



ICRA

ICRA Limited

February 4, 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, Q3 FY21

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, Q3 FY21.

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 Q3 FY21

February 4, 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



29+ 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



20+ years of experience and 600+ workforce



Serving clients across the globe



Certified as a “Great Place to Work”

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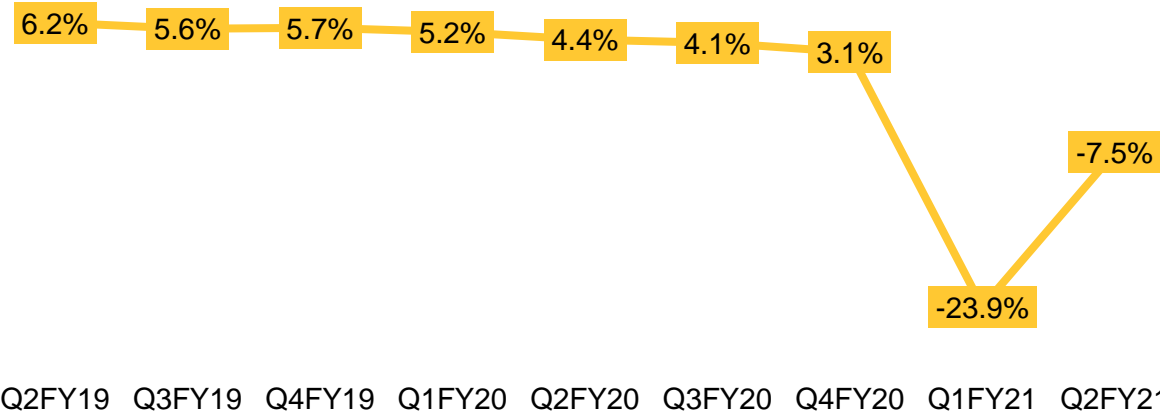
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Economic Environment

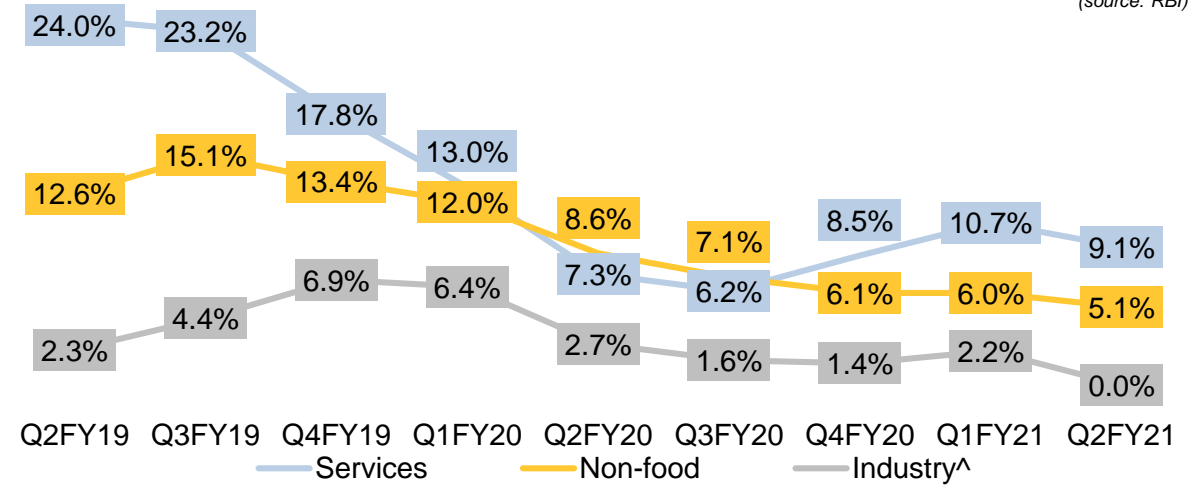
GDP Growth

(source: CSO)



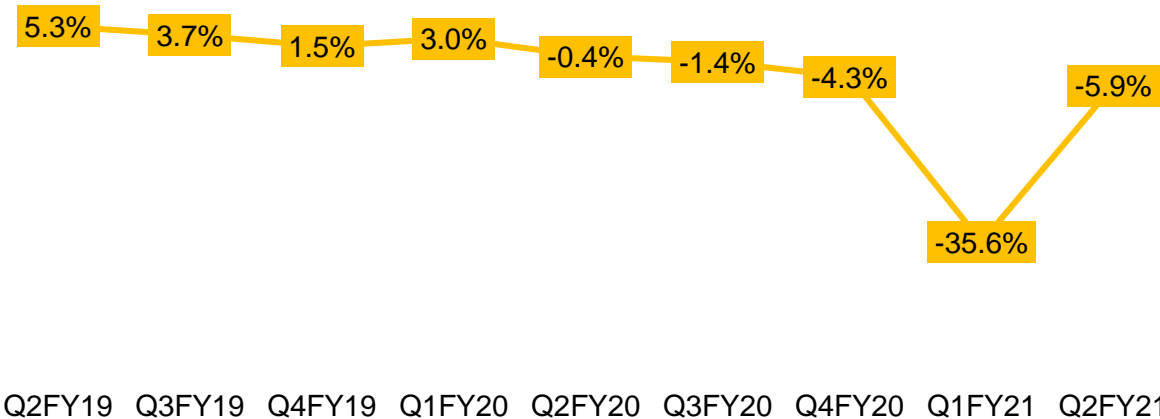
Bank Credit – YoY Growth*

(source: RBI)



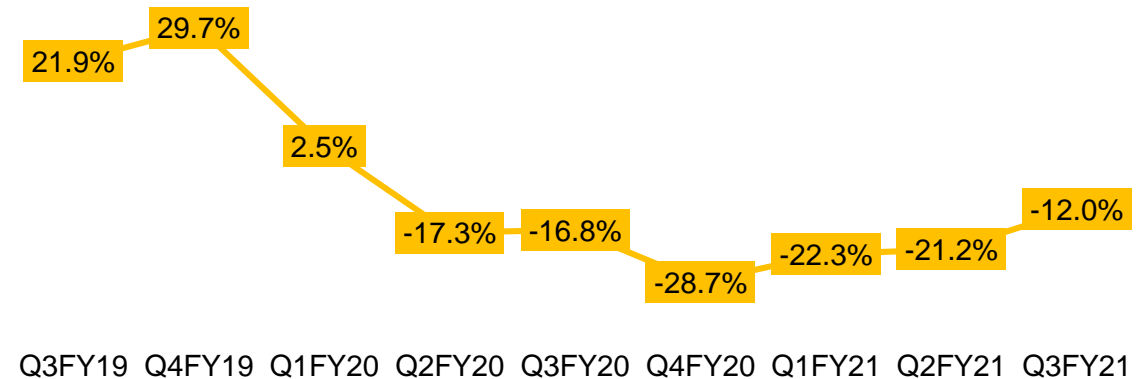
Index of Industrial Production Growth

(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

02

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

03

Reputation-related risks

04

Competition from other rating agencies

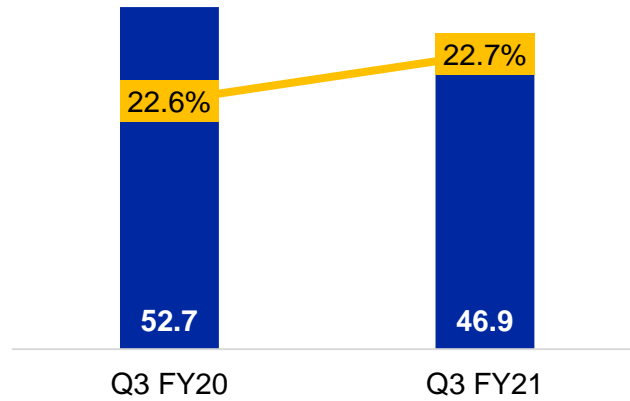
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Ability to retain / attract quality manpower, rising compensation and related costs

06

Funding substitutes including overseas borrowing or adverse domestic interest rate movements

ICRA Standalone – Financial Performance



For the quarter ended December 31, 2020 (“Q3 FY21”), the company’s operating income was Rs 46.9 crore, against Rs 52.7 crore in the corresponding quarter of the previous year, a decline of 11%.

The decline in the revenue has been mainly due to reduction in the securitisation volumes and contraction in the volume of debt rated in the large borrower segment.

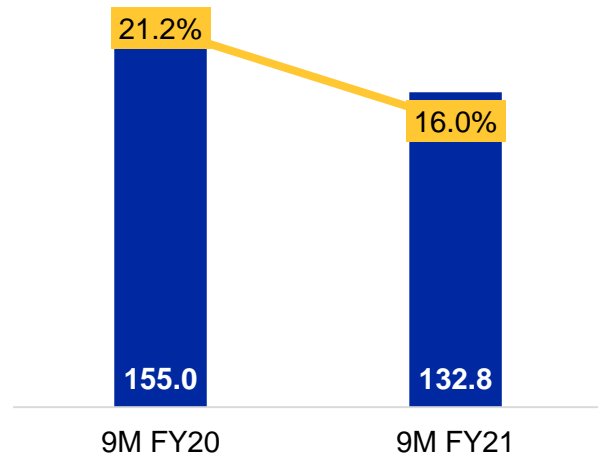
In Q3 FY21, the company’s other income declined by 2% on y-o-y basis, in line with the lower interest rate environment.

The company benefited from lower other expenses arising mainly from lower legal cost and travel cost & other overheads due to remote working.

The PBT for the quarter was lower by 6% at Rs. 20.4 crore and PAT was lower by 3% at Rs. 15.4 crore.

For the nine months ended on December 31, 2020, ICRA’s standalone revenue from operation was Rs 132.8 crore, compared to Rs 155.0 crore, lower by 14%.

The PBT and PAT were at Rs 49.6 crore and Rs 36.7 crore, respectively, as compared to Rs 63.5 crore and Rs 43.9 crore in previous year. The PBT was lower by 22% and the PAT was lower by 16%, as compared to the corresponding period of the previous year.



■ Operating Revenue (₹ cr) — Operating Margin

Operating margin = Operating Income less all expenses

ICRA Standalone – P&L (₹ cr)

P&L		Q3 FY20	Q3 FY21	Q3 FY21 vs Q3 FY20	9M FY20	9M FY21	9M FY21 vs 9M FY20
Operating Revenue	a	52.7	46.9	-10.9%	155.0	132.8	-14.3%
Compensation Expenses	b1	28.9	28.5	-1.7%	85.6	83.6	-2.3%
Other Expenses	b2	10.0	6.1	-39.5%	31.3	22.8	-27.2%
Depreciation		1.4	1.3	-3.2%	4.0	3.9	-4.0%
Finance Costs		0.5	0.4	-4.8%	1.2	1.3	7.7%
Total Expenses	b	40.8	36.3	-11.0%	122.1	111.6	-8.7%
Operating Profit	c=a-b	11.9	10.6	-10.5%	32.9	21.2	-35.4%
Other Income	d	9.9	9.8	-1.7%	30.6	28.4	-7.2%
Profit Before Tax	e=c+d	21.8	20.4	-6.5%	63.5	49.6	-21.8%
Tax	f	5.9	5.0	-15.7%	19.6	12.9	-33.9%
PAT	g=e-f	15.9	15.4	-3.1%	43.9	36.7	-16.4%
Other Comprehensive Income (Net of Tax)	h	(0.2)	(0.2)		(0.4)	0.2	
Total Comprehensive Income (Net of Tax)	i=g+h	15.7	15.2	-3.4%	43.5	36.9	-15.3%

Other Metrics		Q3 FY20	Q3 FY21	9M FY20	9M FY21
Comp Expense %	b1 / a	54.9%	60.6%	55.2%	62.9%
Other Expense %	b2 / a	19.0%	12.9%	20.2%	17.2%
Operating Margin %	c / a	22.6%	22.7%	21.2%	16.0%
Profit Before Tax Margin %	e / (a+d)	34.9%	36.0%	34.2%	30.8%
PAT Margin %	g / (a+d)	25.4%	27.2%	23.7%	22.8%

ICRA Standalone – Investments (₹ cr)



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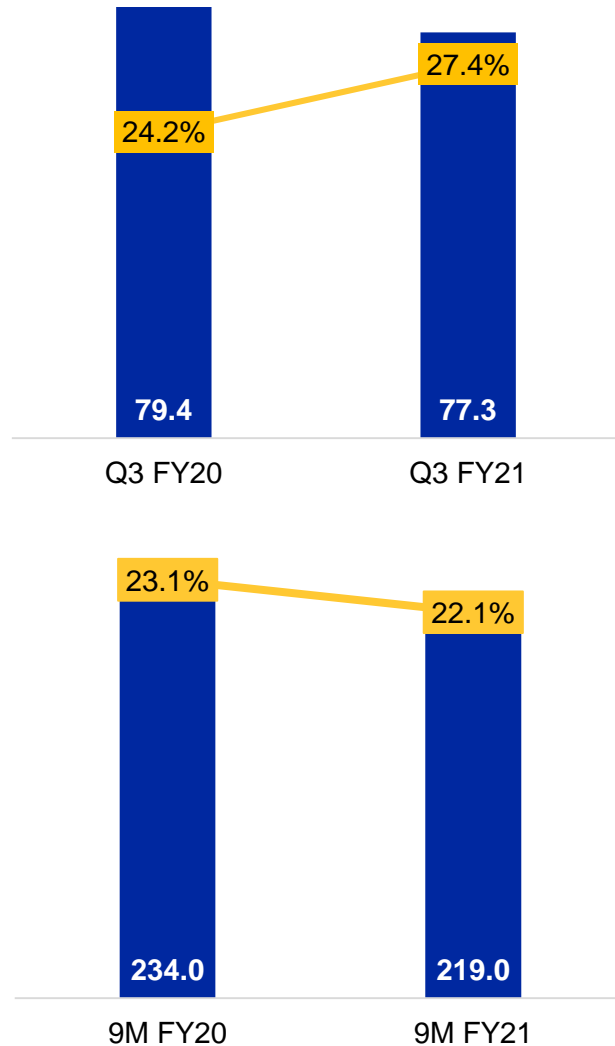
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**Financial
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ICRA Consolidated – Financial Performance



In Q3 FY21, the consolidated operating income was Rs 77.3 crore, against Rs 79.4 crore on y-o-y basis, reflecting a de-growth of 3%. Consolidated PBT stood at Rs 32.6 crore, higher by 5%, and PAT was at Rs 24.4 crore, higher by 9% on y-o-y basis.

The de-growth in consolidated revenue in Q3 FY21 has been mainly due to decline in revenue from ratings segment. The outsourcing, information services and consulting segments have shown a good traction, driven by growth in both global and domestic businesses.

For the nine months ended on December 31, 2020, ICRA's consolidated revenue from operation was Rs 219.0 crore, compared to Rs 234.0 crore, lower by 6%. The other income was lower by 7%, over the corresponding period of the previous year. The PBT and PAT were at Rs 81.5 crore and Rs 60.2 crore, respectively, as compared to Rs 89.6 crore and Rs 62.4 crore, respectively.

The PBT was lower by 9% and the PAT was lower by 4%, as compared to the corresponding period of the previous year.

■ Operating Revenue (₹ cr) — Operating Margin

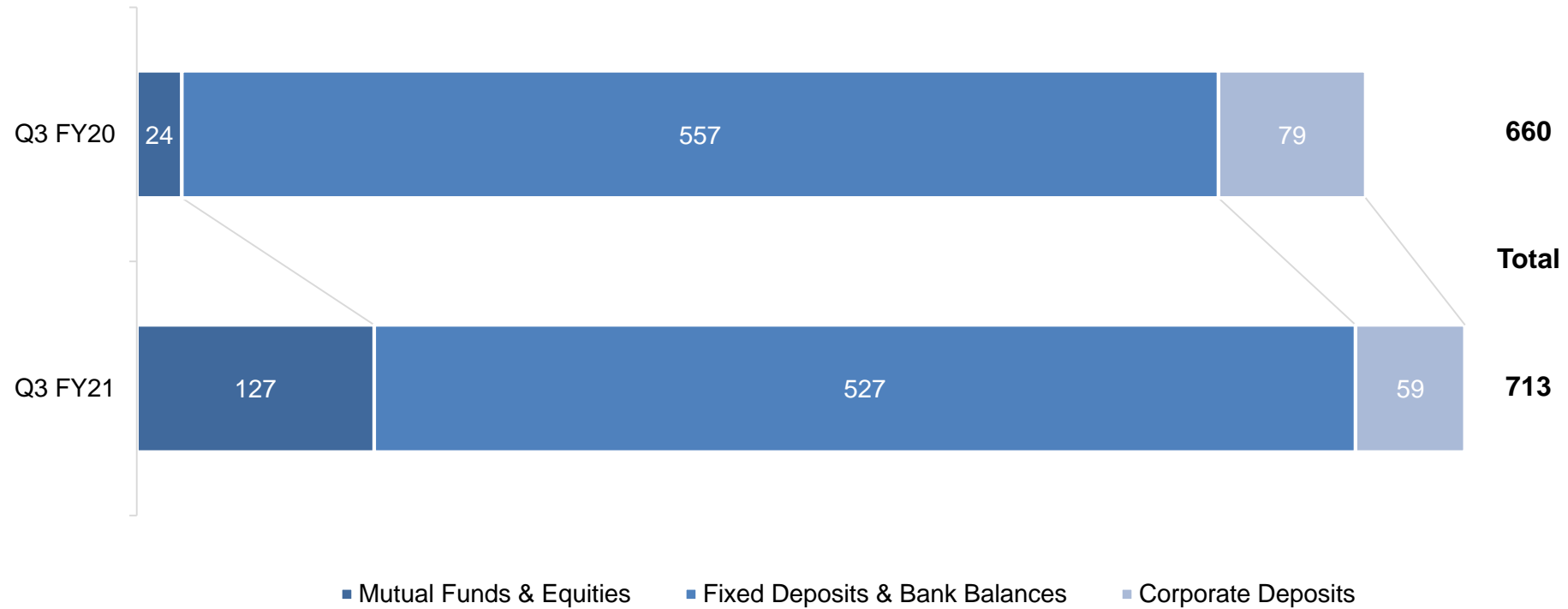
Operating margin = Operating Income less all expenses

ICRA Consolidated – P&L (₹ cr)

P&L		Q3 FY20	Q3 FY21	Q3 FY21 vs Q3 FY20	9M FY20	9M FY21	9M FY21 vs 9M FY20
Operating Revenue	a	79.4	77.3	-2.5%	234.0	219.0	-6.4%
Compensation Expenses	b1	43.2	44.0	1.7%	127.8	129.0	0.9%
Other Expenses	b2	13.7	9.1	-33.3%	43.0	32.7	-23.9%
Depreciation		2.6	2.6	-2.7%	7.6	7.3	-3.5%
Finance Costs		0.6	0.5	-9.8%	1.5	1.5	2.2%
Total Expenses	b	60.1	56.2	-6.6%	179.9	170.6	-5.2%
Operating Profit	c=a-b	19.2	21.2	10.1%	54.1	48.4	-10.5%
Other Income	d	11.7	11.4	-2.4%	35.5	33.1	-6.7%
Profit Before Tax	e=c+d	30.9	32.6	5.4%	89.6	81.5	-9.0%
Tax	f	8.4	8.1	-3.2%	27.2	21.3	-21.7%
PAT	g=e-f	22.5	24.4	8.5%	62.4	60.2	-3.5%
Other Comprehensive Income (Net of Tax)	h	(0.1)	(0.3)		(0.4)	(0.1)	
Total Comprehensive Income (Net of Tax)	i=g+h	22.4	24.1	7.7%	62.0	60.1	-3.1%

Other Metrics		Q3 FY20	Q3 FY21	9M FY20	9M FY21
Comp Expense %	b1 / a	54.5%	56.8%	54.6%	58.9%
Other Expense %	b2 / a	17.3%	11.8%	18.4%	14.9%
Operating Margin %	c / a	24.2%	27.4%	23.1%	22.1%
Profit Before Tax Margin %	e / (a+d)	34.0%	36.7%	33.2%	32.3%
PAT Margin %	g / (a+d)	24.7%	27.6%	23.1%	23.9%

ICRA Consolidated – Investments (₹ cr)



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High Impact Research



Indian Chemicals Sector: Basic Chemicals

Impacted chemicals manufacturers back to over 85-90% of pre-covid monthly production levels

Trends & Outlook

December 2020



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INDIAN TELECOM INDUSTRY

Industry on a better footing with revenue and profitability growth in sight

DECEMBER 2020



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Indian Renewable Energy Sector

Hybrid projects to drive future bids in renewable energy sector; Renewables expected to witness investments of more than four lakh crore till March 2025

November 2020



INDIAN AUTO COMPONENT INDUSTRY

Margins of auto component suppliers in Q3 FY2021 to depend on ability to pass on commodity price increases and sustain cost savings, as demand picks up

ICRA Research Services | Monthly Update



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RESEARCH SERVICES



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INDIAN MICROFINANCE SECTOR

October 2020

Asset quality risks persist; gradual ramp-up of collections to help weather Covid-19-led disruptions



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Indian Chemical industry: Basic Chemicals

October 2020

A diversified product portfolio, wide end-user base and manageable leveraging help credit profiles of most basic chemical players remain resilient



Thematic Discussions for Industry Participants ICRA

The Indian Auto Component Industry - Where are we headed?

Improvement in YoY growth during Q2FY2021 across key markets; margins to remain stable FY2021 with minimal impact of Covid-19 pandemic

Indian Commercial Vehicle Industry: Is recovery around the corner?

Demand environment improves in Q2 FY2021 amidst Covid-19 pandemic with acceleration in digital technologies adoption; margins to remain stable in FY2021

The Indian Hospitality Industry - Investing during turbulent times

Credit pressures remain high even as business conditions improve

Inelastic demand for milk and lower procurement prices to keep dairy industry healthy; higher SMP stock to exert liquidity pressure especially for cooperative sector

Execution likely to pick-up backed by strong project pipeline and easing of supply chain challenges

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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