



ICRA

ICRA Limited

January 26, 2022

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 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 Q3 FY22.

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 FY22

January 25, 2022

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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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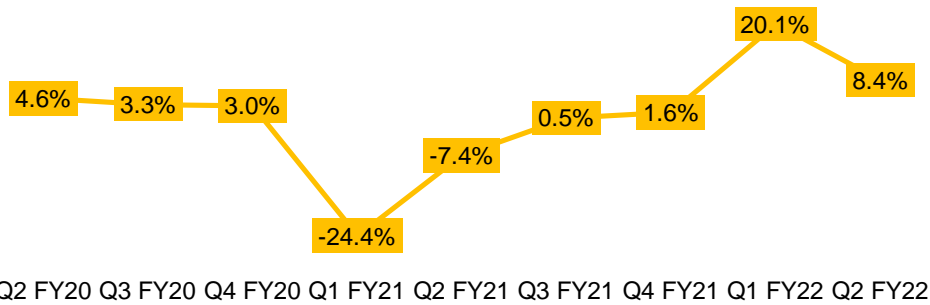
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Economic Environment



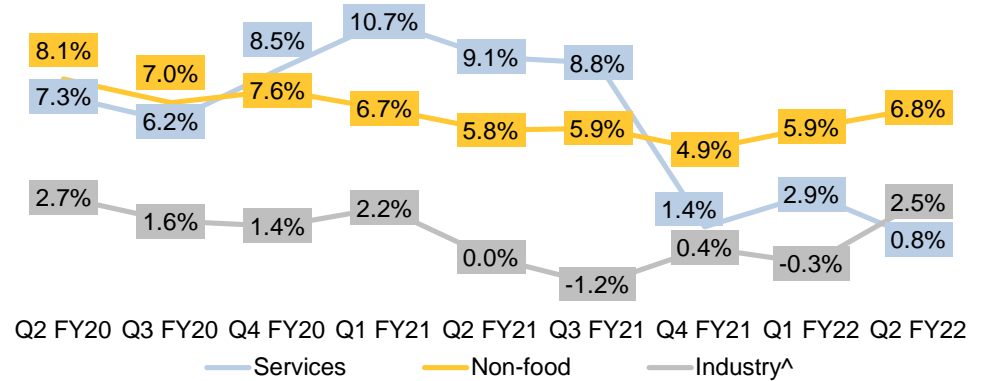
GDP Growth

(source: CSO)



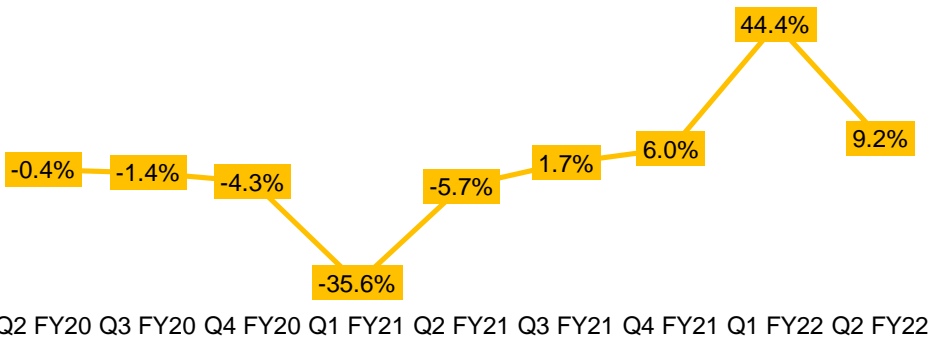
Bank Credit – YoY Growth*

(source: RBI)



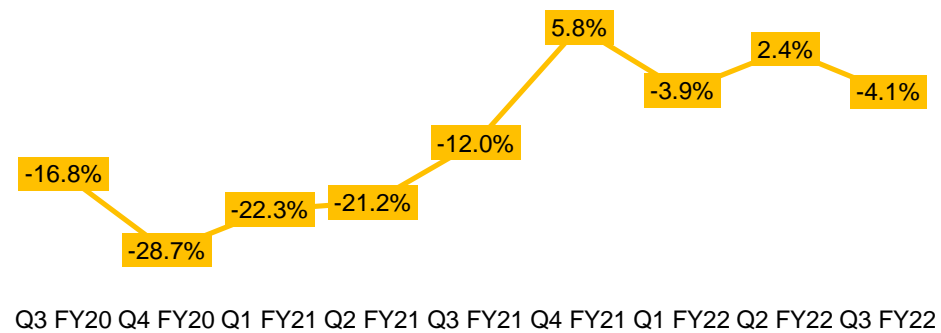
Index of Industrial Production Growth

(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



01

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

05

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



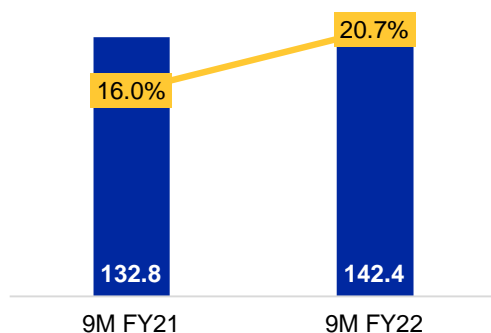
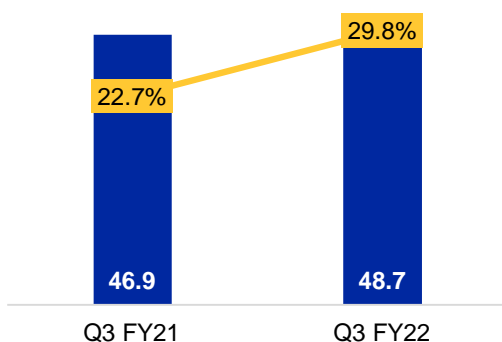
For the quarter ended December 31, 2021, the company's operating income was Rs. 48.7 crore, as against Rs. 46.9 crore in the corresponding quarter of the previous financial year, showing a growth of 3.8%. Growth in the Company's ratings revenue during the quarter was achieved mainly due to traction in fresh business. During this quarter, bond issuances saw a growth over the corresponding quarter of the previous year supported by issues from Banks and NBFCs. The bank credit to large industry however continued to be tepid as pickup in economic activity got weighed down by supply side disruptions.

Other income was at Rs. 7.2 crore, lower by 26.6% during the quarter on y-o-y basis, due to lower interest rate environment. The company has diversified its investment portfolio by investing in debt oriented mutual fund schemes for earning better post tax returns and in corporate deposits of highly rated financial institutions.

The employees benefit expenses during the current quarter were lower by 11.1% on y-o-y basis mainly due to attrition and consequent reduction in variable pay provision. Other expenses were higher by 18.9% on y-o-y basis mainly due to higher bad debts & provisions, recruitment cost, other office and administrative overheads etc.

The PBT for the quarter was at Rs. 21.7 crore as against Rs. 20.4 crore y-o-y basis, higher by 6.2%. The PAT for quarter was at Rs. 16.5 crore as against Rs. 15.4 crore y-o-y basis, higher by 7.3% due to higher revenue and lower overall expenses.

For the nine months ended on December 31, 2021, ICRA's standalone revenue from operation was Rs. 142.4 crore, compared to Rs. 132.8 crore, higher by 7.2%. The PBT and PAT were at Rs. 66.9 crore and Rs. 54.5 crore, respectively, as compared to Rs. 49.6 crore and Rs. 36.7 crore. The PBT and PAT were higher by 34.9% and 48.7%, respectively, as compared to the corresponding period of the previous year, due to higher revenue growth, lower expenses growth and dividend from a subsidiary company.



■ Operating Revenue (₹ cr) — Operating Margin

Operating margin = Operating Income less all expenses

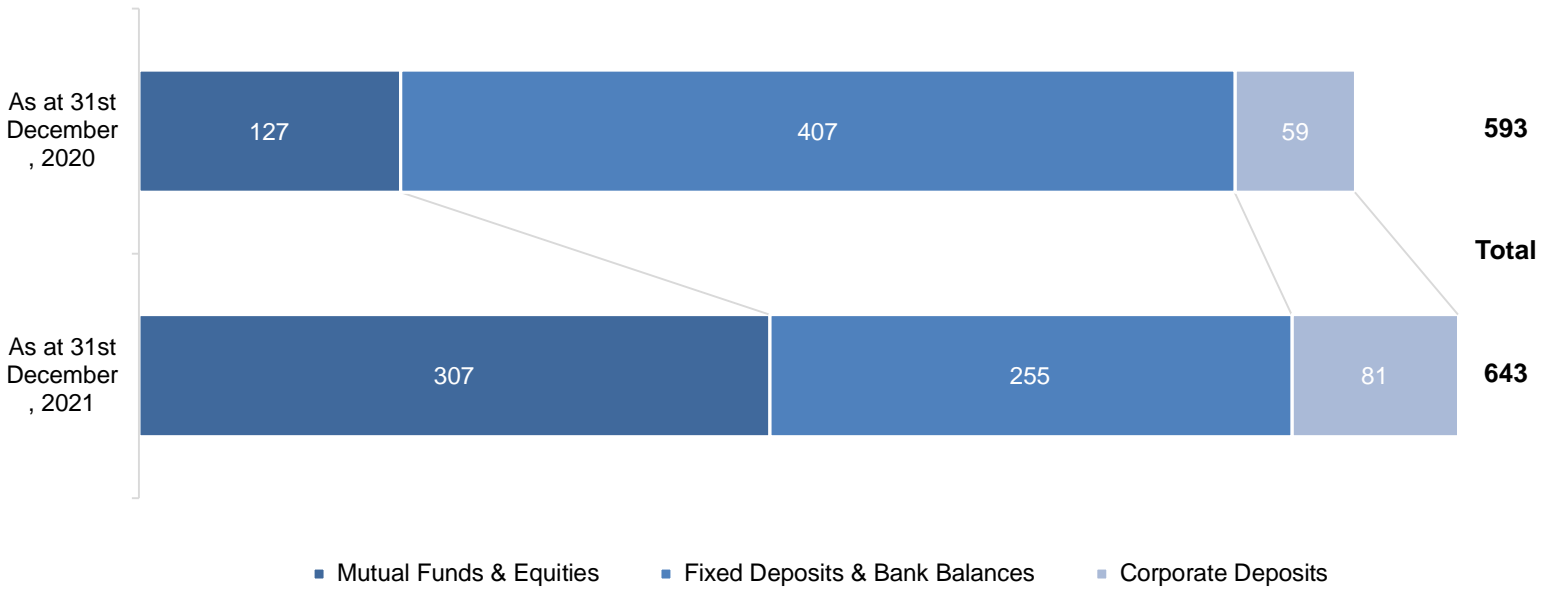
ICRA Standalone – P&L (₹ cr)



P&L		Q3 FY21	Q3 FY22	Q3 FY22 vs Q3 FY21	9M FY21	9M FY22	9M FY22 vs 9M FY21
Operating Revenue	a	46.9	48.7	3.8%	132.8	142.4	7.2%
Compensation Expenses	b1	28.5	25.3	-11.1%	83.6	88.2	5.5%
Other Expenses	b2	6.1	7.2	18.9%	22.8	19.9	-12.8%
Depreciation		1.3	1.3	-0.2%	3.9	3.7	-4.4%
Finance Costs		0.4	0.4	-14.6%	1.3	1.2	-12.0%
Total Expenses	b	36.3	34.2	-5.7%	111.6	112.9	1.2%
Operating Profit	c=a-b	10.6	14.5	36.3%	21.2	29.5	38.7%
Other Income	d	9.8	7.2	-26.6%	28.4	37.4	32.0%
Profit Before Tax	e=c+d	20.4	21.7	6.2%	49.6	66.9	34.9%
Tax	f	5.0	5.1	2.8%	12.9	12.4	-4.3%
PAT	g=e-f	15.4	16.5	7.3%	36.7	54.5	48.7%
Other Comprehensive Income (Net of Tax)	h	(0.2)	(0.1)		0.2	0.2	
Total Comprehensive Income (Net of Tax)	i=g+h	15.2	16.5	8.4%	36.9	54.8	48.6%

Other Metrics		Q3 FY21	Q3 FY22	9M FY21	9M FY22
Comp Expense %	b1 / a	60.6%	51.9%	62.9%	61.9%
Other Expense %	b2 / a	12.9%	14.8%	17.2%	14.0%
Operating Margin %	c / a	22.7%	29.8%	16.0%	20.7%
Profit Before Tax Margin %	e / (a+d)	36.0%	38.8%	30.8%	37.2%
PAT Margin %	g / (a+d)	27.2%	29.6%	22.8%	30.3%

ICRA Standalone – Investments (₹ cr)



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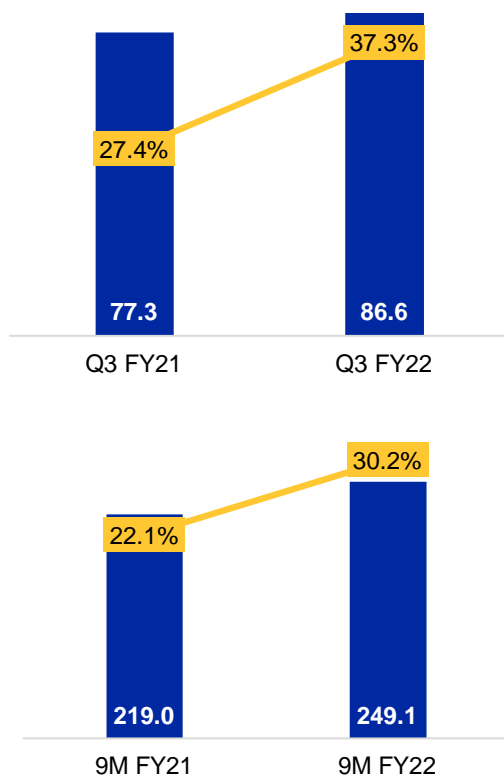
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ICRA Consolidated – Financial Performance



For the quarter ended December 31, 2021, the consolidated operating income was at Rs. 86.6 crore, against Rs. 77.3 crore on y-o-y basis, reflecting a growth of 11.9%. The Other income was lower by 21.1%, over the corresponding quarter of the previous financial year. Consolidated PBT was at Rs. 41.3 crore, higher by 26.8%, and PAT was at Rs. 31.1 crore, higher by 27.2% on y-o-y basis.

Ratings, research, and other services segment, including foreign subsidiaries, has grown by 3.7% on y-o-y basis. Outsourced and information services segment grew by 30.8% due to increase in business from existing and new clients, whereas Consulting services de-grew by 5% due to challenges in external environment and de-focus on certain unprofitable segments of our business.

For the nine months ended on December 31, 2021, ICRA's consolidated revenue from operation was Rs. 249.1 crore, compared to Rs. 219.0 crore, higher by 13.8%. The other income was lower by 8.5%, over the corresponding period of the previous year. The PBT and PAT were at Rs. 105.5 crore and Rs. 79.8 crore, respectively, as compared to Rs. 81.5 crore and Rs. 60.2 crore, respectively. The PBT was higher by 29.5% and the PAT was higher by 32.6%, as compared to the corresponding period of the previous year.

■ Operating Revenue (₹ cr) — Operating Margin

Operating margin = Operating Income less all expenses

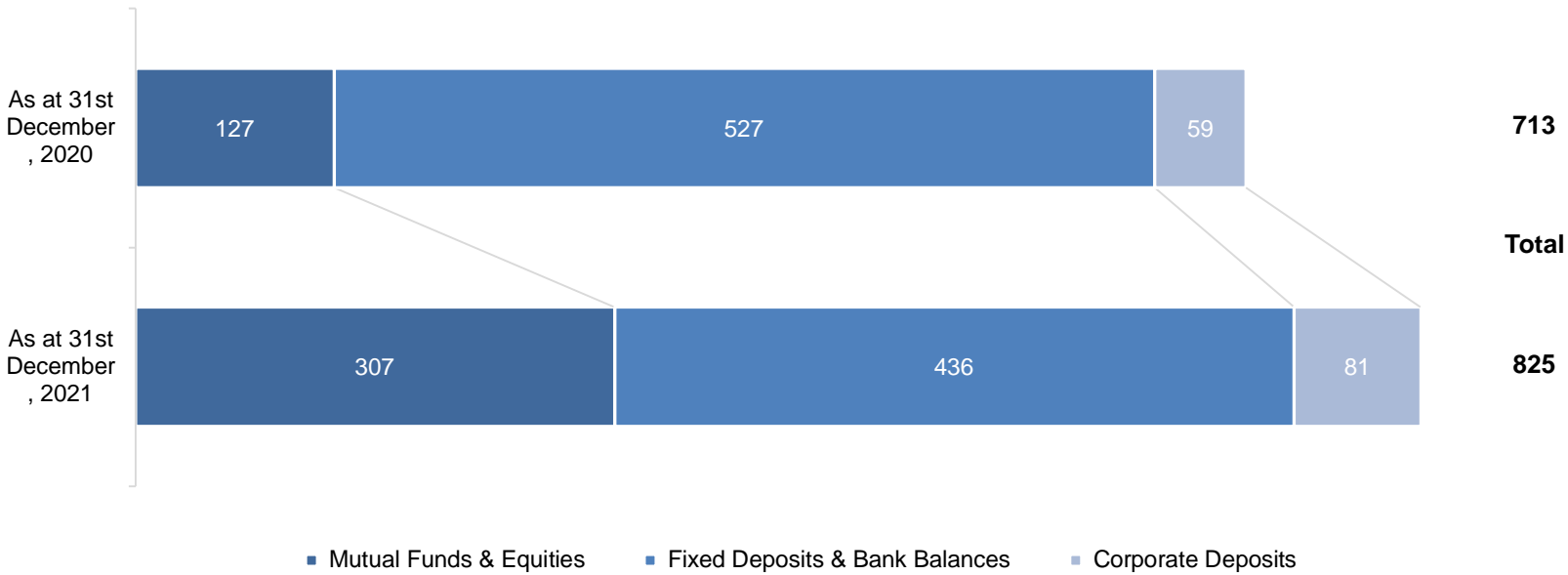
ICRA Consolidated – P&L (₹ cr)



P&L		Q3 FY21	Q3 FY22	Q3 FY22 vs Q3 FY21	9M FY21	9M FY22	9M FY22 vs 9M FY21
Operating Revenue	a	77.3	86.6	11.9%	219.0	249.1	13.8%
Compensation Expenses	b1	44.0	42.3	-3.9%	129.0	137.8	6.8%
Other Expenses	b2	9.1	9.7	6.0%	32.7	29.4	-10.1%
Depreciation		2.6	1.9	-24.8%	7.3	5.5	-25.1%
Finance Costs		0.5	0.4	-24.9%	1.5	1.2	-23.6%
Total Expenses	b	56.2	54.2	-3.4%	170.6	173.8	1.9%
Operating Profit	c=a-b	21.2	32.3	52.6%	48.4	75.3	55.5%
Other Income	d	11.4	9.0	-21.1%	33.1	30.3	-8.5%
Profit Before Tax	e=c+d	32.6	41.3	26.8%	81.5	105.5	29.5%
Tax	f	8.1	10.2	25.8%	21.3	25.7	20.8%
PAT	g=e-f	24.4	31.1	27.2%	60.2	79.8	32.6%
Other Comprehensive Income (Net of Tax)	h	(0.3)	(0.1)		(0.1)	(0.4)	
Total Comprehensive Income (Net of Tax)	i=g+h	24.1	31.0	28.4%	60.1	79.4	32.1%

Other Metrics		Q3 FY21	Q3 FY22	9M FY21	9M FY22
Comp Expense %	b1 / a	56.8%	48.8%	58.9%	55.3%
Other Expense %	b2 / a	11.8%	11.2%	14.9%	11.8%
Operating Margin %	c / a	27.4%	37.3%	22.1%	30.2%
Profit Before Tax Margin %	e / (a+d)	36.7%	43.2%	32.3%	37.8%
PAT Margin %	g / (a+d)	27.6%	32.5%	23.9%	28.6%

ICRA Consolidated – Investments (₹ cr)



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High Impact Research



INDIAN ROAD SECTOR

M&A activity driven by developers' intent to unlock equity to bid for new projects and to improve liquidity; assets worth Rs. 207 billion on the block

OCTOBER 2021

INDIAN COMMERCIAL VEHICLE INDUSTRY

Industry restarts recovery trajectory; sustainability remains key

OCTOBER 2021

INDIAN CORPORATE SECTOR: Q2 FY2022 PERFORMANCE REVIEW AND OUTLOOK

India Inc. grapples with margin headwinds even as revenues recover

NOVEMBER 2021

INDIAN LIFE INSURANCE INDUSTRY REPORT

Profitability of life insurance players impacted in Q1 FY2022 due to pandemic; NBP growth to resume in 9M FY2022

NOVEMBER 2021

INDIAN FERTILIZER INDUSTRY

Continued subsidy support from Govt to help industry face near-term headwinds

December 2021

INDIAN BANKING SECTOR

Threat of third wave poses risk to asset quality, especially the restructured loan book

Outlook: Stable

December 2021

Thematic Discussions for Industry Participants ICRA

Demand outlook remains favourable; inflationary pressures to trim margins in FY2022

Indian Airport Infrastructure: From turbulence to clear skies?

Distress at EVERGRANDE: The shot that has been heard around global steel markets

Improving economic scenario augurs well for the road logistics sector

Indian Passenger Vehicle Industry - Trends & Outlook

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

The Indian Hospitality Industry - Trends and Outlook

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

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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