



ICRA

ICRA Limited

**July 15, 2020**

**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, Q4 FY20**

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, Q4 FY20.

Kindly take the above on record.

Regards,

Sincerely,

(S. Shakeb Rahman)  
Company Secretary & Compliance Officer

Encl.: As above

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Building No. 8, 2<sup>nd</sup> Floor, Tower A  
DLF Cyber City, Phase II  
Gurugram – 122002, Haryana  
Registered Office: 1105, Kailash Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi 110001.

Tel. : +91.124.4545300  
CIN : L749999DL1991PLC042749

Website: [www.icra.in](http://www.icra.in)  
Email: [info@icraindia.com](mailto:info@icraindia.com)  
Helpdesk: +91 9354738909  
Tel. : +91.11.23357940-45

**RATING**

**RESEARCH**

**INFORMATION**



ICRA

A MOODY'S INVESTORS  
SERVICE COMPANY

# Group ICRA Investor Presentation Q4 FY20

*July 15, 2020*

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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



29+ years of experience and 400+ workforce



10 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



20+ years of experience and 600+ workforce



Serving clients across the globe



Certified as a “Great Place to Work”

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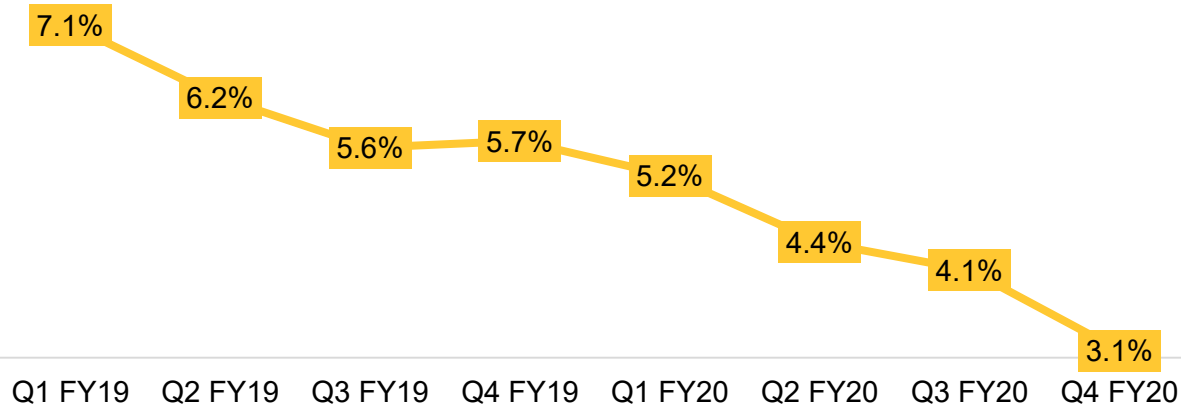
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- Research
- Webinars
- Awards
- Social Impact

# Deteriorating Economic Environment

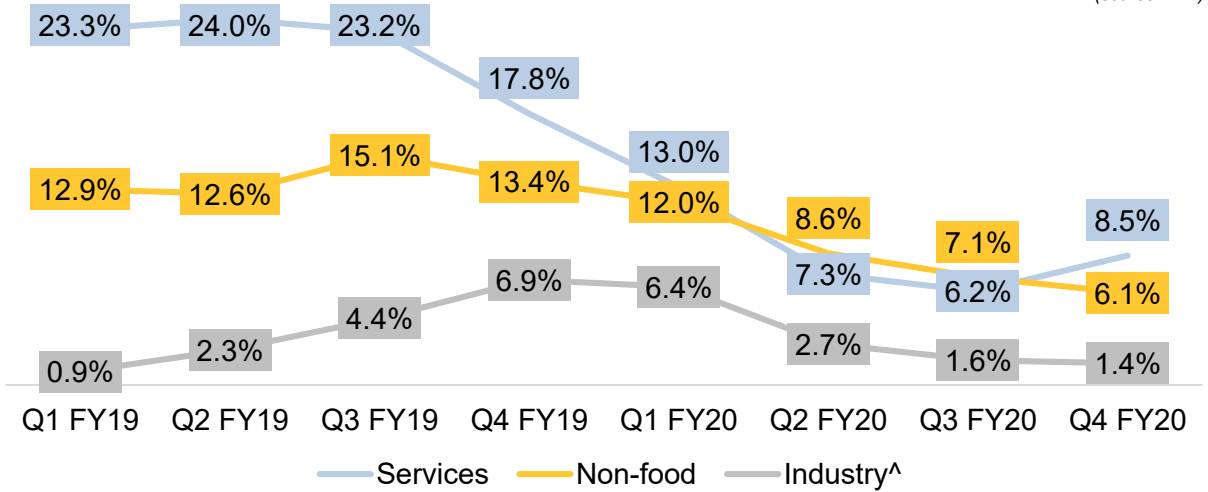
### GDP Growth

(source: CSO)



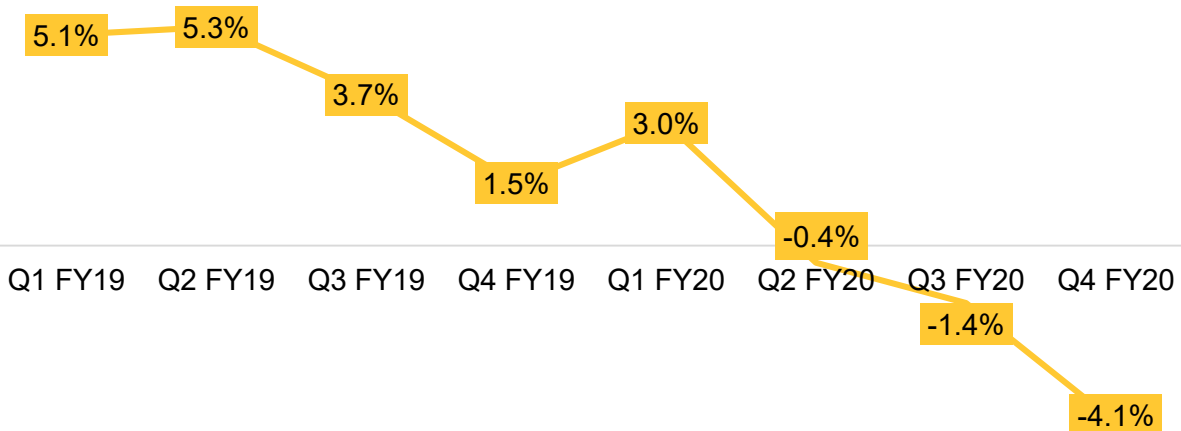
### Bank Credit – YoY Growth\*

(source: RBI)



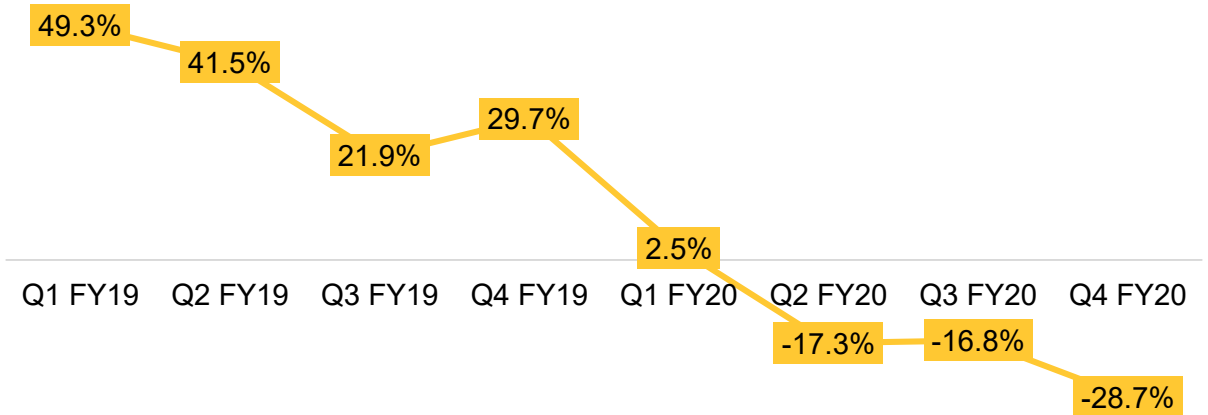
### Index of Industrial Production Growth

(source: MOSIP)



### Outstanding CPs – YoY Growth\*

(source: RBI)



\* 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

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**Economic and social challenges due to covid-19 pandemic**

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

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**Reputation-related risks**

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**Competition from other rating agencies**

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

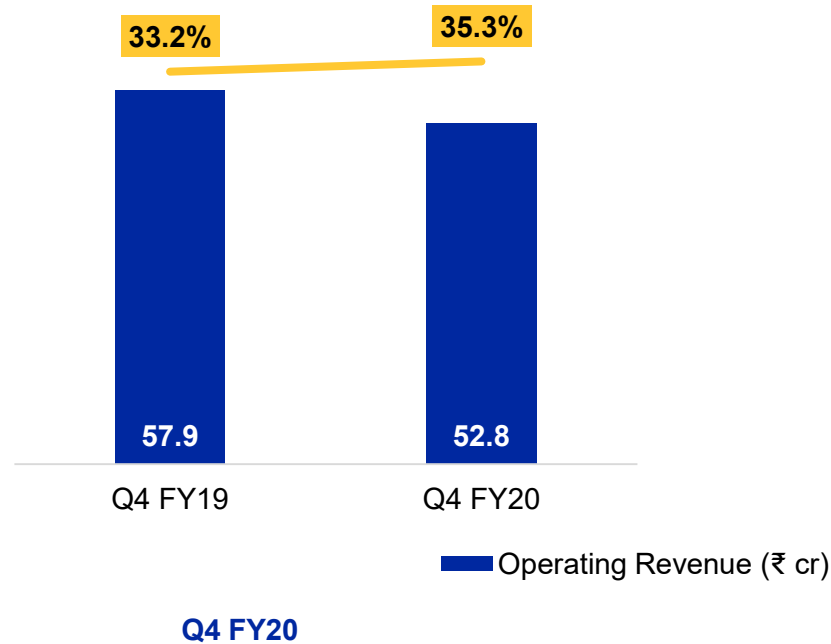
**06**

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**Funding substitutes including overseas borrowing or adverse domestic interest rate movements**



# ICRA Standalone – Financial Performance

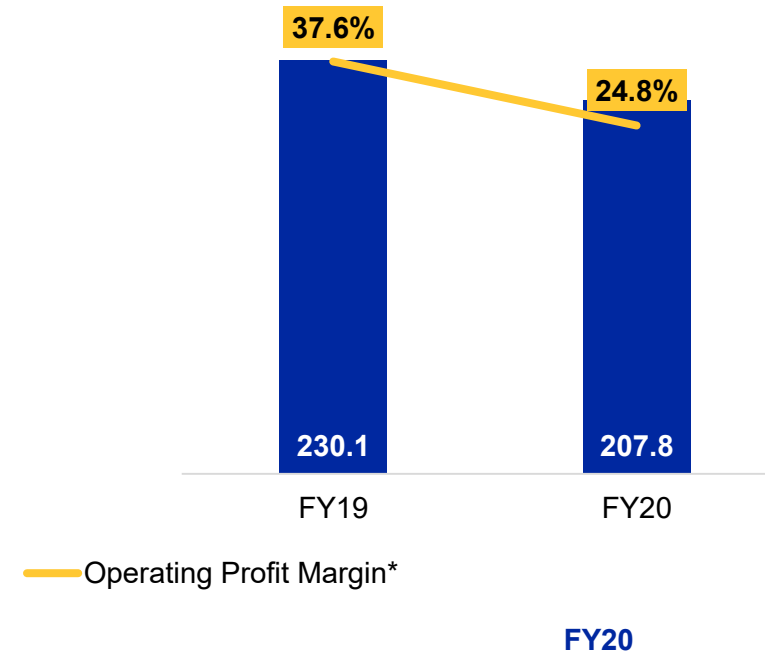


For the quarter ended March 31, 2020, the company's operating revenue was ₹52.8 crores, against ₹57.9 crores in the corresponding quarter of the previous year, a decline of 8.9%.

Both bank loan and debt market segments remained adversely impacted during the quarter. Other income in the quarter declined marginally on y-o-y basis.

Employee benefit expenses declined in the quarter on y-o-y basis by 24.1% primarily due to true up of variable pay provision for the full year, on account of lower profitability. Other expenses were higher by 5.1% on y-o-y basis, driven by legal & professional charges and additional audit fees incurred due to ongoing regulatory matters and higher CSR spent. Overall expenses declined by 11.7% on y-o-y basis. Operating profit\* for the quarter was at ₹18.6 crores, lower by 3.2%, on y-o-y basis.

After including other income, PBT for the quarter was at ₹28.6 crores, lower by 2.4%, on y-o-y basis and PAT was at ₹21.1 crores, higher by 3.9%, due to lower tax rate.



For the financial year ended March 31, 2020, the company's operating income was ₹207.8 crores, lower by 9.7% as against previous financial year.

Operating profit\* for the year was at ₹51.5 crores, lower by 40.5%, on y-o-y basis.

After including other income, the company reported a PBT of ₹92.1 crores (29.8% y-o-y decline) and a PAT of ₹65.0 crores (32.3% y-o-y decline).

The profitability during the year was impacted due to decline in revenue and higher expenses on account of legal & professional, additional audit fees and higher CSR spent.

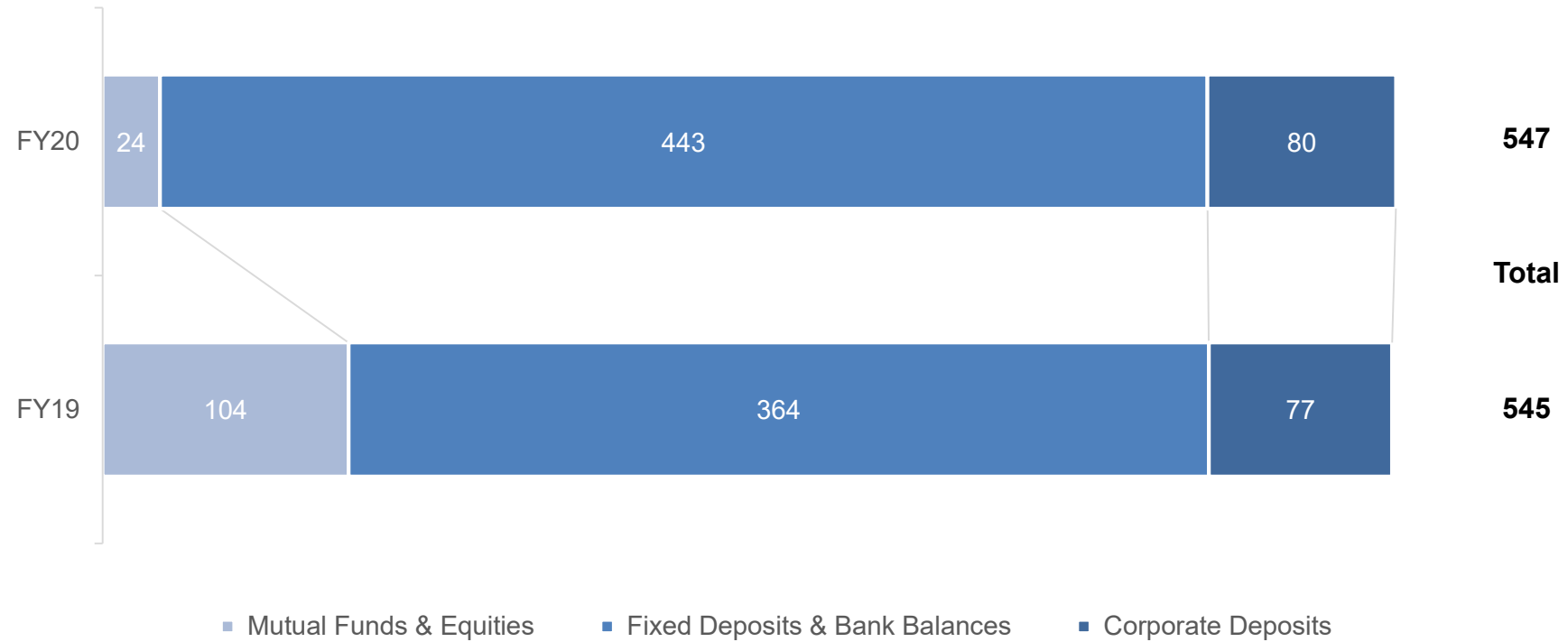
# ICRA Standalone – P&L (₹ cr)



P&L		Q4 FY19	Q4 FY20	Q4 FY20 vs Q4 FY19	FY19	FY20	FY20 vs FY19
<b>Operating Revenue</b>	<b>a</b>	<b>57.9</b>	<b>52.8</b>	<b>-8.9%</b>	<b>230.1</b>	<b>207.8</b>	<b>-9.7%</b>
Compensation Expenses	b1	25.7	19.5	-24.1%	107.4	105.1	-2.2%
Other Expenses	b2	12.2	12.8	5.1%	33.7	44.2	31.0%
Depreciation		0.7	1.3	82.6%	2.4	5.4	120.9%
Finance Costs		0.0	0.4		0.0	1.7	
<b>Total Expenses</b>	<b>b</b>	<b>38.7</b>	<b>34.2</b>	<b>-11.7%</b>	<b>143.6</b>	<b>156.3</b>	<b>8.8%</b>
<b>Operating Profit</b>	<b>c=a-b</b>	<b>19.2</b>	<b>18.6</b>	<b>-3.2%</b>	<b>86.5</b>	<b>51.5</b>	<b>-40.5%</b>
Other Income	d	10.1	10.0	-0.9%	44.5	40.6	-8.9%
<b>Profit Before Tax</b>	<b>e=c+d</b>	<b>29.3</b>	<b>28.6</b>	<b>-2.4%</b>	<b>131.1</b>	<b>92.1</b>	<b>-29.8%</b>
Tax	f	9.0	7.5	-16.7%	35.1	27.1	-22.9%
<b>PAT</b>	<b>g=e-f</b>	<b>20.3</b>	<b>21.1</b>	<b>3.9%</b>	<b>96.0</b>	<b>65.0</b>	<b>-32.3%</b>
Other Comprehensive Income (Net of Tax)	h	0.0	(0.1)		(0.2)	(0.5)	
<b>Total Comprehensive Income (Net of Tax)</b>	<b>i=g+h</b>	<b>20.3</b>	<b>20.9</b>	<b>3.0%</b>	<b>95.7</b>	<b>64.4</b>	<b>-32.7%</b>

Other Metrics		Q4 FY19	Q4 FY20	FY19	FY20
Comp Expense %	b1 / a	44.4%	37.0%	46.7%	50.6%
Other Expense %	b2 / a	21.1%	24.3%	14.6%	21.3%
Operating Margin %	c / a	33.2%	35.3%	37.6%	24.8%
Profit Before Tax Margin %	e / a	50.6%	54.2%	57.0%	44.3%
PAT Margin %	g / a	35.0%	40.0%	41.7%	31.3%

# ICRA Standalone – Investments (₹ cr)



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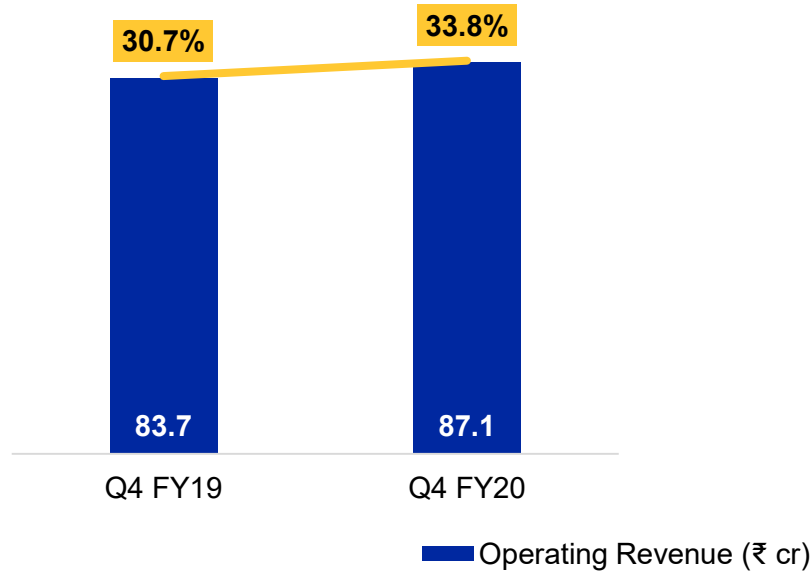
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# ICRA Consolidated – Financial Performance



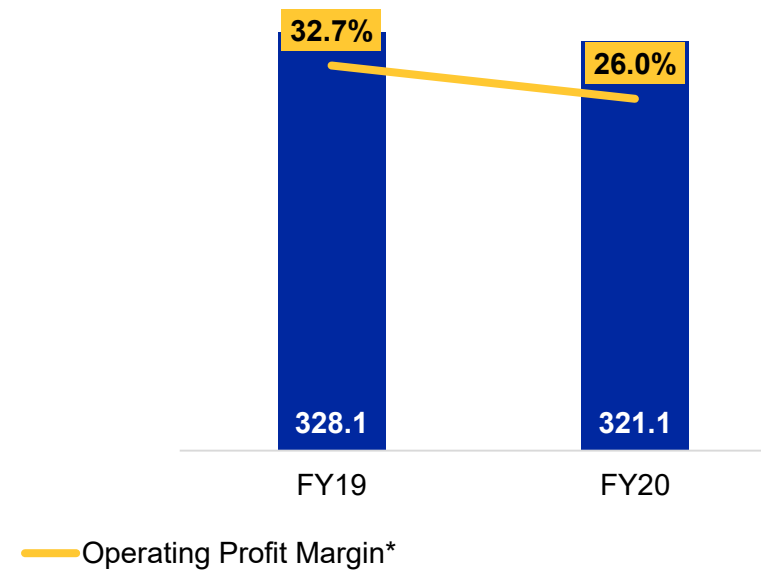
**Q4 FY20**

For the quarter ended March 31, 2020, the consolidated operating income (including export incentive) was ₹87.1 crores, a growth of 4.1%, against ₹83.7 crores on y-o-y basis.

Operating profit\* for the quarter was at ₹29.4 crores, higher by 14.5%, on y-o-y basis.

After including other income, PBT for the quarter was at ₹41.9 crores, higher by 12.3%, and PAT was at ₹34.9 crores, higher by 32.0% on y-o-y basis, due to lower tax rate and deferred tax adjustment after abolishment of dividend distribution tax.

The growth in consolidated revenue for the quarter ended March 31, 2020 was supported by the growth in consulting and outsourcing & information services business.



**FY20**

For the financial year ended March 31, 2020, the consolidated operating income was ₹321.1 crores against ₹328.1 crores, reflecting a decline of 2.1%, on y-o-y basis.

Operating profit\* for the year was at ₹83.5 crores, lower by 22.1%, on y-o-y basis.

After including other income, consolidated PBT was lower by 13.5% and the PAT was lower by 8.2% on y-o-y basis.

\*Excludes Other Income

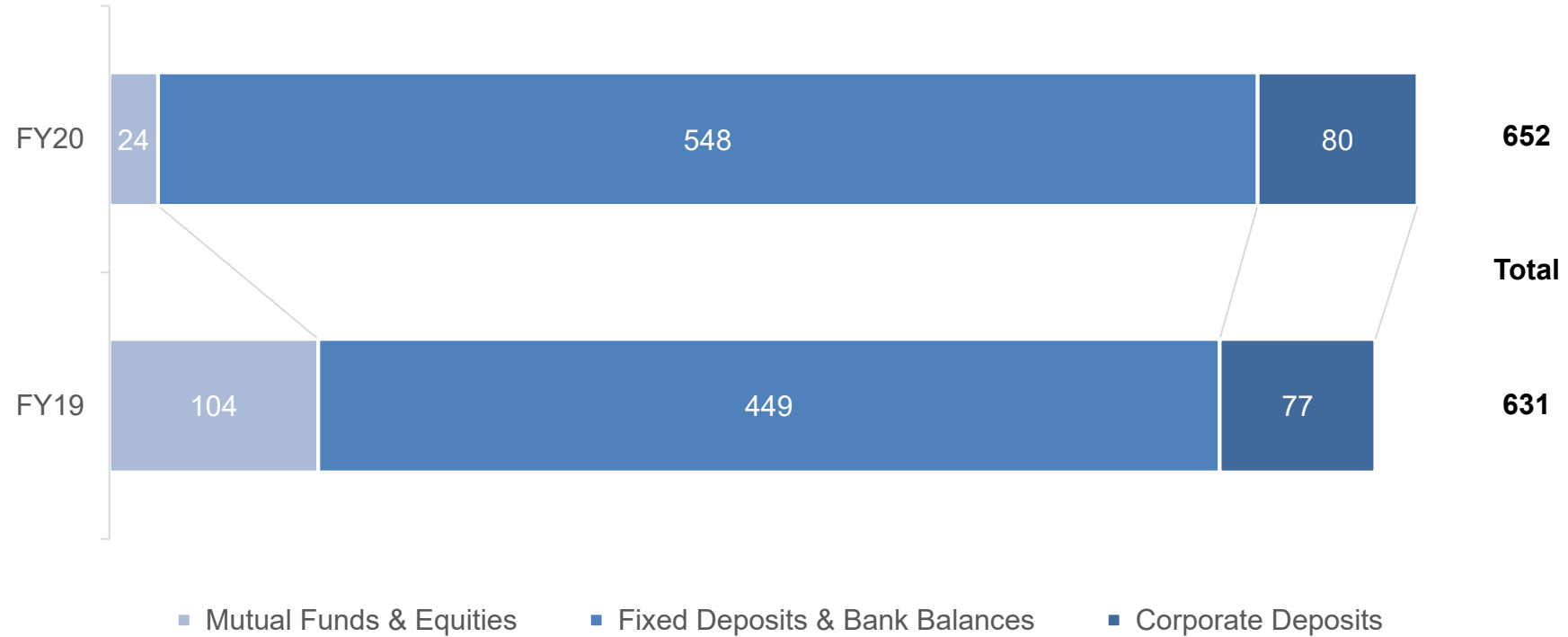
# ICRA Consolidated – P&L (₹ cr)



P&L		Q4 FY19	Q4 FY20	Q4 FY20 vs Q4 FY19	FY19	FY20	FY20 vs FY19
<b>Operating Revenue</b>	<b>a</b>	<b>83.7</b>	<b>87.1</b>	<b>4.1%</b>	<b>328.1</b>	<b>321.1</b>	<b>-2.1%</b>
Compensation Expenses	b1	39.8	33.8	-15.1%	160.8	161.7	0.5%
Other Expenses	b2	16.5	20.6	25.4%	54.3	63.6	17.1%
Depreciation		1.6	2.7	63.8%	5.6	10.3	83.0%
Finance Costs		0.0	0.5		0.1	2.0	
<b>Total Expenses</b>	<b>b</b>	<b>58.0</b>	<b>57.7</b>	<b>-0.5%</b>	<b>220.8</b>	<b>237.6</b>	<b>7.6%</b>
<b>Operating Profit</b>	<b>c=a-b</b>	<b>25.7</b>	<b>29.4</b>	<b>14.5%</b>	<b>107.2</b>	<b>83.5</b>	<b>-22.1%</b>
Other Income	d	11.6	12.5	7.3%	44.8	48.0	7.1%
<b>Profit Before Tax</b>	<b>e=c+d</b>	<b>37.3</b>	<b>41.9</b>	<b>12.3%</b>	<b>152.0</b>	<b>131.5</b>	<b>-13.5%</b>
Tax	f	10.9	7.0	-35.4%	46.1	34.2	-25.7%
<b>PAT</b>	<b>g=e-f</b>	<b>26.4</b>	<b>34.9</b>	<b>32.0%</b>	<b>105.9</b>	<b>97.2</b>	<b>-8.2%</b>
Other Comprehensive Income (Net of Tax)	h	0.1	(0.3)		(0.4)	(0.6)	
<b>Total Comprehensive Income (Net of Tax)</b>	<b>i=g+h</b>	<b>26.5</b>	<b>34.6</b>	<b>30.3%</b>	<b>105.6</b>	<b>96.6</b>	<b>-8.5%</b>

Other Metrics		Q4 FY19	Q4 FY20	FY19	FY20
Comp Expense %	b1 / a	47.6%	38.9%	49.0%	50.4%
Other Expense %	b2 / a	19.7%	23.7%	16.6%	19.8%
Operating Margin %	c / a	30.7%	33.8%	32.7%	26.0%
Profit Before Tax Margin %	e / a	44.6%	48.1%	46.3%	40.9%
PAT Margin %	g / a	31.6%	40.0%	32.3%	30.3%

# ICRA Consolidated – Investments (₹ cr)



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- **Research**
- **Webinars**
- **Awards**
- **Social Impact**





# Thematic Discussions for Industry Participants ICRA



***Credit outlook for the Indian Tyre Industry***



***The Indian Autocomponent Industry: Capex in the time slowdown***



***Outlook for the Indian Oil & Gas Sector***



***An Update on Banking and Financial Services Industry: Rising uncertainties amidst slowing economy to increase challenges for the financial sector***



***Key takeaways for state governments from the Union Budget FY2021 and Fifteenth Finance Commission's recommendations***



***Indian Road Sector: Trends and Outlook***



***Credit Outlook for the Indian fertiliser sector amid increasing urea production and tightening regulatory regime***



***Industry grapples with weak demand***

# Top ITES Exporter Award



ICRA Online (now known as ICRA Analytics) was recognized as the top exporter for ITES exports from West Bengal for FY19 in the category of companies with export revenue in the range of ₹25 crores to ₹100 crores

Software Technology Parks of India (STPI), is a society set up by the Ministry of Electronics and Information Technology, Government of India in 1991, with the objective of encouraging, promoting and boosting the software exports from India



# Social Impact – Promoting Self-Reliance



Contributed ₹1.25 crores to the PM CARES Fund. These funds are being used for most critical activities like testing, setting up of isolation wards, ventilators, etc.



Facilitated education to more than 1,300 students by mainstreaming them into formal system of learning



Conserved water by restoring 25 acre of lake under our environment sustainability program



Imparted skill training to more than 2,852 youth and women with 70% employment facilitation under our skill development programs



Sponsoring a class of 30 residential students to meet their living and education needs



In light of recent super cyclone Amphan, we are extending our support in rebuilding a school's infrastructure



Empowering and helping develop skills of the youth in India



Office sessions to give the students an initial exposure of work environment

*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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