



ICRA

ICRA Limited

May 7, 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, Q4 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, Q4 FY21.

Kindly take the above on record.

Regards,

Sincerely,

(Vipul Agarwal)  
Group Chief Financial Officer

Encl.: As above

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Building No. 8, 2<sup>nd</sup> 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](http://www.icra.in)  
Email: [info@icraindia.com](mailto:info@icraindia.com)  
Helpdesk: +91 9354738909  
Tel. :+91.11.23357940-45

**RATING**

**RESEARCH**

**INFORMATION**



ICRA

A MOODY'S INVESTORS  
SERVICE COMPANY

# Group ICRA Investor Presentation Q4 FY21

*May 6, 2021*

# Contents

**01**

---

**Group ICRA  
Overview**

**02**

---

**Financial  
Performance  
Review –  
ICRA Limited  
(Standalone)**

**03**

---

**Financial  
Performance  
Review –  
Group ICRA  
(Consolidated)**

**04**

---

**- Research  
- Webinars**

**01**

---

**Group ICRA  
Overview**

**02**

---

Financial  
Performance  
Review –  
ICRA Limited  
(Standalone)

**03**

---

Financial  
Performance  
Review –  
Group ICRA  
(Consolidated)

**04**

---

- Research  
- Webinars

# 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”

01

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Group ICRA  
Overview

02

---

**Financial  
Performance  
Review –  
ICRA Limited  
(Standalone)**

03

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Financial  
Performance  
Review –  
Group ICRA  
(Consolidated)

04

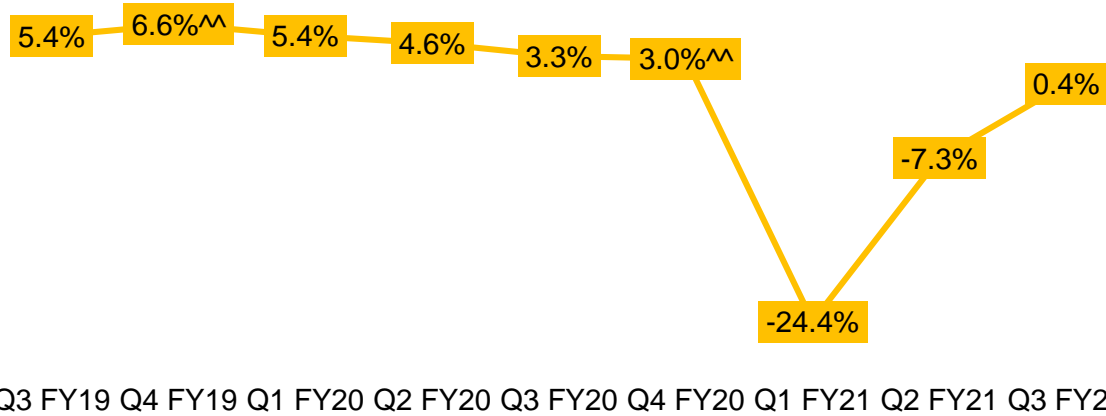
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- Research  
- Webinars

# Economic Environment

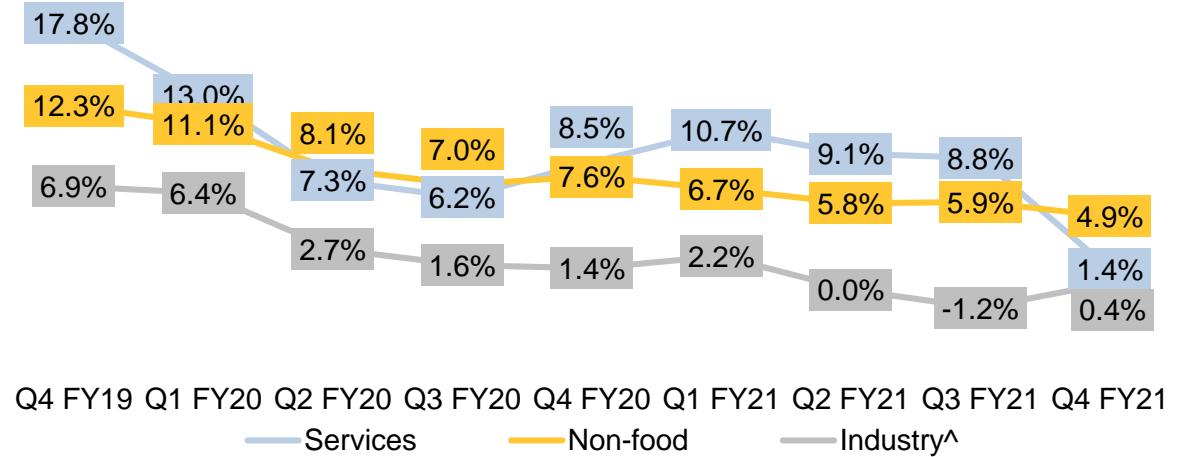
## GDP Growth

(source: CSO)



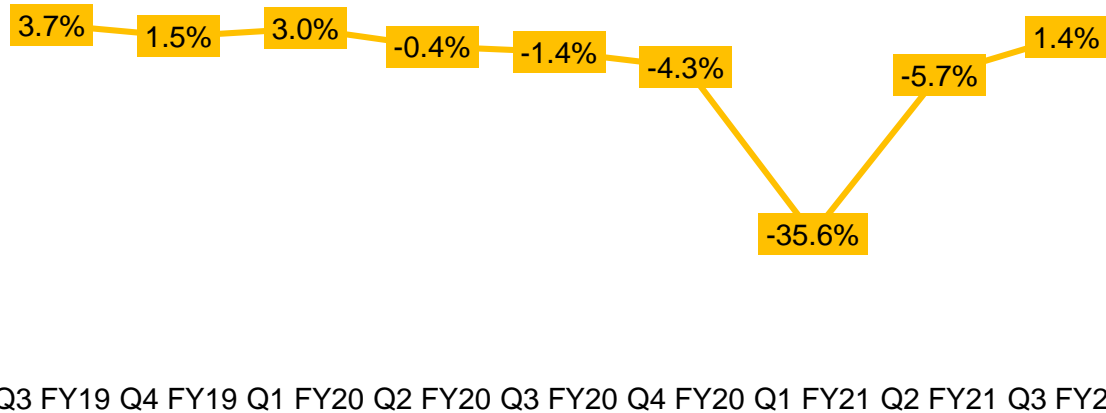
## Bank Credit – YoY Growth\*

(source: RBI)



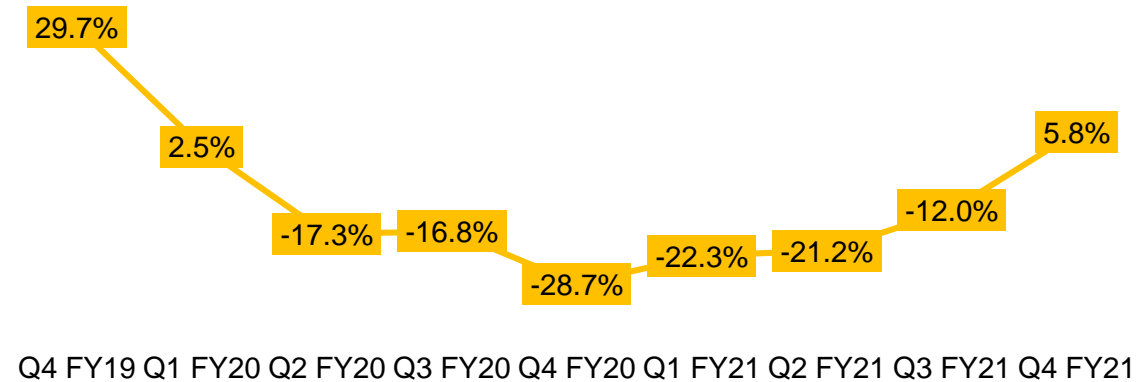
## Index of Industrial Production Growth

(source: MOSIP)



## Outstanding CPs – YoY Growth\*

(source: RBI)



<sup>^^</sup>Implicit based on FY2018 3rd RE, FY2019 2nd RE, FY2020 1st RE, and the revised data for 9M FY2018, 9M FY2019 and 9M FY2020

\* YoY rise in total outstanding at the end of each quarter

<sup>^</sup> Includes all types of enterprises, i.e. micro, small, medium and large

# Challenges and Risk Factors

**01**

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**Economic and social challenges due to covid-19 pandemic**

**02**

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

**03**

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**Reputation-related risks**

**04**

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**Competition from other rating agencies**

**05**

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

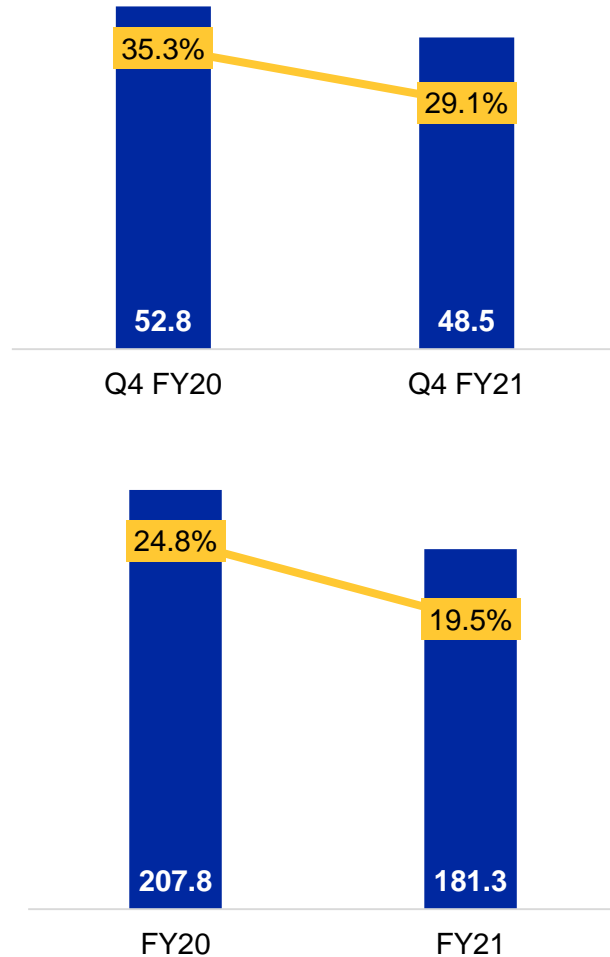
**06**

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



# ICRA Standalone – Financial Performance



For the quarter ended March 31, 2021, the company’s operating income was Rs. 48.5 crore, as against Rs. 52.8 crore in the corresponding quarter of the previous financial year, showing a degrowth of 8%. The preference for bank credit over bond issuances, as yields hardened, led to a growth in bank credit outstanding by 4.1% and a decline in bond issuances by 3.2%. This had a corresponding impact on the industry rated volumes in both the bank loan and bond rating segments – however, the growth in the bank loan rating segment was led by PSU entities. The impact of decline in bond market issuances was mitigated by the pick-up in securitization and bilateral assignment of pools towards the end of the Quarter

Other income declined by 20% during the quarter on y-o-y basis, primarily due to lower interest rate environment

The employees benefit expenses during the current quarter were higher by 35% on y-o-y basis, mainly due to reversal of variable pay provision (true-up) in corresponding quarter of the previous financial year and salary of senior management who came on board. Other expenses were lower by 52% on y-o-y basis mainly due to lower legal cost and lower travel cost & other overheads due to remote working whereas previous financial year had additional audit fees and higher CSR expenditure due to contribution to PM Cares

The PBT for the quarter was lower at Rs. 22.1 crores, lower by 23% as against Rs. 28.6 crores y-o-y basis and PAT was also lower by 23% at Rs. 16.3 crore on y-o-y basis

For the financial year ended on March 31, 2021, the Company’s operating income was at Rs. 181.3 crore, lower by 13% as against the previous financial year. 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. The company’s PBT was at Rs. 71.7 crore (22% y-o-y decline) and PAT at Rs. 52.9 crore (19% y-o-y decline)

■ Operating Revenue (₹ cr)      — Operating Margin

Operating margin = Operating Income less all expenses

# ICRA Standalone – P&L (₹ cr)



P&L		Q4 FY20	Q4 FY20	Q4 FY21 vs Q4 FY20	FY20	FY21	FY21 vs FY20
<b>Operating Revenue</b>	<b>a</b>	<b>52.8</b>	<b>48.5</b>	<b>-8.1%</b>	<b>207.8</b>	<b>181.3</b>	<b>-12.8%</b>
Compensation Expenses	b1	19.5	26.5	35.5%	105.1	110.0	4.7%
Other Expenses	b2	12.8	6.1	-52.4%	44.2	28.9	-34.5%
Depreciation		1.3	1.4	2.3%	5.4	5.2	-2.4%
Finance Costs		0.4	0.4	-5.6%	1.7	1.7	4.1%
<b>Total Expenses</b>	<b>b</b>	<b>34.2</b>	<b>34.4</b>	<b>0.6%</b>	<b>156.3</b>	<b>145.9</b>	<b>-6.6%</b>
<b>Operating Profit</b>	<b>c=a-b</b>	<b>18.6</b>	<b>14.1</b>	<b>-24.2%</b>	<b>51.5</b>	<b>35.3</b>	<b>-31.3%</b>
Other Income	d	10.0	8.0	-20.4%	40.6	36.3	-10.5%
<b>Profit Before Tax</b>	<b>e=c+d</b>	<b>28.6</b>	<b>22.1</b>	<b>-22.9%</b>	<b>92.1</b>	<b>71.7</b>	<b>-22.1%</b>
Tax	f	7.5	5.8	-22.9%	27.1	18.7	-30.9%
<b>PAT</b>	<b>g=e-f</b>	<b>21.1</b>	<b>16.3</b>	<b>-22.9%</b>	<b>65.0</b>	<b>52.9</b>	<b>-18.5%</b>
Other Comprehensive Income (Net of Tax)	h	(0.1)	0.1		(0.5)	0.3	
<b>Total Comprehensive Income (Net of Tax)</b>	<b>i=g+h</b>	<b>20.9</b>	<b>16.3</b>	<b>-22.0%</b>	<b>64.4</b>	<b>53.2</b>	<b>-17.4%</b>

Other Metrics		Q4 FY20	Q4 FY21	FY20	FY21
Comp Expense %	b1 / a	37.0%	54.6%	50.6%	60.7%
Other Expense %	b2 / a	24.3%	12.6%	21.3%	15.9%
Operating Margin %	c / a	35.3%	29.1%	24.8%	19.5%
Profit Before Tax Margin %	e / (a+d)	45.6%	39.1%	37.1%	32.9%
PAT Margin %	g / (a+d)	33.6%	28.8%	26.2%	24.3%

# ICRA Standalone – Investments (₹ cr)



01

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Group ICRA  
Overview

02

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Financial  
Performance  
Review –  
ICRA Limited  
(Standalone)

03

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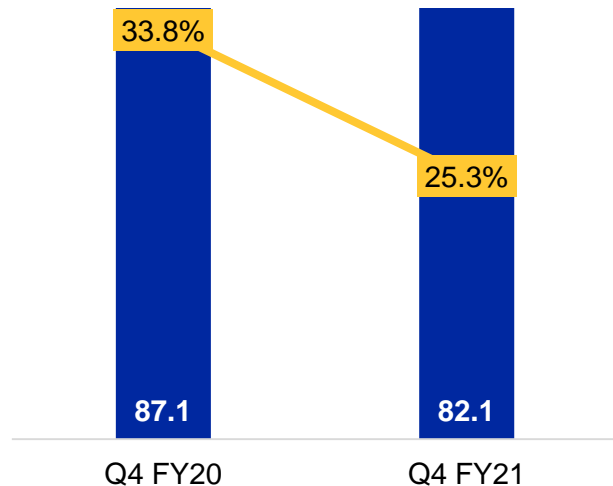
**Financial  
Performance  
Review –  
Group ICRA  
(Consolidated)**

04

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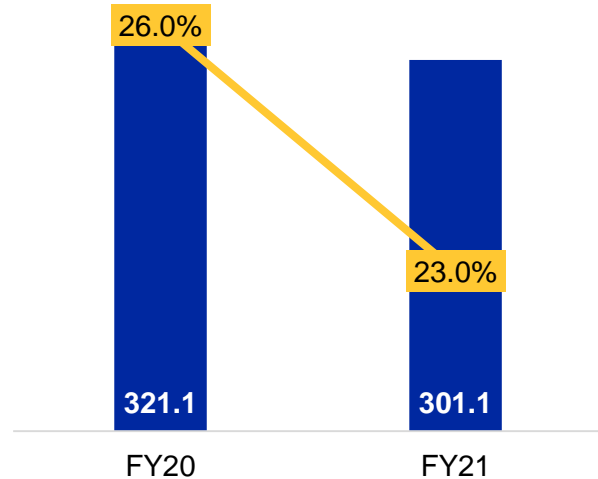
- Research  
- Webinars

# ICRA Consolidated – Financial Performance



For the quarter ended March 31, 2021, the consolidated operating income was Rs. 82.1 crore, against Rs. 87.1 crore on y-o-y basis, reflecting a de-growth of 6%. Consolidated PBT was at Rs. 30.5 crore, lower by 27%, and PAT was at Rs. 22.5 crore, lower by 35% on y-o-y basis

Decline in revenue from ratings and consulting segments impacted the growth in consolidated revenue in Q4 FY21. The outsourcing and information services have shown a steady growth, driven by growth in both domestic and global businesses



For the financial year ended on March 31, 2021, the consolidated operating income was Rs. 301.1 crore as compared to Rs. 321.1 crore, reflecting a degrowth of 6%, on y-o-y basis. The other income was lower by 11%, over the previous financial year. The company's consolidated PBT was lower by 15% at Rs. 112 crore and PAT was also lower by 15% at Rs. 82.7 crore as compared to the previous financial year

■ Operating Revenue (₹ cr)      — Operating Margin

Operating margin = Operating Income less all expenses

# ICRA Consolidated – P&L (₹ cr)



P&L		Q4 FY20	Q4 FY21	Q4 FY21 vs Q4 FY20	FY20	FY21	FY21 vs FY20
<b>Operating Revenue</b>	<b>a</b>	<b>87.1</b>	<b>82.1</b>	<b>-5.7%</b>	<b>321.1</b>	<b>301.1</b>	<b>-6.2%</b>
Compensation Expenses	b1	33.8	42.7	26.2%	161.7	171.7	6.2%
Other Expenses	b2	20.6	15.6	-24.6%	63.6	48.2	-24.1%
Depreciation		2.7	2.6	-3.9%	10.3	9.9	-3.6%
Finance Costs		0.5	0.5	-3.8%	2.0	2.1	0.6%
<b>Total Expenses</b>	<b>b</b>	<b>57.7</b>	<b>61.3</b>	<b>6.4%</b>	<b>237.6</b>	<b>231.8</b>	<b>-2.4%</b>
<b>Operating Profit</b>	<b>c=a-b</b>	<b>29.4</b>	<b>20.8</b>	<b>-29.4%</b>	<b>83.5</b>	<b>69.2</b>	<b>-17.2%</b>
Other Income	d	12.5	9.8	-21.9%	48.0	42.8	-10.7%
<b>Profit Before Tax</b>	<b>e=c+d</b>	<b>41.9</b>	<b>30.5</b>	<b>-27.2%</b>	<b>131.5</b>	<b>112.0</b>	<b>-14.8%</b>
Tax	f	7.0	8.0	13.7%	34.2	29.3	-14.4%
<b>PAT</b>	<b>g=e-f</b>	<b>34.9</b>	<b>22.5</b>	<b>-35.4%</b>	<b>97.2</b>	<b>82.7</b>	<b>-15.0%</b>
Other Comprehensive Income (Net of Tax)	h	(0.3)	0.1		(0.6)	0.0	
<b>Total Comprehensive Income (Net of Tax)</b>	<b>i=g+h</b>	<b>34.6</b>	<b>22.6</b>	<b>-34.7%</b>	<b>96.6</b>	<b>82.7</b>	<b>-14.4%</b>

Other Metrics		Q4 FY20	Q4 FY21	FY20	FY21
Comp Expense %	b1 / a	38.9%	52.0%	50.4%	57.0%
Other Expense %	b2 / a	23.7%	19.0%	19.8%	16.0%
Operating Margin %	c / a	33.8%	25.3%	26.0%	23.0%
Profit Before Tax Margin %	e / (a+d)	42.1%	33.2%	35.6%	32.6%
PAT Margin %	g / (a+d)	35.0%	24.5%	26.3%	24.1%

# ICRA Consolidated – Investments (₹ cr)



01

---

Group ICRA  
Overview

02

---

Financial  
Performance  
Review –  
ICRA Limited  
(Standalone)

03

---

Financial  
Performance  
Review –  
Group ICRA  
(Consolidated)

04

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



# High Impact Research



Indian Commercial Vehicle Industry

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Is Recovery around the corner?



JANUARY 2021



INDIAN CEMENT SECTOR

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Volumes to reach pre-Covid levels by FY2022; outlook revised to Stable from Negative



JANUARY 2021




ICRA  
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FOREIGN PV NBFC CAPTIVES

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Muted growth and rising delinquencies to keep profitability under pressure



February 2021




INDIAN CORPORATE SECTOR:  
Q3 FY2021 PERFORMANCE REVIEW  
AND OUTLOOK

---

Recovery gains pace



FEBRUARY 2021




ICRA  
A MOODY'S INVESTORS SERVICE COMPANY

INDIAN CONSTRUCTION SECTOR

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Railways focus on reviving PPP augurs well for increasing capex



MARCH 2021



ICRA  
A MOODY'S INVESTORS SERVICE COMPANY

HOUSING FINANCE COMPANIES

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Key financial and operational statistics of housing finance companies extracted from ICRA's databases and presented in a convenient format



MARCH 2021

# Thematic Discussions for Industry Participants ICRA

***Indian Economy: Vaccinated against covid-19?***

***Will the second wave steal the show from domestic steelmakers?***

***Credit quality on the mend, but risks remain***

***Indian Two-Wheeler Industry - Will the growth be back in fast lane in FY2022?***

***Credit outlook for the Indian tyre industry***

***Power Transmission & Distribution : Trends & Outlook***

***Exploring Covered Bonds in the Indian context***

***"Balance sheets of Indian carriers to remain stressed"***

*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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