss	37.31	(27.35)	(1.84)	(5.00)	39.48	(145.75)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(12.91)	9.46	0.64	1.73	(3.62)	33.02
	B (i) Items that will be reclassified to profit & Loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Other Comprehensive Income for the period	24.40	(17.89)	(1.20)	(3.27)	35.86	(112.73)
XI	Total Comprehensive Income for the period (IX + X)	3,752.58	4,815.76	3,810.37	12,107.47	11,630.81	15,094.10
	Paid up Equity Share Capital (Face Value ₹ 10 per share)	2,946.12	2,946.12	2,944.04	2,946.12	2,944.04	2,945.12
	Earnings Per Equity Share (Face Value ₹ 10 each) (Not Annualised)						
	Basic (₹)	12.65	16.41	12.95	41.12	39.41	51.67
	Diluted (₹)	12.65	16.41	12.94	41.12	39.38	51.64

Notes:

- The above results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at its meeting held on January 30, 2018.
- The Board of Directors of the Company have declared interim dividend of ₹ 6/- per share having a nominal value of ₹ 10 each.
- The Company primarily operates in single business and geographical segment, hence, no additional disclosures required to be given as per Ind AS 108 - Operating Segments other than those already given in the financial results.
- The Company adopted Indian Accounting Standards (Ind AS) from April 01, 2017. The figures for the quarter ended and nine months ended December 31, 2016 and year ended March 31, 2017 are in compliance with Ind AS.

Reconciliation between Net Profit as reported under Previous Indian GAAP and Ind AS for the periods are as follows:

(₹ in Lakhs)

Particulars	3 Months ended December 31, 2016	9 Months ended December 31, 2016	Year ended March 31, 2017
Net Profit as per Previous Indian GAAP	4,515.57	11,306.16	15,150.98
Adjustments:			
Fair Value measurement of Investments through Profit and Loss A/c	(964.42)	281.91	68.85
Actuarial Gain / (Loss) on defined benefit plans transferred to Other Comprehensive Income	1.84	47.57	(5.25)
Derecognition of Lease Equalisation Reserve	(1.50)	(3.03)	(6.96)
Other Adjustments	0.01	0.61	0.68
Tax Impact on above adjustments	260.07	(38.27)	(1.47)
	(704.00)	288.78	55.85
Net Profit for the period under IND AS	3,811.57	11,594.94	15,206.83

- The Company recognizes portion of rating fee income commensurate with the efforts involved based on percentage completion method. During the period, the Company has reviewed efforts required for completion of various activities in the rating process. Based on review, the Company has changed its effort estimates for rating activities due to change in Regulations, Business-Mix and Technological Enhancements. Accordingly, the revenue recognized for the quarter ended on December 31, 2017 is lower by ₹ 441.68 Lakhs & for the nine month ended on December 31, 2017 is higher by ₹ 2,057.73 Lakhs.
- The Company has granted 500,000 options on January 01, 2014, to the eligible employees as per the Company's Employees Stock Option Scheme (ESOS) 2013 - Tranche 1. During the period, eligible employees have exercised 10,013 options and accordingly the Company has allotted 10,013 equity shares of ₹ 10 each at a premium of ₹ 607/- per share.



- 7 The Company has granted 5,37,908 options on September 01, 2017, to the eligible employees as the Company's Employees Stock Option Scheme (ESOS) 2013 - Tranche 2. As per Ind AS 102 - Share Based Payment, total cost of ESOS 2013 - Tranche 2 will be charged over vesting period, accordingly ₹ 373.71 Lakhs and ₹ 499.88 Lakhs has been charged to Statement of Profit and Loss during the quarter and nine months ended December 31, 2017 respectively.
- 8 Previous year's/period's figures have been regrouped / rearranged wherever necessary to conform to the figures of the current period.

For and behalf of the Board of Directors
CARE Ratings Limited


Rajesh Mokashi
Managing Director & Chief Executive Officer
DIN:02781355
Mumbai, January 30, 2018





Limited Review Report

To,
Board of Directors of
CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited')

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of CARE Ratings Limited (formerly known as 'Credit Analysis and Research Limited') ('the Company') for the quarter and nine months ended December 31, 2017 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 05, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

The financial results for the comparative periods ended December 31, 2016 and March 31, 2017 included in the Statement are based on published financial results for the said periods prepared in accordance with the then applicable Accounting Standards and other accounting principles generally accepted in India, as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been reviewed by us.

For Khimji Kunverji & Co.
Chartered Accountants
Firm's Registration No: 105146W



Gautam V Shah
Partner (F-117348)



Mumbai
January 30, 2018

Mumbai, 30th January, 2018

Q3 FY18 and 9M FY18 Results

The Board of Directors of CARE Ratings approved the Q3 FY18 and 9M FY18 results in the Board Meeting held on Tuesday the 30th of January 2018.

Highlights: 9M FY18

- Rating Revenue increases by 11.97%
- Operating profit up by 8.81%, Operating profit margin declined from 67.3% to 65.8% mainly on account of ESOP charges of Rs.5 crore
- Addition of 2,737 new clients in 9M FY18
- 3rd Interim dividend of Rs. 6/- per share declared
- 6,696 instruments rated during the quarter
- 10.24% increase in volume of fresh debt rated

Highlights: Q3 FY18

- Rating Revenue increases by 14.16%
- Operating profit up by 4.70%, Operating profit margin declined from 65.9% to 60.9% mainly on account of ESOP charge of Rs. 3.73 crore
- Addition of 843 new clients in Q2FY18
- 2,512 instruments rated during the quarter
- 18.9% increase in volume of fresh debt rated

The Indian Accounting Standards (Ind AS) became applicable to the Company from April 1, 2017. The current quarter results are prepared in accordance of Ind AS and the previous year / quarter results have been restated as per Ind AS.

Q3-FY18 was characterized by increasing growth in IIP as industry adjusted to the new tax regime with restocking of goods contributing to the same. However, while growth in bank credit was higher for the period 1st April 2018 – 5th January 2018, it was concentrated in the retail and agriculture segments. Growth in credit to the manufacturing and services sectors was still negative. With CPI inflation increasing, the RBI had also signaled that it would be looking closely at price developments. Total debt issuances in the corporate bond market was lower for the period April-December 2017 at Rs 4.55 lakh crore (Rs 5.07 lakh crore). On the credit rating side, the MCR has shown stability at 1.06 for 9M-FY18 compared with 1.08 in 9M-FY17 while the quality of debt denoted by CDQI was lower at 89.02 in December as against 90.35 in September 2017. The results of the company need to be viewed against this background.

Rating income increased by 11.97% from Rs.202.7 crore in 9M FY17 to Rs.226.9 crore during 9M FY18 mainly due to new business and surveillance income. Total volume of fresh debt rated increased from Rs 9.44 lakh crore to Rs 10.40 lakh crore during this period with 6,696 instruments being rated. Other income decreased from Rs. 27.4 crore in 9M FY17 to Rs. 17.4 crores during 9M FY18 mainly due to Ind AS impact on accounting for fair value of investments.

Total expenses increased by 16.5% mainly on account of ESOP charge of Rs.5.crore, due to increase in SME marketing teams and brand building expenses.

Operating profit margin stood at 65.8% and Net profit margin was 49.5%.

The Board has announced third interim dividend of Rs 6/- per share which when combined with the interim dividend of Rs.6 /- share for the second quarter and first quarter cumulates to Rs 18/- share in the 9MFY18.

Rating income increased by 14.2% from Rs.65.5 crore in Q3 FY17 to Rs. 74.8 crore during Q3 FY18 mainly due to new business and surveillance income.

Commenting on the results Rajesh Mokashi, MD & CEO, said, 'There do appear to be signs of a turnaround in the economy which has adjusted well to the GST regime. We do expect some acceleration in the coming months, with FY19 likely to start off on a better note. While there is some interest being shown by companies in investing in projects, they are still watchful of the progress made on various fronts including the IBC resolution and the proactive policies of the government including the forthcoming Budget which will give direction and result in positive outcomes.'

Contact:

Rajesh Mokashi, MD & CEO 022-67543456

Chandresh Shah, CFO 022-67543456

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 now entered its 25th year 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 micro-finance institutions, among others. The Company also provides issuer ratings and corporate governance ratings and has rated innovative debt instruments, such as perpetual bonds. 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. The company have 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, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune. The company has also established a subsidiary in Nepal, which is expected to commence operation in due course subject to regulatory approvals.

*** In terms of rating income FY17**