



ICRA Limited

**Analyst Presentation, Q1 FY17
11th August' 2016**

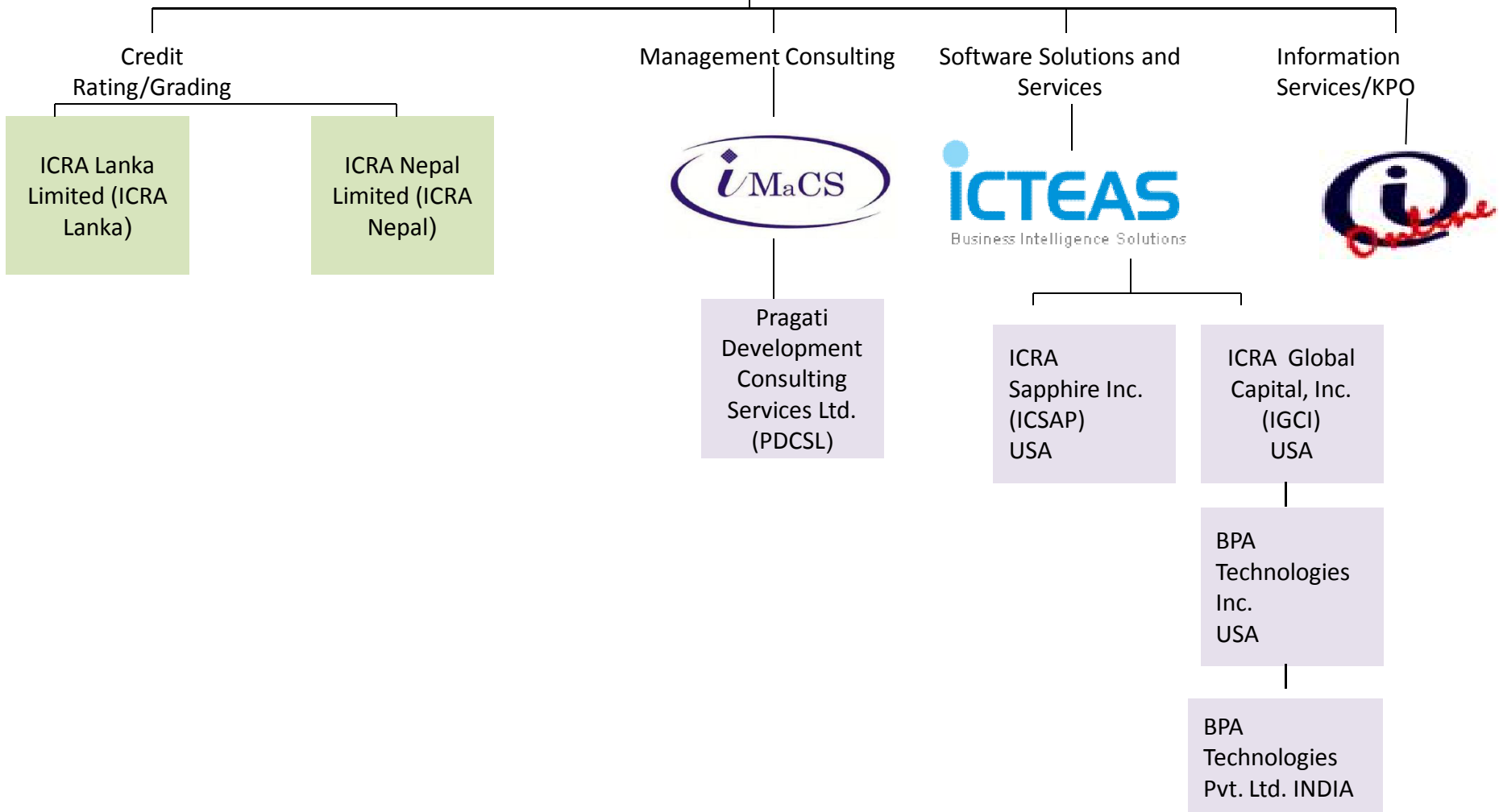


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Business Profile

ICRA Group Structure



About ICRA

- ❑ ICRA Limited was set up in 1991 as a full-service Credit Rating Agency by leading Indian financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency.
- ❑ Through its subsidiaries, ICRA offers consulting, outsourcing and professional & IT services.
- ❑ ICRA shares are listed on the BSE and the National Stock Exchange. ICRA is majority-held by Moody's Group, which has 50.06% equity ownership stake in the Company.

Performance Review: ICRA Limited

ICRA Standalone: Financial Highlights Q1 FY17 Vs Q1 FY16

- ❑ For the quarter ended June 30, 2016, Company's operating income was INR 46.98 Crore, as against INR 43.08 Crore in the corresponding quarter of the previous financial year, reflecting a growth of 9%, mainly due to growth in debt market and bank loan ratings
- ❑ PBT (before exceptional items) for the quarter ended was INR 29.98 Crore, reflecting a growth of 41%, primarily due to higher income from operations and dividend received from subsidiary
- ❑ PAT for the quarter was at INR 22.95 Crore, more than double compared to corresponding quarter, primarily due to higher income from operations, dividend received from subsidiary and no exceptional items in the current quarter

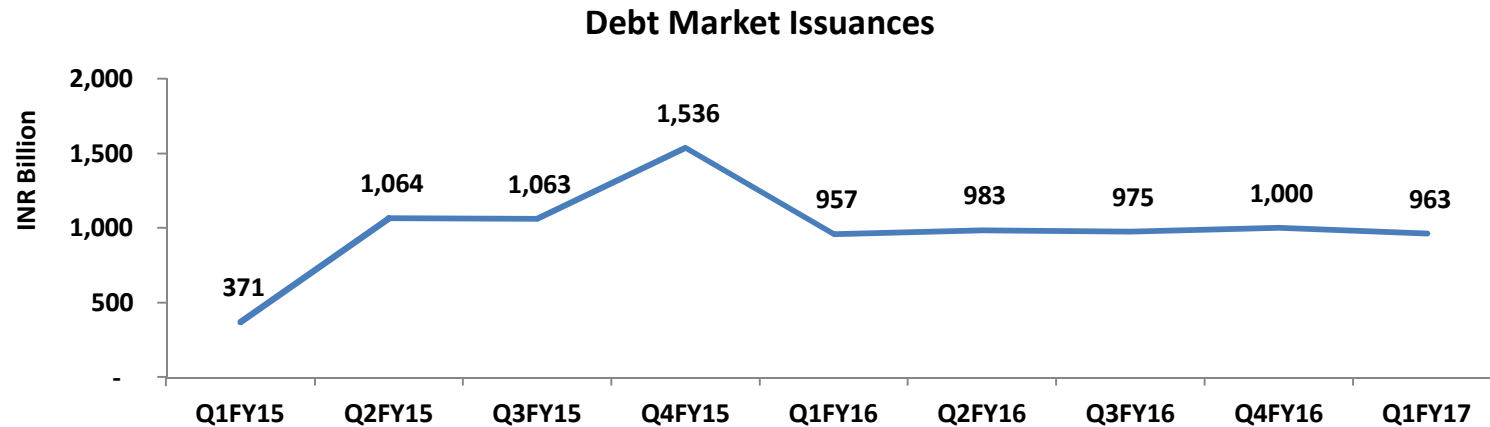
ICRA: Standalone Financials

Revenues (INR Lakh)	FY 16	FY 17	Growth
	Q1	Q1	%
Operating Income	4,308	4,698	9%
Other Income	774	1,369	77%
Total Income	5,082	6,067	19%
Profit before depreciation, exceptional items & tax	2,200	3,071	40%
Depreciation	77	73	-5%
Profit before exceptional items & tax	2,123	2,998	41%
Exceptional items*	325	0	
PBT	1,798	2,998	67%
Taxes	739	703	-5%
PAT	1,059	2,295	117%
Operating Profits (PBDIT)	1,426	1,702	19%
Key Ratios			
PBT (before exceptional items)/Total Income	41.8%	49.4%	
Operating PBDIT/Operating Income	33.1%	36.2%	
Tax/PBT	41.1%	23.4%	

* Exceptional item in Q1 FY16 represents Impairment of investment in PT ICRA Indonesia

Operating Environment

- ❑ Economic activity especially capex cycle continues to be subdued; improvement expected from Q3-Q4 2016-17 onwards
- ❑ Moderate Bank Credit growth. Risk appetite of banks impacted due to concerns on corporates' assets quality
- ❑ Debt Market issuance flat. CP issuance continue to grow well with improved liquidity and reduction in rates



ICRA: Challenges & Risk Factors

- Despite several policy measures, investment activity yet to show a meaningful revival
- Ease of access and relative cost economics of overseas funding alternatives
- Competitive pressures from other Rating Agencies
- Adverse changes in regulations
- Reputation related risks
- Ability to retain/attract quality manpower; rising compensation and related costs

Performance Review: ICRA Group

ICRA Group: Financial Highlights Q1 FY17 Vs Q1 FY16

- ❑ For the quarter ended June 30, 2016, consolidated operating income was INR 86.71 Crore, as against INR 76.99 Crore in the corresponding quarter of the previous financial year.
- ❑ Consolidated PBT was INR 27.87 Crore, higher by 8%, as compared to the corresponding quarter of the previous financial year
- ❑ Consolidated PAT (after minority interest) for the quarter was INR 18.19 Crore, higher by 10%, as compared to the corresponding quarter of the previous financial year

ICRA Group: Consolidated Financials

Revenues (INR Lakh)	FY 16	FY 17	Growth
	Q1	Q1	%
Ratings	4,337	4,768	10%
Consultancy	649	699	8%
Outsourced and Information Services	966	1,183	22%
IT related (Sales & Professional)	1,747	2,021	16%
Total Operating Income	7,699	8,671	13%
Other Income	896	530	-41%
Total Income	8,595	9,201	7%
Profit before interest, depreciation, prior period adjustments, exceptional items & tax	2,797	3,006	7%
Interest	27	-	
Profit before depreciation, prior period adjustments, exceptional items & tax	2,770	3,006	9%
Depreciation	194	219	13%
PBT	2,576	2,787	8%
Taxes	925	958	4%
PAT (before minority interest)	1,651	1,829	11%

ICRA Group: Segment wise Composition

Revenue Composition	FY16 Q1	FY17 Q1
Ratings	56%	55%
Consultancy	8%	8%
Outsourced and Information Services	13%	14%
Professional & IT related	23%	23%
Total Operating Income	100%	100%

Segment-wise Operating Margin Composition	FY16 Q1	FY17 Q1
Ratings	72%	71%
Consultancy	1%	1%
Outsourced and Information Services	15%	16%
Professional & IT related	12%	12%
Total Operating Margin	100%	100%

ICRA Group: Segment wise Operating Margins

Segment-wise Operating Margin	FY16 Q1	FY17 Q1
Ratings	32%	37%
Consulting	2%	4%
Outsourcing and Information	29%	34%
Professional & IT related	13%	14%

ICRA Group: Update on Advisory Services

- ❑ **Operating Revenue growth of 8 % in Q1 FY17 (YoY)**

- ❑ **Operating Margin at 4% in Q1 FY17, compared to 2% in Q1 FY16**

- ❑ **Challenges**
 - Market for consulting continues to be sluggish
 - Ability to scale up in profitable strategic segments

ICRA Group: Update on Outsourcing & Information Services

❑ Operating Revenue growth of 22% in Q1 FY17(YoY)

- Revenue from outsourcing services grew primarily on account of growth in existing and new projects both in domestic and global market. This growth includes 5% benefit due to INR depreciation

❑ Operating Margin at 34% in Q1 FY17, compared to 29% in Q1 FY16

❑ Challenges

- To expand offerings base to include higher value added services

ICRA Group: Update on Professional & IT Services

- ❑ **Operating Revenue growth of 16% in Q1 FY17(YoY)**
 - Increase in revenue attributable to increase in business from existing as well as new customers

- ❑ **Operating Margin at 14% in Q1 FY17, compared to 13% in Q1 FY16**

- ❑ The Board of Directors of the Company at its meeting held on 5th August 2016, approved sale of the entire shareholding held by the Company in ICRA Techno Analytics Limited to Nihilent Technologies Limited, for a consideration of INR 68.75 Crores, to be discharged by way of (i) payment of Cash Consideration of INR 32.00 Crores; and (ii) unsecured, unrated, 10% interest bearing and unlisted non-convertible debentures, issued for the balance amount, to be redeemed after one year and fifteen days from the date of issuance. The aforesaid approval of the board, including completion of the transaction, is subject to the approval of the members of the Company and fulfillment of certain other conditions, as provided in the Share Purchase and Sale Agreement.

Disclaimer

This Analyst 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 “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.