



ICRA

ICRA Limited

July 29, 2021

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001, India
Scrip Code: 532835

National Stock Exchange of India Limited

Exchange Plaza,
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai - 400 051, India
Symbol: ICRA

Dear Sir/Madam,

Sub: - Investor Presentation, Q1 FY22

Pursuant to the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Investor Presentation, Q1 FY22.

Kindly take the above on record.

Regards,

Sincerely,

(S. Shakeb Rahman)
Company Secretary & Compliance Officer

Encl.: As above



ICRA

A MOODY'S INVESTORS
SERVICE COMPANY

Group ICRA Investor Presentation Q1 FY22

July 29, 2021

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Group ICRA Overview

ICRA Nepal-ICRA Lanka

(subsidiaries of ICRA Limited)



ICRA Nepal



First credit rating agency in Nepal



Provides independent credit rating opinions and grading services

ICRA Lanka



Provides independent credit rating opinions and research

ICRA Limited

(parent entity – standalone)



ICRA
A MOODY'S INVESTORS
SERVICE COMPANY



Provides independent credit ratings opinions and research



30+ years of experience and 400+ workforce



13 offices across India

ICRA Analytics

(subsidiary of ICRA Limited)



ICRA
ANALYTICS
A Group ICRA Company



Provides solutions, analytics and digital platforms for risk management, market data, consulting and knowledge services



21+ years of experience and 600+ workforce



Serving clients across the globe



Certified as a “Great Place to Work”

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**Financial
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Financial
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(Consolidated)

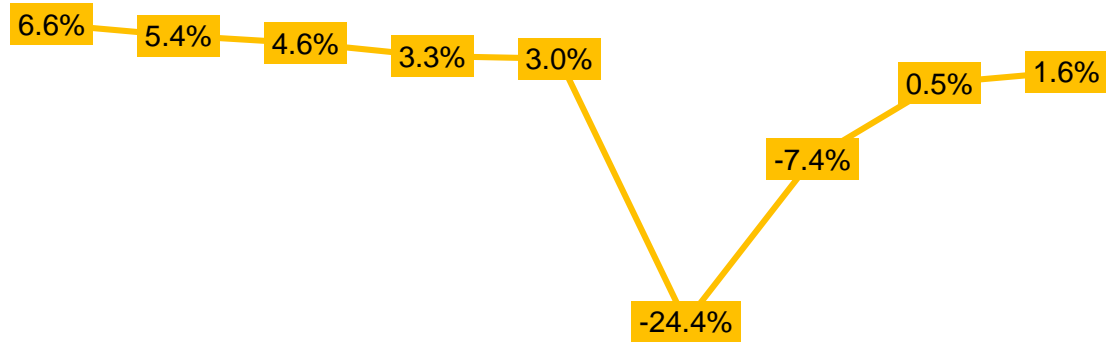
04

- Research
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Economic Environment

GDP Growth

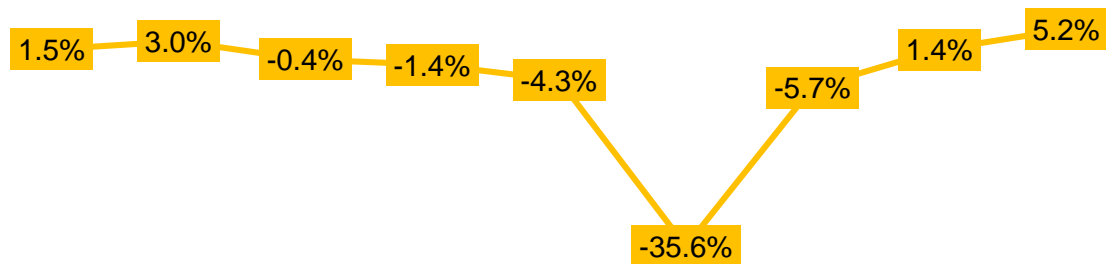
(source: CSO)



Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20 Q1 FY21 Q2 FY21 Q3 FY21 Q4 FY21

Index of Industrial Production Growth

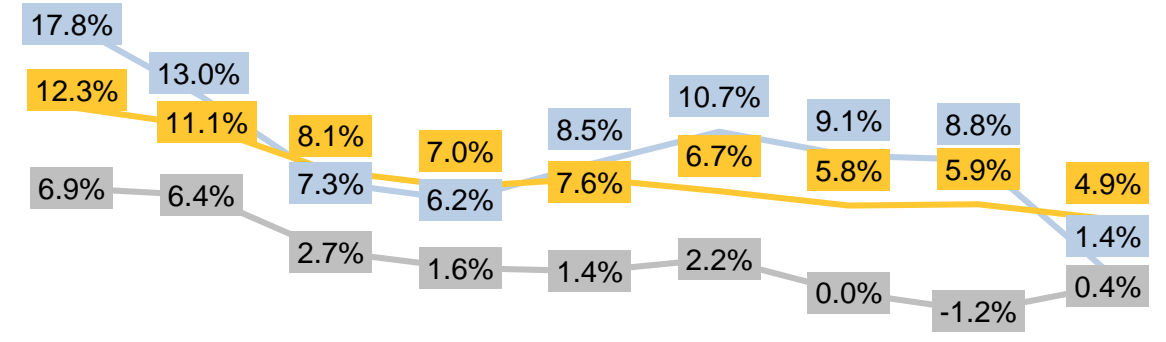
(source: MOSIP)



Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20 Q1 FY21 Q2 FY21 Q3 FY21 Q4 FY21

Bank Credit – YoY Growth*

(source: RBI)

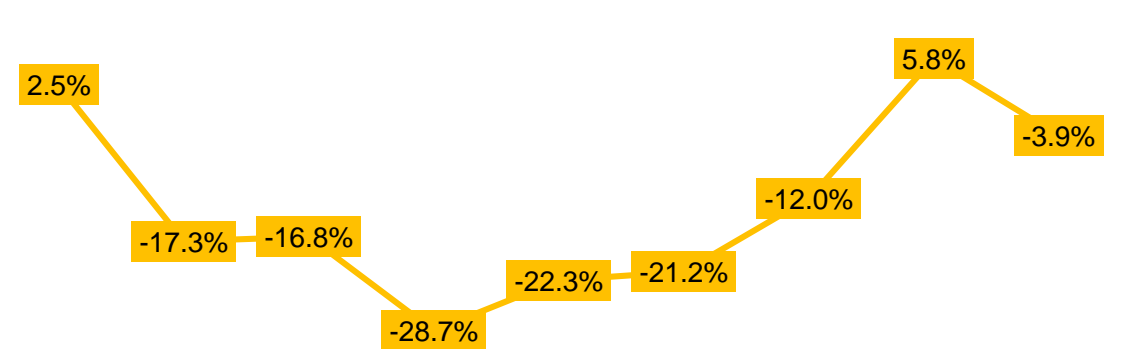


Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20 Q1 FY21 Q2 FY21 Q3 FY21 Q4 FY21

— Services — Non-food — Industry^

Outstanding CPs – YoY Growth*

(source: RBI)



Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20 Q1 FY21 Q2 FY21 Q3 FY21 Q4 FY21 Q1 FY22

* YoY rise in total outstanding at the end of each quarter

^ Includes all types of enterprises, i.e. micro, small, medium and large

Challenges and Risk Factors

01

Economic and social challenges due to covid-19 pandemic

02

Despite several policy measures, investment activity yet to show a meaningful revival

03

Reputation-related risks

04

Competition from other rating agencies

05

Ability to retain / attract quality manpower, rising compensation and related costs

06

Funding substitutes including overseas borrowing or adverse domestic interest rate movements

ICRA Standalone – Financial Performance

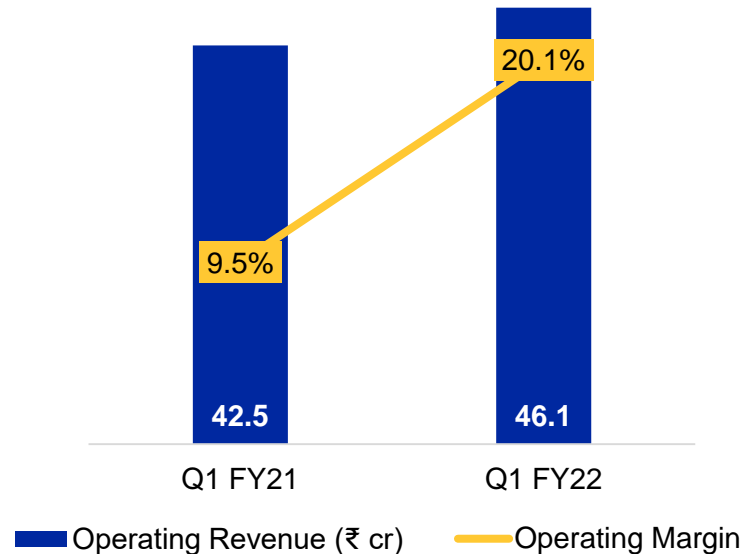


For the quarter ended June 30, 2021, the company's operating income was Rs. 46.1 crore, as against Rs. 42.5 crore in the corresponding quarter of the previous financial year, showing a growth of 8.4%. The credit market was impacted by the lockdown in various parts of the country that was imposed consequent to the spread of the 2nd wave of Covid-19. The bank credit outstanding to large industries declined by 1.7% as in May'21 on y-o-y basis. The bond issuances in Q1 FY'22 declined by 44.6% due to a high base level of last year which was driven by RBI's Targeted Long-Term Repo Operations [TLTRO]. Total market rated volumes remained tepid even as Securitisation volumes grew well on a very small base. Despite the adverse credit market conditions, the company achieved a growth in revenue mainly led by sharper focus on certain clients segments including those in financial sector. ICRA continued to engage actively with issuers and investors across market segments and conducted a series of credit themed outreach webinars for emerging segments like Covered Bonds and InviTs. Our detailed insights on Financial Sector and the Macro economy received wide coverage.

Other income was higher by 124% during the quarter on y-o-y basis, primarily due to dividend of Rs. 12.9 crore from the material subsidiary. The other income excluding the dividend from material subsidiary has declined by 11% due to lower interest rate environment.

The employees benefit expenses during the current quarter were higher by 8.2% on y-o-y basis, mainly due to annual increments, higher variable pay provision and senior management hiring. Other expenses were lower by 38% on y-o-y basis mainly due to lower legal and recruitment costs.

The PBT for the quarter was at Rs. 30.8 crore as against Rs. 13.6 crore y-o-y basis, higher by 125.6% and the PAT was also higher by 160.5% at Rs. 26 crore as against Rs. 10 crore y-o-y basis.



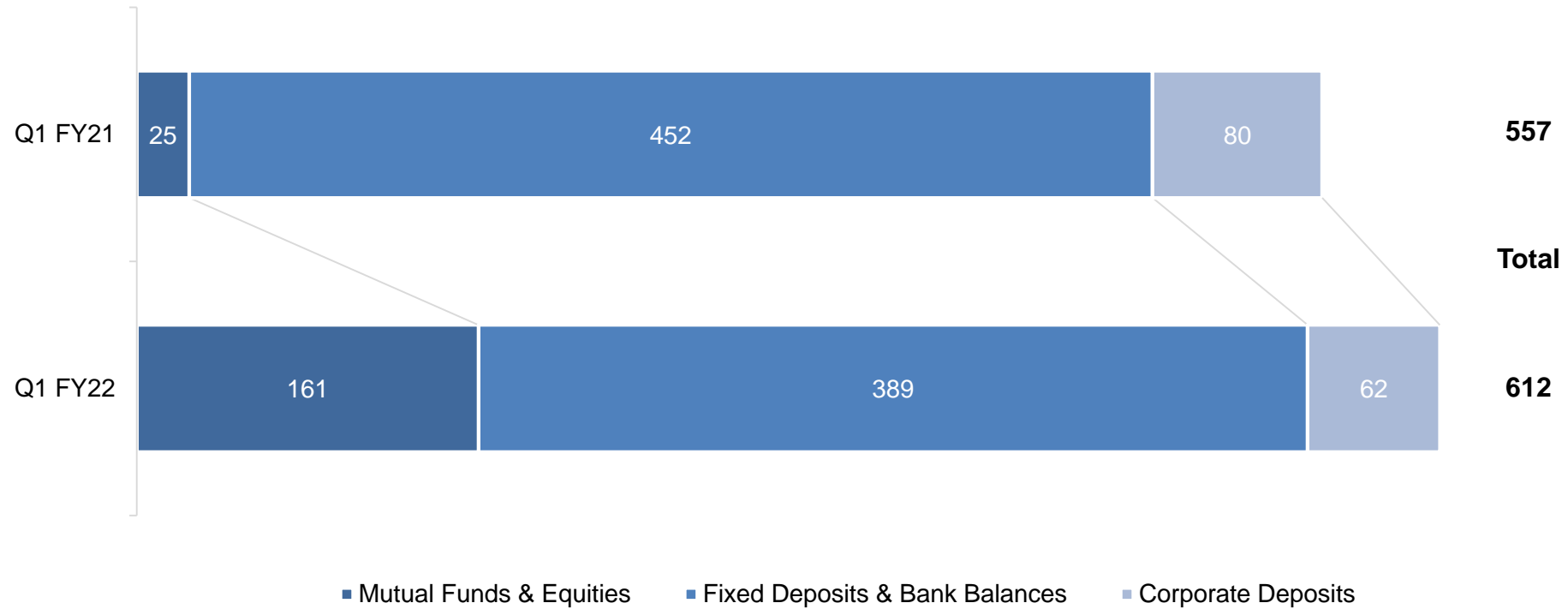
ICRA Standalone – P&L (₹ cr)



P&L		Q1 FY21	Q1 FY22	Q1 FY22 vs Q1 FY21
Operating Revenue	a	42.5	46.1	8.4%
Compensation Expenses	b1	26.8	29.0	8.2%
Other Expenses	b2	10.0	6.2	-38.0%
Depreciation		1.2	1.2	-2.5%
Finance Costs		0.4	0.4	-9.2%
Total Expenses	b	38.5	36.8	-4.3%
Operating Profit	c=a-b	4.0	9.3	129.3%
Other Income	d	9.6	21.5	124.0%
Profit Before Tax	e=c+d	13.6	30.8	125.6%
Tax	f	3.7	4.8	30.4%
PAT	g=e-f	10.0	26.0	160.5%
Other Comprehensive Income (Net of Tax)	h	0.4	0.3	
Total Comprehensive Income (Net of Tax)	i=g+h	10.4	26.3	152.9%

Other Metrics		Q1 FY21	Q1 FY22
Comp Expense %	b1 / a	63.2%	63.1%
Other Expense %	b2 / a	23.5%	13.4%
Operating Margin %	c / a	9.5%	20.1%
Profit Before Tax Margin %	e / (a+d)	26.2%	45.5%
PAT Margin %	g / (a+d)	19.2%	38.5%

ICRA Standalone – Investments (₹ cr)



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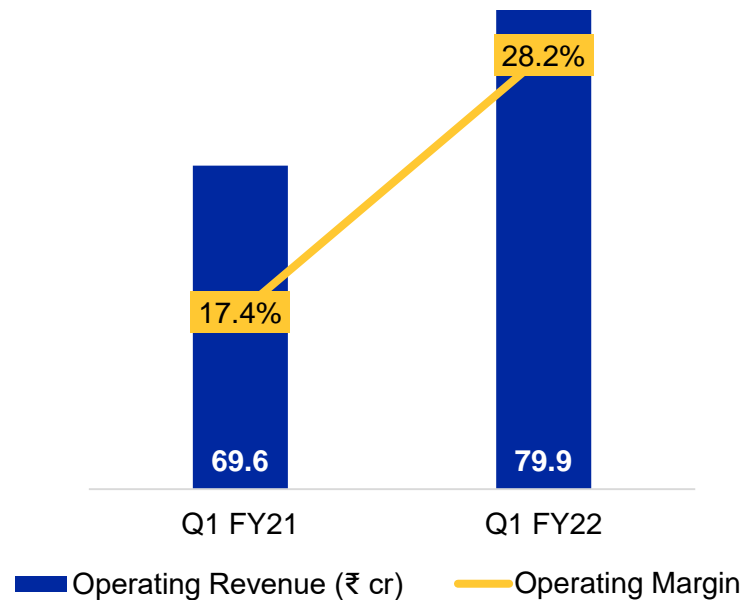
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**Financial
Performance
Review –
Group ICRA
(Consolidated)**

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ICRA Consolidated – Financial Performance



For the quarter ended June 30, 2021, the consolidated operating income was at Rs. 79.9 crore, against Rs. 69.6 crore on y-o-y basis, reflecting a growth of 14.7%. The Other income declined by 4.7%, over the corresponding quarter of the previous financial year because of lower interest rates. Consolidated PBT was at Rs. 33.1 crore, higher by 42.3%, and PAT was at Rs. 24.3 crore, higher by 42.8% on y-o-y basis.

Ratings, research, and other services segment, including foreign subsidiaries, has grown by 10% on y-o-y basis. Outsourced and information services segment grew by 29% due to increase in business from existing and new clients, whereas Consulting services de-grew by 14% due to challenges in external environment and de-focus on certain unprofitable segments of our business

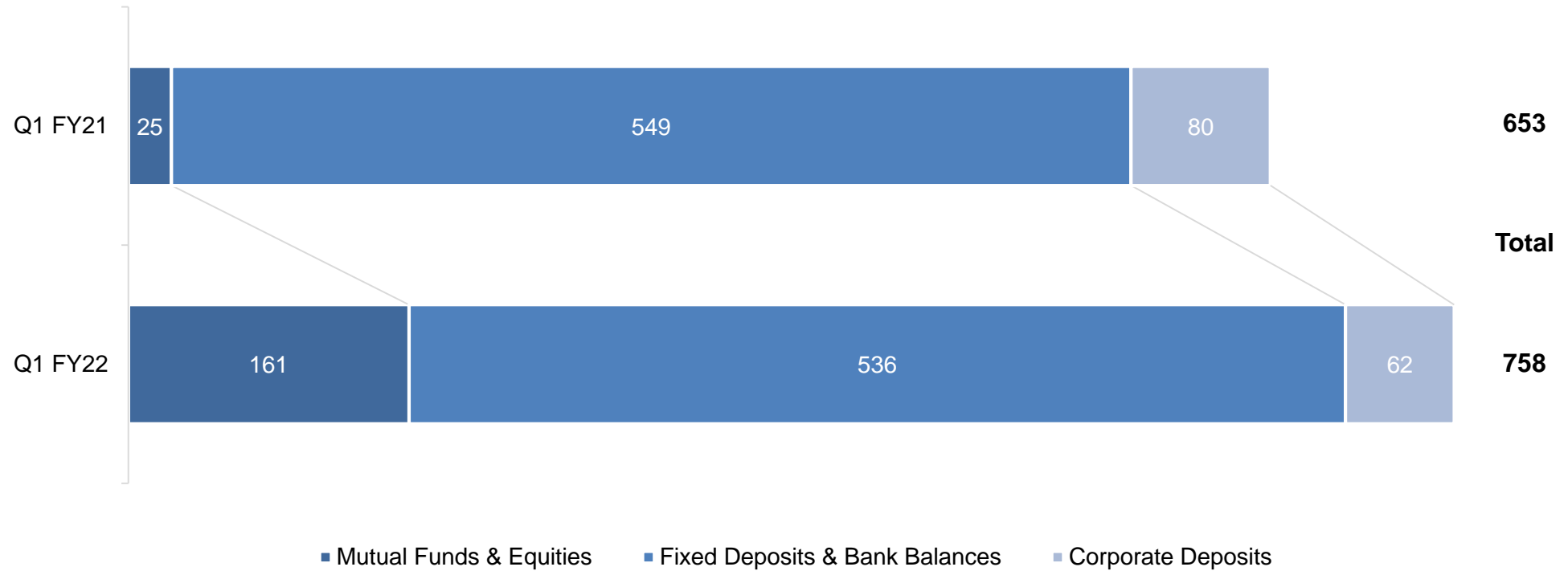
ICRA Consolidated – P&L (₹ cr)



P&L		Q1 FY21	Q1 FY22	Q1 FY22 vs Q1 FY21
Operating Revenue	a	69.6	79.9	14.7%
Compensation Expenses	b1	41.3	45.1	9.1%
Other Expenses	b2	13.4	10.1	-24.4%
Depreciation		2.3	1.8	-22.3%
Finance Costs		0.5	0.4	-22.3%
Total Expenses	b	57.5	57.4	-0.2%
Operating Profit	c=a-b	12.1	22.5	85.6%
Other Income	d	11.2	10.7	-4.7%
Profit Before Tax	e=c+d	23.3	33.1	42.3%
Tax	f	6.2	8.8	41.0%
PAT	g=e-f	17.0	24.3	42.8%
Other Comprehensive Income (Net of Tax)	h	0.3	(0.2)	
Total Comprehensive Income (Net of Tax)	i=g+h	17.4	24.2	39.2%

Other Metrics		Q1 FY21	Q1 FY22
Comp Expense %	b1 / a	59.3%	56.4%
Other Expense %	b2 / a	19.2%	12.7%
Operating Margin %	c / a	17.4%	28.2%
Profit Before Tax Margin %	e / (a+d)	28.8%	36.6%
PAT Margin %	g / (a+d)	21.1%	26.9%

ICRA Consolidated – Investments (₹ cr)



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- **Research**
- **Webinars**

High Impact Research



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INDIAN GOLD JEWELLERY RETAIL INDUSTRY

Earnings profile of retailers improve with favourable realisations and inventory gains

APRIL 2021



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INDIAN CHEMICALS SECTOR: SPECIALTY CHEMICALS

Healthy recovery in Q3 FY2021 and Q4 FY2021; medium to long term outlook remains favorable

APRIL 2021



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INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLE

Regional lockdown restrictions foresee sharp slide ahead in May 2021

MAY 2021



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Economic Outlook and Macro Trends

Second surge of Covid-19 douses hopes of double-digit GDP expansion in FY2022

May 2021



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Roads and Highways

Increase in competition in road sector; lack of bidding discipline to result in profit margin erosion for contractors

JUNE 2021



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AUTO COMPONENT INDUSTRY UPDATE

Covid 2.0 to result in over 70% QoQ decline in industry EBIDTA during Q1 FY2022

JUNE 2021

Thematic Discussions for Industry Participants ICRA

NBFC and HFC Sector - Risks remain elevated in the near-term; revival expected in the next fiscal

The Indian Auto Component Industry: Steering through bumpy roads

Indian Banking Sector - Better placed to handle second wave

Indian Pharmaceutical Industry – likely to maintain its immunity

Indian Construction Sector: Trends and Outlook

Stable rural cash flows to support demand, even as covid infections in rural areas a concern

Outlook & Challenges in Third Party Open Access based projects

Second pandemic wave derails recovery momentum of India Inc.

This Investor Presentation contains certain forward-looking statements (including expectations and plans) that may be identified by words, phrases, or expressions such as “expected”, “likely”, “will”, “would”, “continue”, “intend to”, “in future”, “opportunities” or their variations. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under the sections titled “Business Outlook” and/or “Challenges/Risk Factors”, which are a part of this review presentation. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. The Company assumes no obligation to publicly update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

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