



ICRA

ICRA Limited

October 26, 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, Q2 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 Q2 FY22.

Kindly take the above on record.

Regards,

Sincerely,

  
(Vipul Agarwal)  
Group Chief Financial Officer

Encl.: As Above



ICRA

A MOODY'S INVESTORS  
SERVICE COMPANY

# Group ICRA Investor Presentation Q2 FY22

*October 25, 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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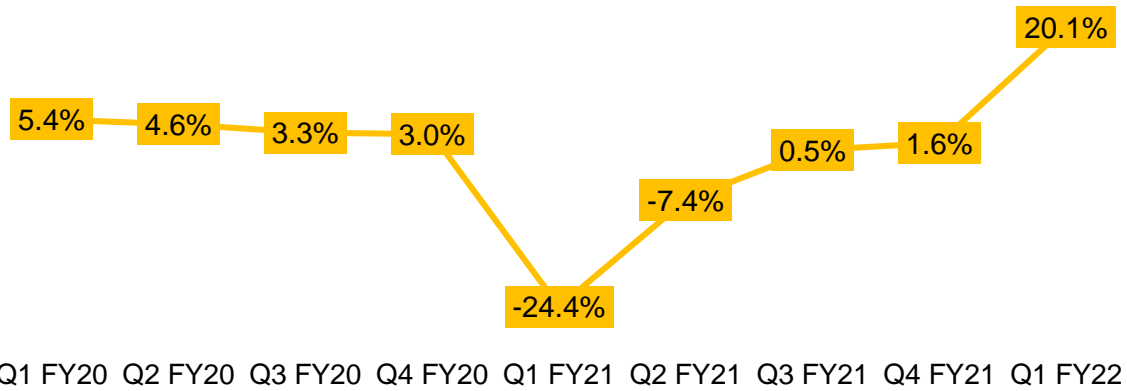
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- Research  
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# Economic Environment

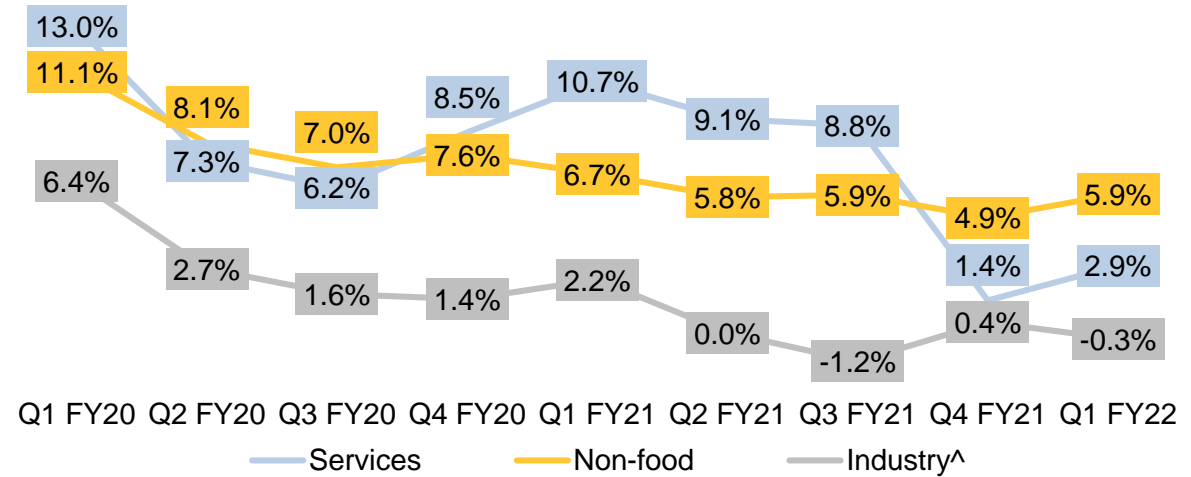
## GDP Growth

(source: CSO)



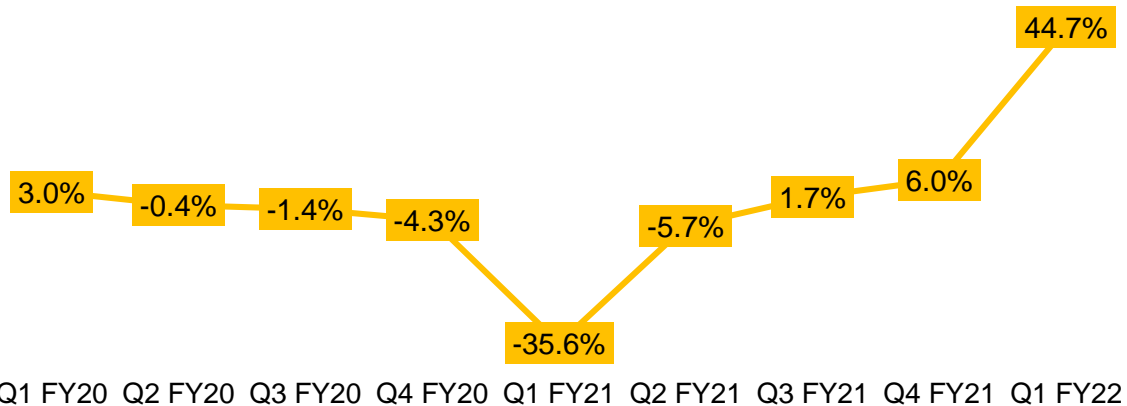
## Bank Credit – YoY Growth\*

(source: RBI)



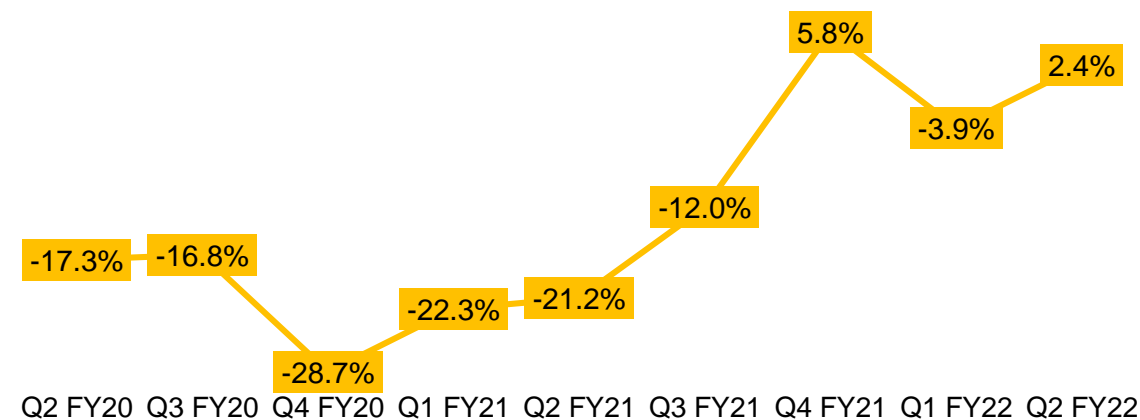
## Index of Industrial Production Growth

(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**

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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**

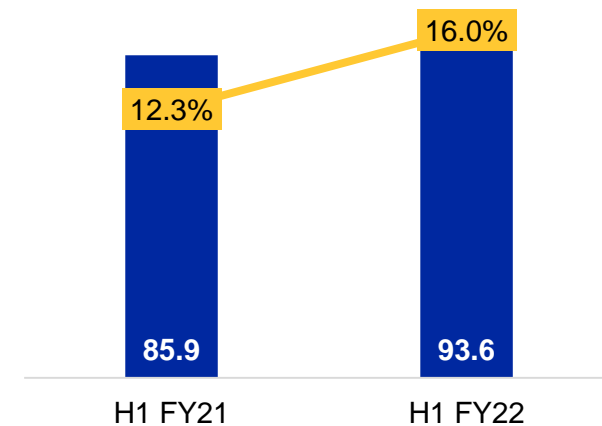
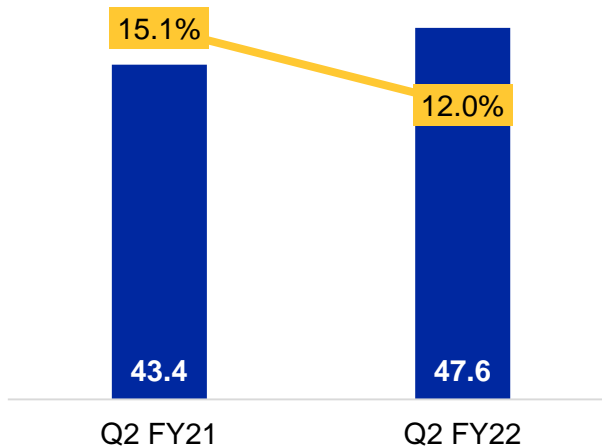
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**Funding substitutes including overseas borrowing or adverse domestic interest rate movements**



# ICRA Standalone – Financial Performance



Operating margin = Operating Income less all expenses

For the quarter ended September 30, 2021, the company's operating income was Rs. 47.6 crore, as against Rs. 43.4 crore in the corresponding quarter of the previous financial year, showing a growth of 9.7%. Growth in the rating revenue was achieved mainly due to traction in our fresh business, which was supported by gains in the financial sector and pick-up in the securitisation volumes, in spite of unfavourable market conditions. The credit market continued to face headwinds during the current quarter with the non-food bank credit outstanding showing a muted growth. Bond issuances also remained muted falling on an y-o-y basis (though up sequentially) and CP outstanding remained subdued in this quarter. All of this reflected moderated fund-raising activities.

Other income was at Rs. 8.7 crore, lower by 2.7% during the quarter on y-o-y basis, due to lower interest rate environment. The company has invested substantial part of its investment portfolio in debt oriented mutual fund schemes for earning better post tax returns.

The employees benefit expenses during the current quarter were higher by 19.5% on y-o-y basis, mainly due to annual increments and onetime special incentive. Other expenses were lower by 3.9% on y-o-y basis mainly due to lower spend on legal expenses, CSR, recruitment etc.

The PBT for the quarter was at Rs. 14.4 crore as against Rs. 15.5 crore y-o-y basis, lower by 7.1%. The PAT for quarter was at Rs. 12.0 crore as against Rs. 11.3 crore y-o-y basis, higher by 6.2% due to lower effective tax.

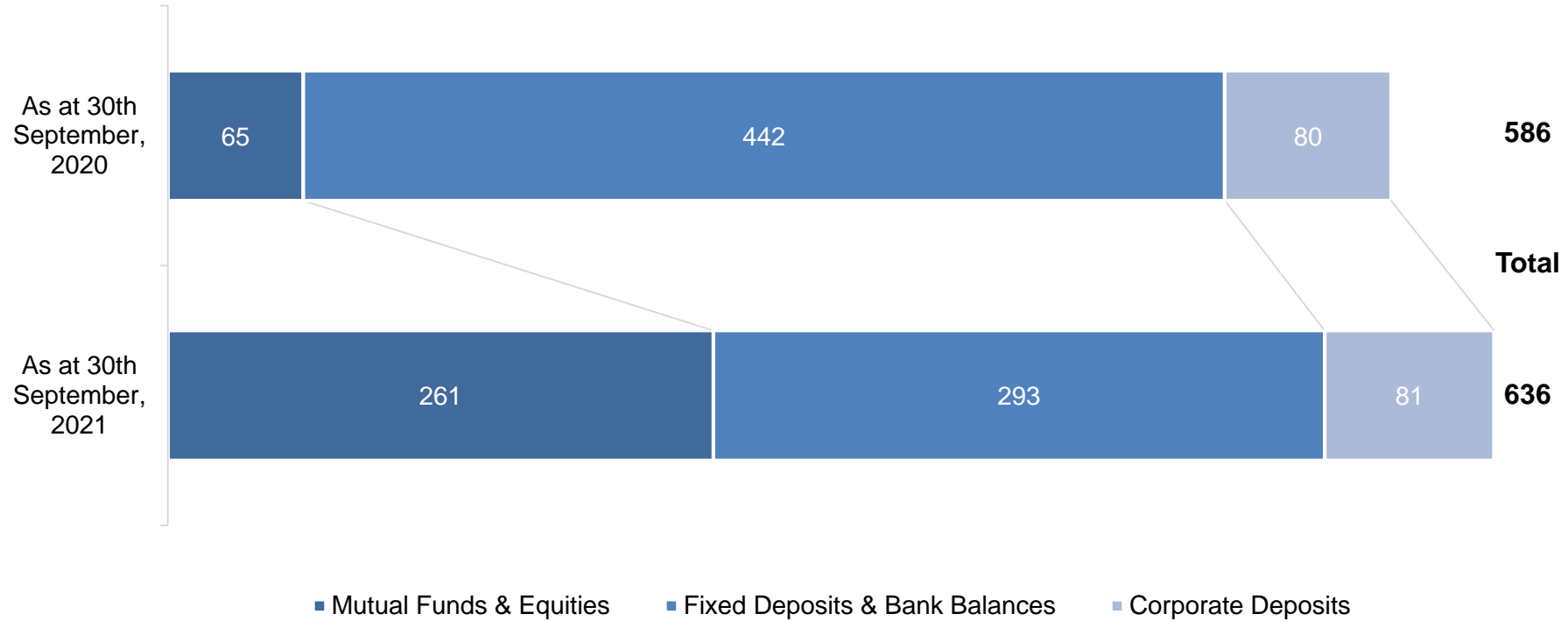
For the half year ended on September 30, 2021, ICRA's standalone revenue from operation was Rs. 93.6 crore, compared to Rs. 85.9 crore, higher by 9.1%. The PBT and PAT were at Rs. 45.2 crore and Rs. 38.0 crore, respectively, as compared to Rs. 29.2 crore and Rs. 21.3 crore. The PBT and PAT were higher by 54.9% and 78.6%, respectively, as compared to the corresponding period of the previous year, due to dividend from a wholly owned subsidiary.

# ICRA Standalone – P&L (₹ cr)



P&L		Q2 FY21	Q2 FY22	Q2 FY22 vs Q2 FY21	H1 FY21	H1 FY22	H1 FY22 vs H1 FY21
<b>Operating Revenue</b>	<b>a</b>	<b>43.4</b>	<b>47.6</b>	<b>9.7%</b>	<b>85.9</b>	<b>93.6</b>	<b>9.1%</b>
Compensation Expenses	b1	28.3	33.8	19.5%	55.1	62.8	14.0%
Other Expenses	b2	6.8	6.5	-3.9%	16.7	12.7	-24.2%
Depreciation		1.3	1.2	-10.4%	2.5	2.4	-6.7%
Finance Costs		0.4	0.4	-12.1%	0.9	0.8	-10.6%
<b>Total Expenses</b>	<b>b</b>	<b>36.8</b>	<b>41.9</b>	<b>13.8%</b>	<b>75.3</b>	<b>78.7</b>	<b>4.5%</b>
<b>Operating Profit</b>	<b>c=a-b</b>	<b>6.6</b>	<b>5.7</b>	<b>-13.0%</b>	<b>10.6</b>	<b>15.0</b>	<b>41.2%</b>
Other Income	d	9.0	8.7	-2.7%	18.6	30.3	62.8%
<b>Profit Before Tax</b>	<b>e=c+d</b>	<b>15.5</b>	<b>14.4</b>	<b>-7.1%</b>	<b>29.2</b>	<b>45.2</b>	<b>54.9%</b>
Tax	f	4.3	2.4	-42.4%	7.9	7.2	-8.7%
<b>PAT</b>	<b>g=e-f</b>	<b>11.3</b>	<b>12.0</b>	<b>6.2%</b>	<b>21.3</b>	<b>38.0</b>	<b>78.6%</b>
Other Comprehensive Income (Net of Tax)	h	(0.0)	(0.0)		0.4	0.3	
<b>Total Comprehensive Income (Net of Tax)</b>	<b>i=g+h</b>	<b>11.3</b>	<b>12.0</b>	<b>6.3%</b>	<b>21.7</b>	<b>38.3</b>	<b>76.7%</b>
Other Metrics		Q2 FY21	Q2 FY22		H1 FY21	H1 FY22	
Comp Expense %	b1 / a	65.2%	71.0%		64.2%	67.1%	
Other Expense %	b2 / a	15.6%	13.6%		19.5%	13.5%	
Operating Margin %	c / a	15.1%	12.0%		12.3%	16.0%	
Profit Before Tax Margin %	e / (a+d)	29.7%	25.6%		27.9%	36.5%	
PAT Margin %	g / (a+d)	21.6%	21.3%		20.4%	30.7%	

# ICRA Standalone – Investments (₹ cr)



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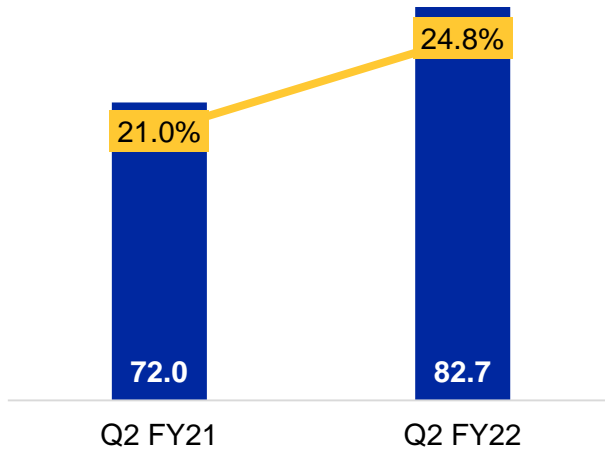
**Financial  
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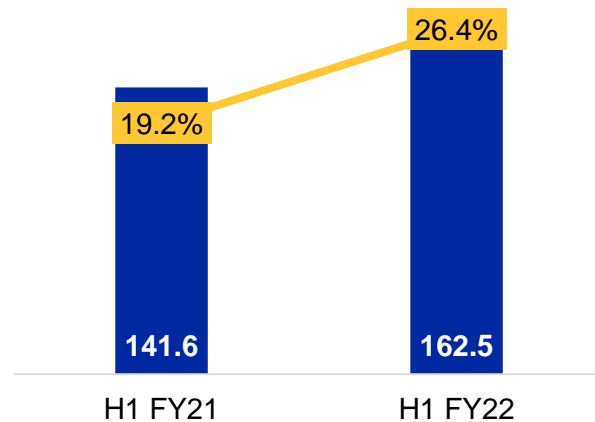
- Research  
- Webinars

# ICRA Consolidated – Financial Performance



For the quarter ended September 30, 2021, the consolidated operating income was at Rs. 82.7 crore, against Rs. 72.0 crore on y-o-y basis, reflecting a growth of 14.8%. The Other income was marginally higher by 1.0%, over the corresponding quarter of the previous financial year. Consolidated PBT was at Rs. 31.1 crore, higher by 21.3%, and PAT was at Rs. 24.4 crore, higher by 30.5% on y-o-y basis.

Ratings, research, and other services segment, including foreign subsidiaries, has grown by 10.4% on y-o-y basis. Outsourced and information services segment grew by 28.2% due to increase in business from existing and new clients, whereas Consulting services de-grew by 10.3% due to challenges in external environment and de-focus on certain unprofitable segments of our business.



For the half year ended on September 30, 2021, ICRA's consolidated revenue from operation was Rs. 162.5 crore, compared to Rs. 141.6 crore, higher by 14.8%. The other income was lower by 1.9%, over the corresponding period of the previous year. The PBT and PAT were at Rs. 64.2 crore and Rs. 48.7 crore, respectively, as compared to Rs 48.9 crore and Rs. 35.7 crore, respectively.

The PBT was higher by 31.3% and the PAT was higher by 36.3%, as compared to the corresponding period of the previous year.

■ Operating Revenue (₹ cr)    — Operating Margin

Operating margin = Operating Income less all expenses

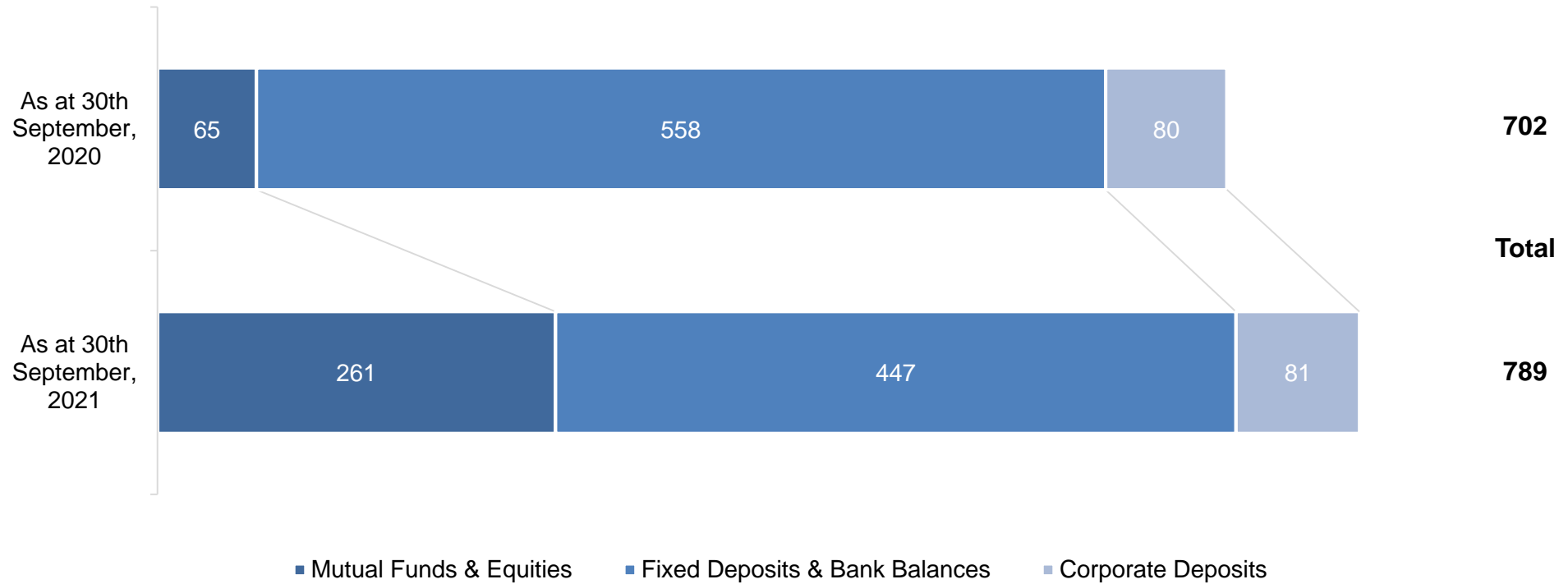
# ICRA Consolidated – P&L (₹ cr)



P&L		Q2 FY21	Q2 FY22	Q2 FY22 vs Q2 FY21	H1 FY21	H1 FY22	H1 FY22 vs H1 FY21
<b>Operating Revenue</b>	<b>a</b>	<b>72.0</b>	<b>82.7</b>	<b>14.8%</b>	<b>141.6</b>	<b>162.5</b>	<b>14.8%</b>
Compensation Expenses	b1	43.7	50.5	15.4%	85.0	95.5	12.3%
Other Expenses	b2	10.1	9.6	-5.7%	23.5	19.7	-16.4%
Depreciation		2.5	1.8	-27.9%	4.8	3.6	-25.3%
Finance Costs		0.5	0.4	-23.5%	1.0	0.8	-22.9%
<b>Total Expenses</b>	<b>b</b>	<b>56.9</b>	<b>62.2</b>	<b>9.3%</b>	<b>114.4</b>	<b>119.6</b>	<b>4.5%</b>
<b>Operating Profit</b>	<b>c=a-b</b>	<b>15.1</b>	<b>20.5</b>	<b>35.5%</b>	<b>27.2</b>	<b>43.0</b>	<b>57.8%</b>
Other Income	d	10.5	10.6	1.0%	21.7	21.3	-1.9%
<b>Profit Before Tax</b>	<b>e=c+d</b>	<b>25.6</b>	<b>31.1</b>	<b>21.3%</b>	<b>48.9</b>	<b>64.2</b>	<b>31.3%</b>
Tax	f	6.9	6.7	-3.2%	13.2	15.5	17.7%
<b>PAT</b>	<b>g=e-f</b>	<b>18.7</b>	<b>24.4</b>	<b>30.5%</b>	<b>35.7</b>	<b>48.7</b>	<b>36.3%</b>
Other Comprehensive Income (Net of Tax)	h	(0.1)	(0.1)		0.2	(0.3)	
<b>Total Comprehensive Income (Net of Tax)</b>	<b>i=g+h</b>	<b>18.6</b>	<b>24.2</b>	<b>30.4%</b>	<b>36.0</b>	<b>48.4</b>	<b>34.6%</b>

Other Metrics		Q2 FY21	Q2 FY22	H1 FY21	H1 FY22
Comp Expense %	b1 / a	60.7%	61.0%	60.1%	58.8%
Other Expense %	b2 / a	14.1%	11.6%	16.6%	12.1%
Operating Margin %	c / a	21.0%	24.8%	19.2%	26.4%
Profit Before Tax Margin %	e / (a+d)	31.1%	33.3%	30.0%	34.9%
PAT Margin %	g / (a+d)	22.6%	26.1%	21.9%	26.5%

# ICRA Consolidated – Investments (₹ cr)



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



# High Impact Research



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## Retail-NBFC Credit Trends

Risks to remain elevated in the near term; revival likely in the next fiscal

JULY 2021



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## INDIAN COMMERCIAL VEHICLE INDUSTRY

Recovery under way despite temporary hiccups from second pandemic wave

JULY 2021



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## INDIAN COMMERCIAL VEHICLE INDUSTRY

Electrifying India's Bus Fleet

AUGUST 2021



 ICRA

## Monthly Update – India's Apparel Exports

India's apparel exports contracted for the third consecutive month in June 2021, as lockdowns disrupted operations

JULY 2021



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SERVICE COMPANY

## INDIAN CEMENT SECTOR

Investing in waste heat recovery systems to help cement companies save power costs and lower carbon footprint

September 2021



 ICRA

## INDIAN UPSTREAM OIL & GAS INDUSTRY

Elevated crude prices positive for upstream companies

SEPTEMBER 2021

# Thematic Discussions for Industry Participants ICRA

*Specialty chemical sector is poised for multi year growth*

*Indian Passenger Vehicle Industry - Trends & Outlook*

*Structured Finance - Update on securitisation market and retail pool collection efficiencies*

*Improving economic scenario augurs well for the road logistics sector*

*The Indian Cement Sector: Will the sector surpass pre-covid volumes in FY2022?*

*State governments' fiscal deficit and leverage in FY2022 to remain higher than pre-Covid levels*

*The Indian Hospitality Industry - Trends and Outlook*

*Supportive government policies likely to keep performance stable amid a commodity whirlwind*

*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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