



ICRA

ICRA Limited

October 21, 2023

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 H1 FY2024

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 H1 FY2024.

Kindly take the above on record.

Regards,

Sincerely,

(S. Shakeb Rahman)
Company Secretary & Compliance Officer

Encl.: As Above

Building No. 8, 2nd Floor, Tower A
DLF Cyber City, Phase II
Gurugram – 122002, Haryana
Registered Office: B-710, Statesman House, 148, Barakhamba Road, New Delhi 110001.

Tel.: +91.124 .4545300
CIN : L749999DL1991PLC042749

Website: www.icra.in
Email: info@icraindia.com
Helpdesk: +91 9354738909
Tel. :+91.11.23357940

RATING

RESEARCH

INFORMATION

AGENDA

- ICRA's Key Call-out
- Financial Synopsis
- Macro-economic Outlook
- Business Segment Drivers
- Corporate Social Responsibility and Media Outreach





ICRA's Key Call-out

Key Call-out – H1 FY2024

GROUP FINANCIAL UPDATE

Revenue

↑ 8.6%



Rs. 207.6

Crore

Profit before Tax (PBT)

↑ 17.6%



Rs. 97.0

Crore

Earning Per Share (EPS)

↑ 24.3%



Rs. 74.9

Per Share

OTHER KEY UPDATES



ICRA Analytics to acquire majority stake in D2K Technologies Pvt Ltd (D2K)



Applied to SEBI for license to carry out ESG Ratings



ICRAs is now a part of the 'MSCI India Domestic SmallCap Index'



Collaboration with leading global data service providers for value-added services

ICRA Analytics to *acquire majority stake in D2K Technologies

About D2K

- D2K is an established provider of software solutions to banks and other financial institutions in India
- Offers tools and services that enable customers to meet their regulatory requirements, while providing business intelligence and analytics



Products suite offered by D2K on CRisMac platform

- Early Warning Systems
- Income recognition and asset classification solutions
- Multiple solutions across lending / monitoring lifecycle



Key D2K Details

- Revenue FY 2023 ~ Rs. 15 crore
- Client Segments – Bank, NBFC and other financial sector organisations
- Key Management: Sudhakar VK , CEO and Siddharth S , Head of Product and Technology



Benefits to ICRA

- Acquisition will enable ICRA to accelerate growth in risk and analytics space
- Create offerings that are well-suited to market demands, by combining ICRA's strong domain credentials with D2K's technology-powered products and solutions
- Leverage D2K for ICRA's technology transformation journey

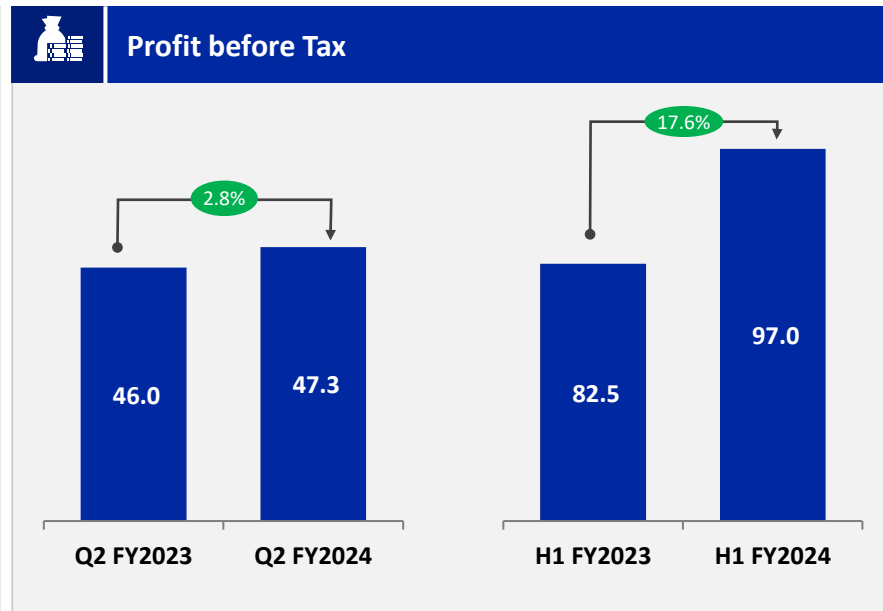
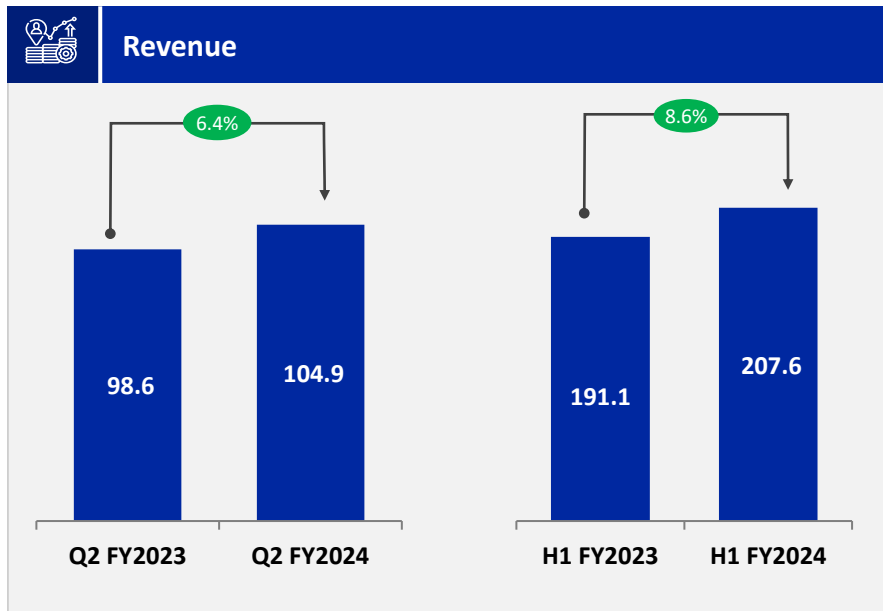


*The proposed acquisition of D2K Technologies India Pvt Ltd (D2K) is subject to closure of customary conditions.



Financial Synopsis

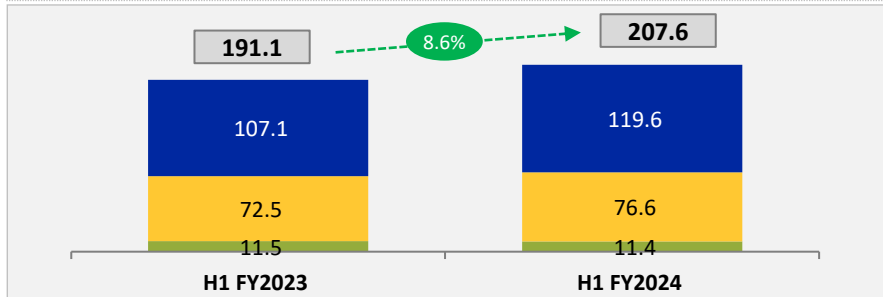
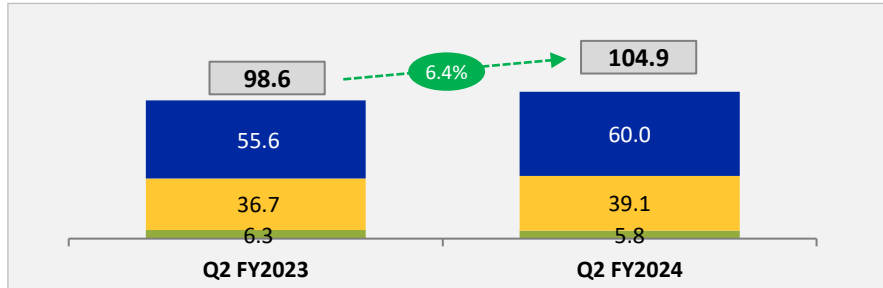
Growth across businesses: Q2 and H1 FY2024



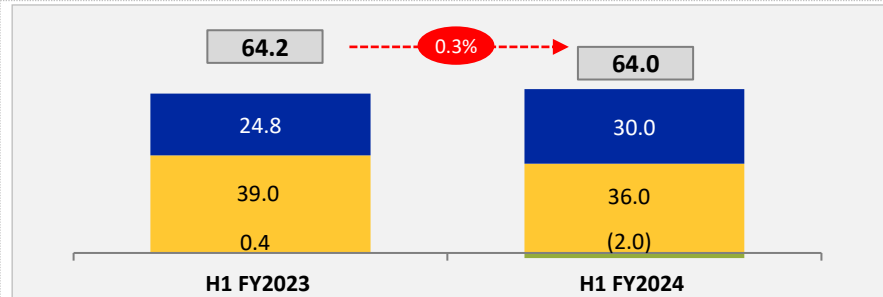
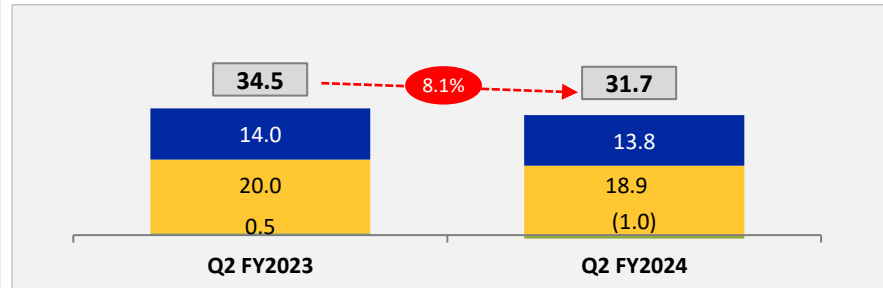
- ICRA's revenue for the quarter and half-year driven by Ratings. Knowledge Services contributed to the growth in Analytics business.
 - In Q2 FY2024, both the bond market and the bank credit market faced headwinds due to volatile yields and tight liquidity, respectively.
- In Analytics, Knowledge Services registered modest growth against a challenging global environment.

Segmental performance: Q2 and H1 FY2024

Segment Revenue



Segment Results



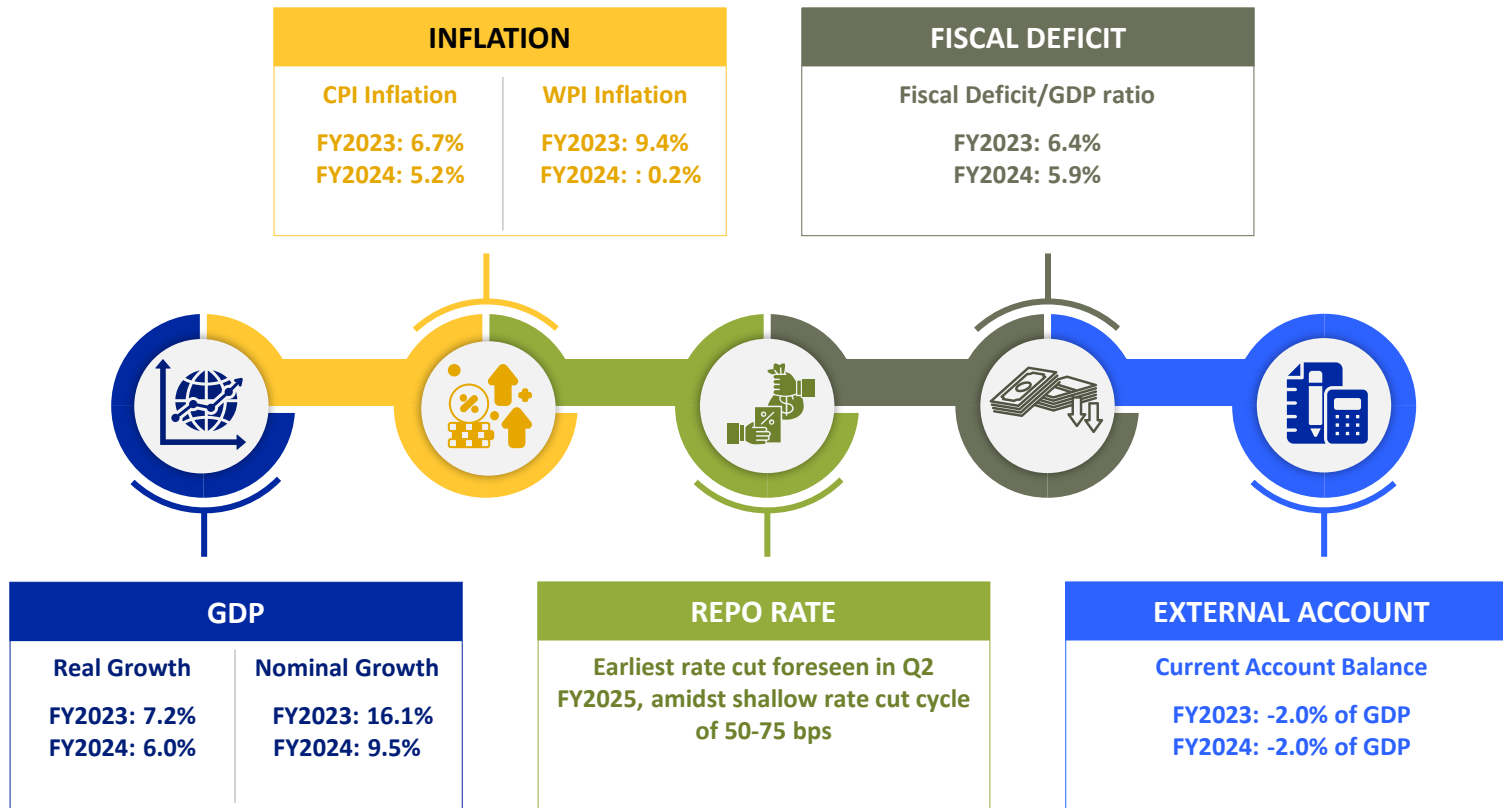
- Segmental result includes investments in technology.
- In the current year, ICRA Limited and ICRA Analytics Limited entered into an agreement for share of common expenses. Consequently, ICRA Ratings' segmental margins for H1 FY24 include 2.0% positive impact of segmental allocations whereas ICRA Analytics' segmental margins had an adverse impact of 2.7%.

Others includes Market services, Consulting services segments and intercompany adjustments

■ Rating, research and other services ■ Knowledge services ■ Others



Macro-economic Outlook




Rating - Business environment and outlook




Environment

In Q2 FY2024, both the bond market and the bank credit market faced headwinds due to volatile yields and tight liquidity, respectively.



Bond

Q2 FY2024: (-)14.6% dip YoY and H1 FY2024: 43.5% growth YoY



Non-Food Bank Credit


Q2 FY2024: 1.2% [4.0% PY] growth on-quarter and H1 FY2024: 6.5% increment on end of FY2024 outstanding



Securitization

Securitization market continued its growth trajectory and saw a strong pick-up in Q2 FY2024 as NBFCs funded their growing book through diversified avenues, given the tighter liquidity.

- Q2 FY2024: 14% growth YoY and H1 FY2024: 40% growth YoY



Rated Volumes

Strong growth in rated volumes in bank credit and market issuances in Q1 FY2024 but Q2 FY2024 saw a dip reflecting volatile bond yields and tight liquidity in the credit market.

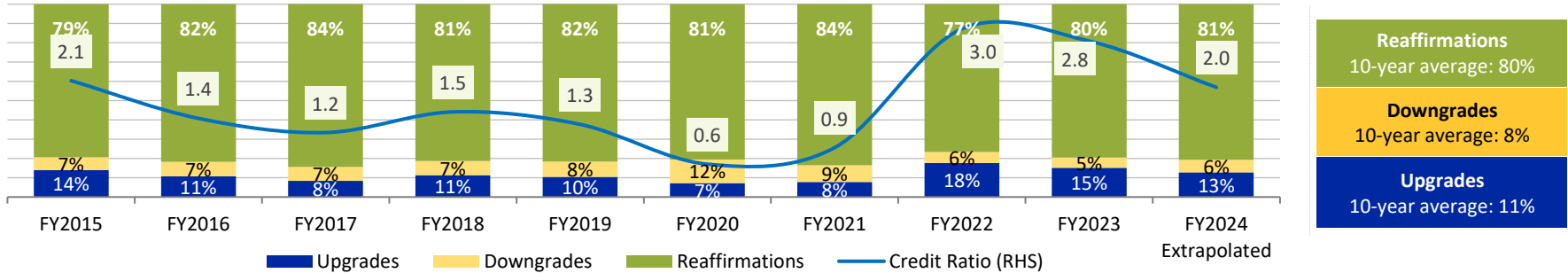
Outlook

Going ahead, while credit and liquidity conditions may remain tight, higher global interest rates would keep domestic credit relatively more economical.

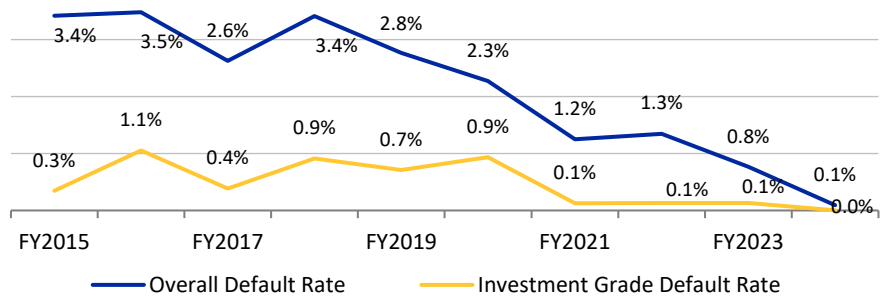
- Expected to remain strong despite uncertainty on yields due to global/domestic inflationary challenges.
- Expected growth in FY2024 is in the range of INR ~9.0-9.5 trillion.
- Bank credit growth will moderate due to the higher base of the previous year. Expected range of 12.1%-13.2% in FY2024.
- Growth is likely to be driven by higher infrastructure outlay by the Government, working capital requirements of industry and growth in NBFC and HFC.
- Growth in the volumes in FY2024 is expected to be supported by growth in the AUMs of NBFCs and HFCs.
- Securitization volumes in FY2024 estimated to be in the range of INR ~1.9-2.0 trillion.
- Rating opportunities expected in both the bond market as well as bank credit.
- ICRA's high acceptance in the Market Debt segment to help in getting a good market share.
- ICRA's stronghold in the securitization space to play the key element.

Rating accuracy metrics continue to be robust

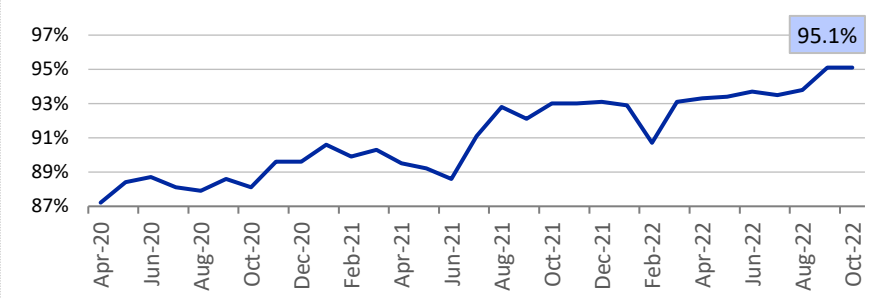
Trend in Rating Reaffirmations and Rating Changes



One-year default rate trickles down to a low of 0.1%



Average Default Position (ADP) continues to maintain an improvement trajectory



Source: ICRA



Knowledge Services

- Inflationary pressures continue and spending remains cautionary
- Geopolitical concerns remain unabated with Russia-Ukraine and Israel-Palestine conflicts

Outlook

- With deep focus on digitisation and AI-driven automation, focus remains on business transformation, data analysis and technology services
- With high volume issuances in the pandemic run, refinancing requirements look to drive opportunities



Market data

- Regulatory push for risk, data transparency and reporting
- Growth in demand from organised sector -AIFs, Banks, mutual fund and pension funds
- Collaboration with leading external service data service providers for value-added services, which will expand service coverage

Outlook

- Push towards cloud-based information tool and related data products
- Consolidation of service products based on cloud to be made more efficient
- Value-added products and services



Risk Management

- We are seeing more demand of risk solutions from the NBFC segment (especially large and mid-sized ones)
- Banks are gearing up for Expected Credit Loss provisioning norms in the next 12-18 months
- Credit decisioning and monitoring becoming more efficient with the real/ near real-time availability of data with efforts like the AA framework, EWS adoption increasing

Outlook

- Increased focus by large banks to integrate the various systems and have common data and analytics repository
- Smaller banks and NBFCs will be more comfortable with cloud-based offerings or pay-per-use models



Corporate Social Responsibility and Media Outreach

1 WEBINARS and EVENTS



ICRA invites you to a Market Webinar on

The Indian Gas Utilities Sector: Tentative Return to Normalcy



ICRA invites you to a Market Webinar on the

Banking Sector

Are banks prepared to manage risks related to high retail credit growth.



ICRA invites you to a webinar on

The Indian Pharmaceutical Industry: Headwinds in Remission



ICRA invites you to a Market Webinar on

Construction Sector

Key Expectations in the Pre-Election Year



2 RESEARCH PUBLISHED



Non-Banking Financial Companies – Microfinance Institutions

Profitability to increase further in FY2024, with growth remaining healthy

August 2023



INDIAN FASHION RETAIL INDUSTRY

Fashion retailers to report 120 bps contraction in margins despite a 13% revenue growth expected in FY2024 due to higher discounting and ad spends

SEPTEMBER 2023



INDIAN MEDIA INDUSTRY- PRINT

Easing newsprint cost and poll-driven uptick in ad revenues to support 500-600 bps expansion in operating margins in FY2024

SEPTEMBER 2023



3 MEDIA COVERAGE

Gas consumption to grow 6-7% in FY24, says Icra

CUT, POLISHED DIAMOND EXPORTS TO DIP 22%: ICRA

No major risk for banks

from personal loans: ICRA

Icra pegs India's GDP growth at 8.5% in Q1

Profitability of NBFCs, MFIs may grow 2.7-3% in FY24 on expanded margins: ICRA

Indian Airlines may Cut Net Loss

to ₹7,000cr in FY24: ICRA

Smriti Irani • 2nd
Union Cabinet Minister for Women & Child Development and Min...
+ Follow

ICra estimates India's GDP growth at 8.5 pc in first quarter; maintains FY24 forecast at 6 pc
<https://lnkd.in/dVJHCtAX>
via NaMo App



← **Post**

Govindraj Ethiraj
@govindeethiraj

Today's Core Report is out. Tune in!
 • India's digital lending industry grows 49% but 86% of borrowers are male. With Sugandh Saxena, CEO of fintech association, FACE.
 • Rating agency ICRA, SBI put out GDP forecasts for Apr-Jun quarter. ICRA says 8.5%.
 • The founder of an electric 2-wheeler company attacks those manufacturing petrol-based 2-wheelers. What do consumers really want? With @hormazdsorabjee & More..
link.chnbl.com/tcr77?sid=x

7:51 AM · Aug 23, 2023 · 1,024 Views

5 Retweets 7 Likes 1 Bookmark

Indian pharmaceutical industry to sustain at 8-10 per cent in FY2024: ICRA insights

Growth in recent years has largely been supported by price increases and new product introductions even as volume growth has been negative or 2-3 per cent at best. Acute therapies, accounting for 62-66 per cent of the IPM, have continued to outpace growth in chronic therapies since FY2022. However, the trend is expected to reverse going forward.

Online Bureau - EHealthWorld
Updated On Sep 16, 2023 at 02:02 PM IST

Cedric Rebeiro • 2nd
e2e Supply Chain | Manufacturing Operations | Pharmaceu...
2mo •



Swapan Seth
@swapanseth

Indian hotel industry to witness decadal-high occupancy of about 70-72 percent in FY2024: ICRA ethospitalityworld.com/s/1zbycsx # via @ETHospitality



Chakravarthi AVPS • 2nd
Pharma FossoriPrenuer, an evangelist of ethical pharma, vL...
2mo •

Indian pharma industry headwinds in remission: ICRA

The US patent expirations are expected to be nearly \$115-125 billion between CY2023 and CY2026.
Of this, biosimilars will comprise around \$ 35-40 billion.

This is expected to boost the growth of Indian pharma companies over the next few years. Moreover, increasing per capita wallet share of speciality drugs and industry players' focus on the same is expected to augur well going forward.

<https://lnkd.in/gme4h6x>

Mythri Macherla #indianpharma Pharmexcil (Pharmaceuticals Export Promotion)

CSR initiatives - Change begins here!

Education Programme



3844

Skill Development Programme



555

Women's Empowerment Programme



500

Education for Children with Intellectual Disabilities



340

Education for Out-of-school Children



132


No. of Volunteering Hours



426



CSR at IAL
Interactions



Empowering Minds:

ICRA Nurtures Critical Thinkers in its Skill Development Programme.



ICRA, in partnership with Anudip Foundation, equips underprivileged youth with critical thinking skills, preparing them to lead with creativity and confidence in a changing world.



ICRA CSR Empower Women Entrepreneurs with Product Photography Mastery!



These talented women entrepreneurs, supported by ICRA's Women Entrepreneurship Program in collaboration with FWWB, captured new skills in product photography during a special workshop.



ICRA champs celebrate Independence Day alongside 8th-grade students from Vidya School in Gurugram.

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, except as required by applicable laws or regulations, ICRA 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. ICRA or any of its subsidiaries, or the directors, officers or employees of ICRA or its subsidiaries, shall have no liability whatsoever for any loss howsoever arising from any use of this Investor Presentation or its contents or otherwise arising in connection with this Investor Presentation. Past performance cannot be relied on as a guide to future performance.



© Copyright, 2023 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!