



ICRA

A MOODY'S INVESTORS
SERVICE COMPANY

Group ICRA Investor Presentation Q4 FY22

May 12, 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



31+ 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



22+ years of experience and ~800 workforce



Serving clients across the globe



Certified as a “Great Place to Work”

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Financial
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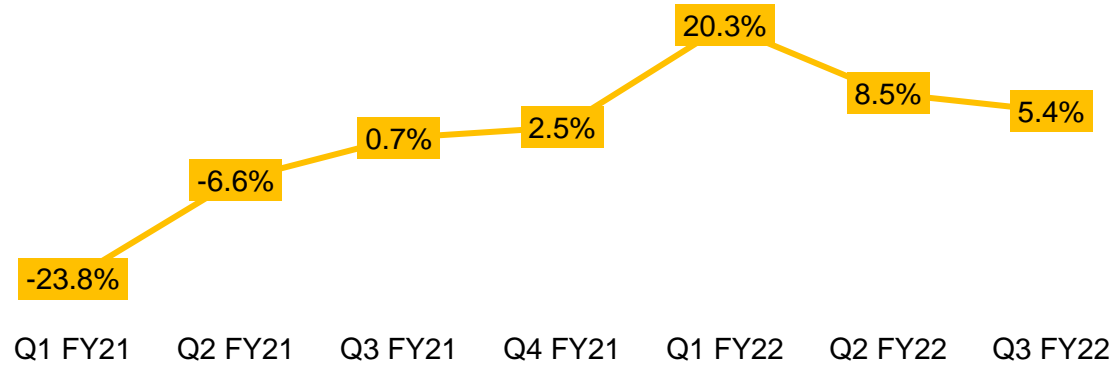
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Economic Environment

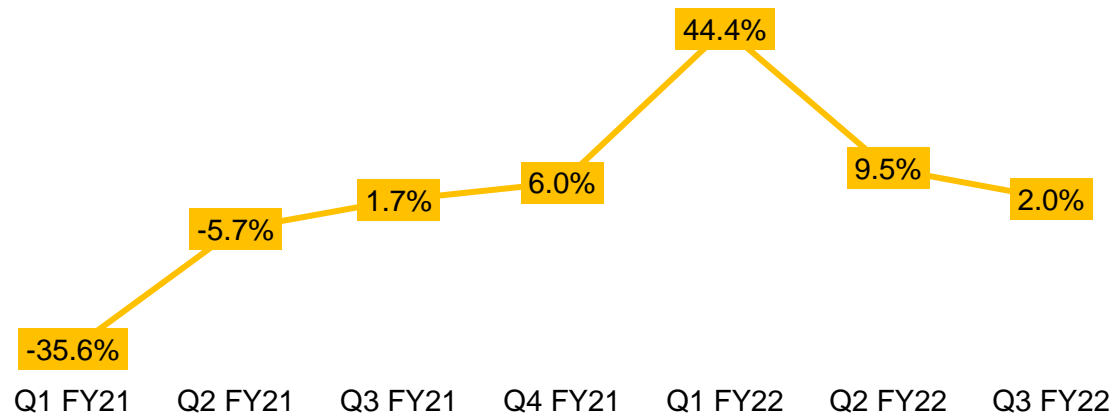
GDP Growth

(source: CSO)



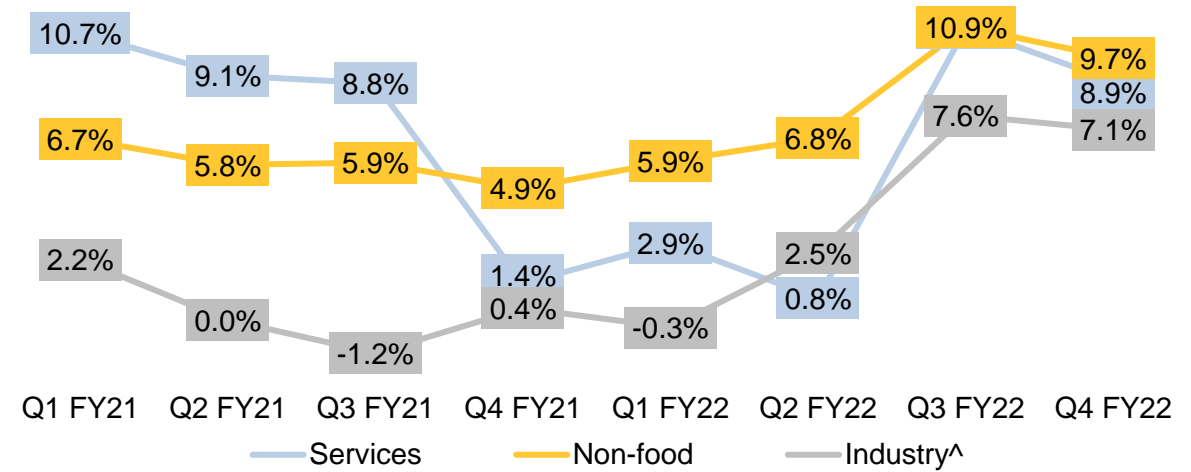
Index of Industrial Production Growth

(source: MOSIP)



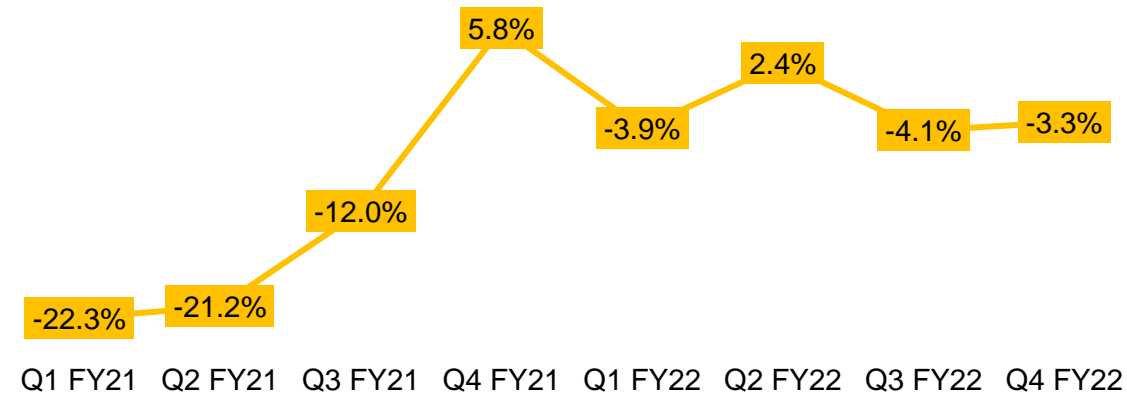
Bank Credit – YoY Growth*

(source: RBI)



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 and geopolitical tensions

02

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

03

Reputation-related risks

04

Competition from other rating agencies

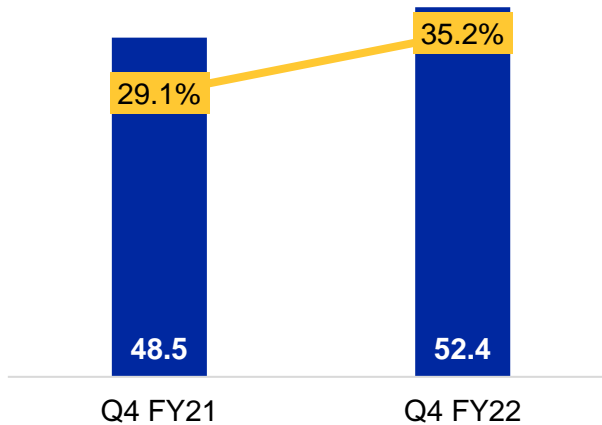
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Ability to retain / attract quality manpower, rising compensation and related costs

06

Funding substitutes including overseas borrowing or adverse domestic interest rate movements

ICRA Standalone – Financial Performance



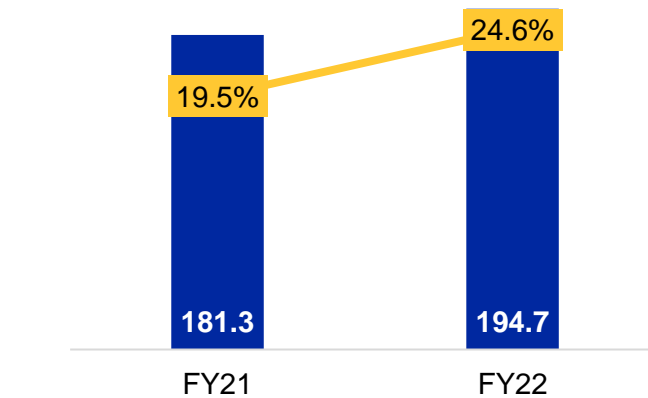
For the quarter ended March 31, 2022, the company's operating income was Rs. 52.4 crore, as against Rs. 48.5 crore in the corresponding quarter of the previous financial year, reflecting a growth of 8.0%. The growth in revenue is led by enhanced fresh business from existing as well as new clients. This was achieved despite the backdrop of a fall in bond issuances in the market due to geo-political concerns adding to inflationary pressures, in turn leading to rate hike expectations. The tentativeness in the bond market led to a pickup in bank credit to large industrial segment, supporting the overall credit growth.

Other income was at Rs. 8.0 crore for the quarter ended March 31, 2022, which was at the same level as against corresponding quarter of the previous financial year

The employees benefit expenses during the current quarter was lower by 12.1% on y-o-y basis, whereas other expenses were higher by 41.0% on y-o-y basis, mainly due to higher recruitment costs, legal costs, higher bad-debts provisions, and higher utilities & office maintenance expenses due to resumption of work from office.

The PBT for the quarter was at Rs. 26.4 crore, higher by 19.5% as against Rs. 22.1 crore y-o-y basis and PAT was also higher by 15.3% at Rs. 18.8 crore on y-o-y basis.

For the financial year ended on March 31, 2022, the Company's operating income was at Rs. 194.7 crore, higher by 7.4% as against the previous financial year. The revenue growth was led by a focussed approach in tapping the growth segments in the economy which led to an improvement in revenue despite lower rated volumes. The company's PBT was at Rs. 93.3 crore (30.1% y-o-y increase) and PAT at Rs. 73.3 crore (38.6% y-o-y increase).



■ Operating Revenue (₹ cr) — Operating Margin

ICRA Standalone – P&L (₹ cr)



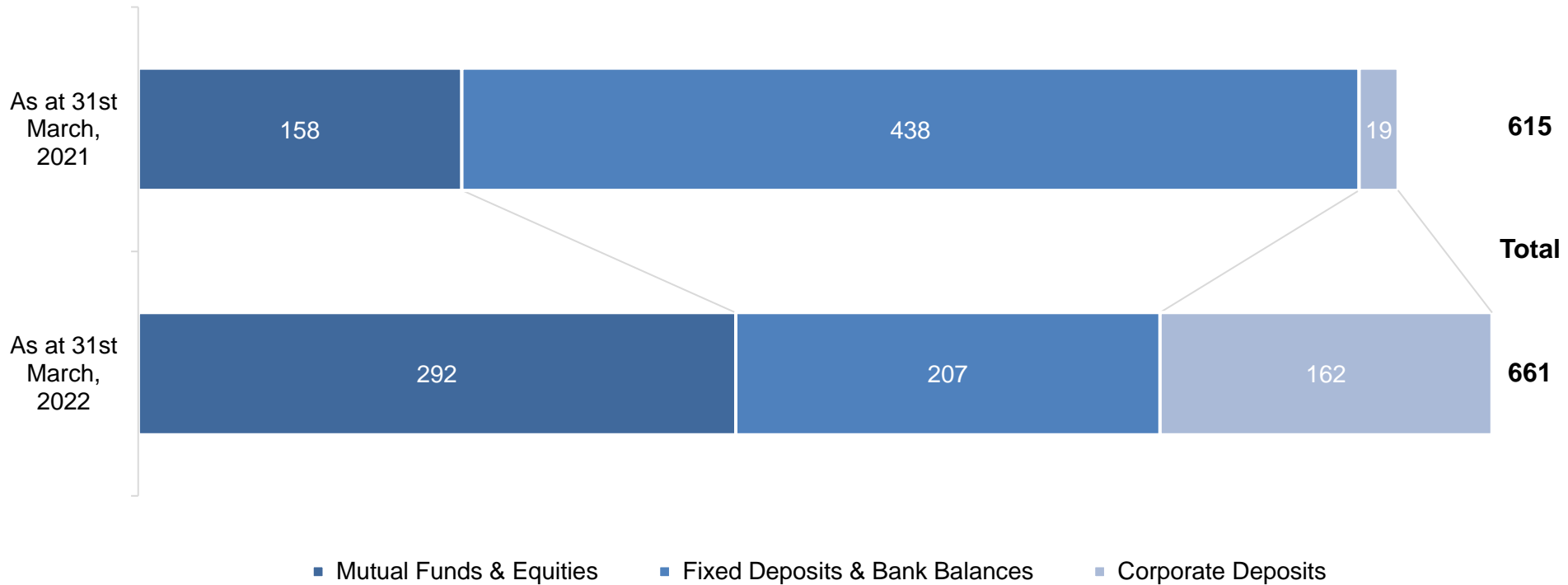
P&L		Q4 FY21	Q4 FY22	Q4 FY22 vs Q4 FY21
Operating Revenue	a	48.5	52.4	8.0%
Compensation Expenses	b1	26.5	23.3	-12.1%
Other Expenses	b2	6.1	8.6	41.0%
Depreciation		1.4	1.6	14.3%
Finance Costs		0.4	0.4	0.0%
Total Expenses	b	34.4	33.9	-1.5%
Operating Profit	c=a-b	14.1	18.4	30.5%
Other Income	d	8.0	8.0	0.0%
Profit Before Tax	e=c+d	22.1	26.4	19.5%
Tax	f	5.8	7.7	32.8%
PAT	g=e-f	16.3	18.8	15.3%
Other Comprehensive Income (Net of Tax)	h	0.1	0.2	
Total Comprehensive Income (Net of Tax)	i=g+h	16.3	19.0	16.6%

	FY21	FY22	FY22 vs FY21
Operating Revenue	181.3	194.7	7.4%
Compensation Expenses	110.0	111.4	1.3%
Other Expenses	28.9	28.5	-1.4%
Depreciation	5.2	5.3	1.9%
Finance Costs	1.7	1.5	-11.8%
Total Expenses	145.9	146.8	0.6%
Operating Profit	35.3	47.9	35.7%
Other Income	36.3	45.4	25.1%
Profit Before Tax	71.7	93.3	30.1%
Tax	18.7	20.0	7.0%
PAT	52.9	73.3	38.6%
Other Comprehensive Income (Net of Tax)	0.3	0.5	
Total Comprehensive Income (Net of Tax)	53.2	73.8	38.7%

Other Metrics		Q4 FY21	Q4 FY22
Comp Expense %	b1 / a	54.6%	44.5%
Other Expense %	b2 / a	12.6%	16.5%
Operating Margin %	c / a	29.1%	35.2%
Profit Before Tax Margin %	e / (a+d)	39.1%	43.8%
PAT Margin %	g / (a+d)	28.8%	31.1%

	FY21	FY22
Comp Expense %	60.7%	57.2%
Other Expense %	15.9%	14.6%
Operating Margin %	19.5%	24.6%
Profit Before Tax Margin %	32.9%	38.9%
PAT Margin %	24.3%	30.5%

ICRA Standalone – Investments (₹ cr)



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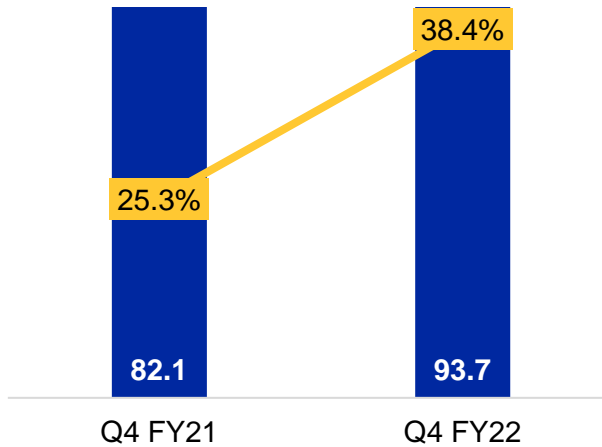
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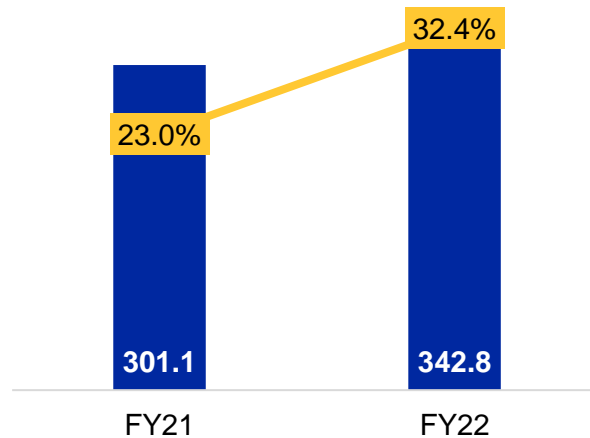
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ICRA Consolidated – Financial Performance



For the quarter ended March 31, 2022, the consolidated operating income was Rs. 93.7 crore, against Rs. 82.1 crore on y-o-y basis, reflecting a growth of 14.1%. Consolidated PBT was at Rs. 46.5 crore, higher by 52.5%, and PAT was at Rs. 33.7 crore, higher by 49.8% on y-o-y basis. The growth in consolidated revenue is primarily driven by the growth in ratings and outsourcing segments.

ICRA has expanded its offerings portfolio across all its non-ratings business segments, along with higher outreach activities leading to increase in business from existing clients along with addition of new clients.



For the financial year ended on March 31, 2022, the consolidated operating income was Rs. 342.8 crore as compared to Rs. 301.1 crore, reflecting a growth of 13.8%, on y-o-y basis.

The other income was lower by 4.4%, over the previous financial year. The company's consolidated PBT was higher by 35.8% at Rs. 152.1 crore and PAT was also higher by 37.2% at Rs. 113.5 crore as compared to the previous financial year.

ICRA Consolidated – P&L (₹ cr)



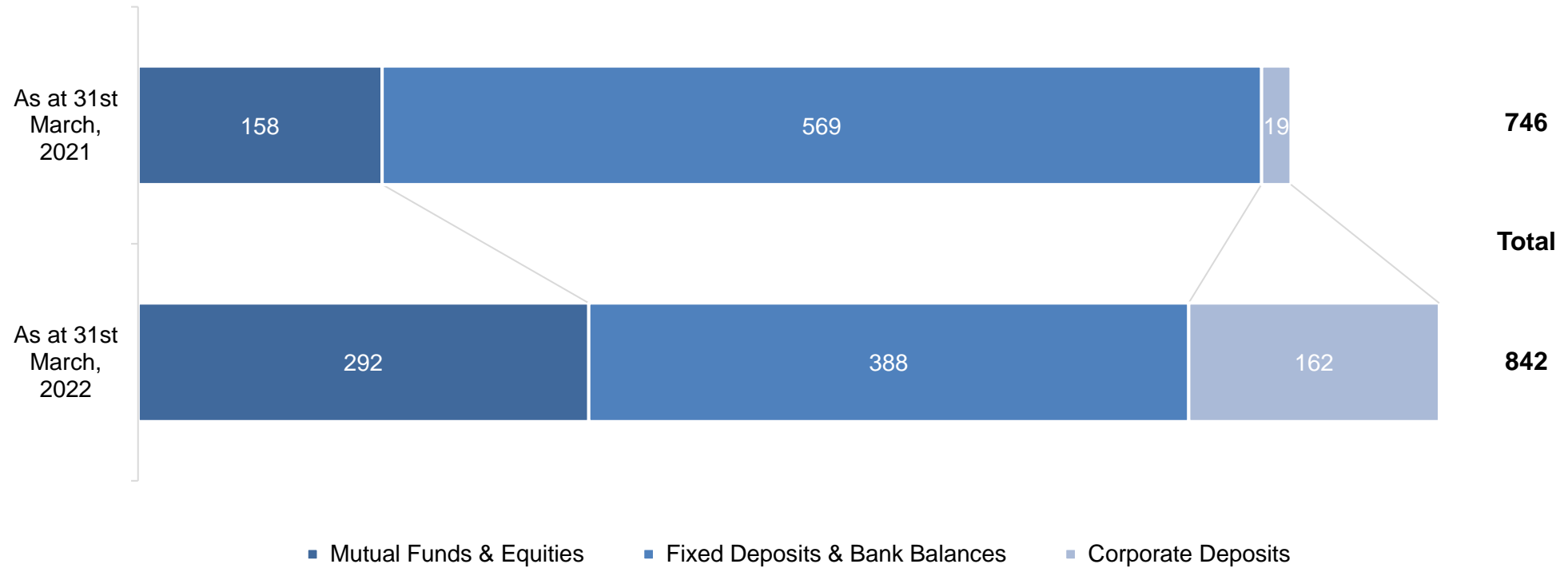
P&L		Q4 FY21	Q4 FY22	Q4 FY22 vs Q4 FY21
Operating Revenue	a	82.1	93.7	14.1%
Compensation Expenses	b1	42.7	41.5	-2.8%
Other Expenses	b2	15.6	13.6	-12.8%
Depreciation		2.6	2.3	-11.5%
Finance Costs		0.5	0.4	-20.0%
Total Expenses	b	61.3	57.8	-5.7%
Operating Profit	c=a-b	20.8	35.9	72.6%
Other Income	d	9.8	10.6	8.2%
Profit Before Tax	e=c+d	30.5	46.5	52.5%
Tax	f	8.0	12.8	60.0%
PAT	g=e-f	22.5	33.7	49.8%
Other Comprehensive Income (Net of Tax)	h	0.1	0.0	
Total Comprehensive Income (Net of Tax)	i=g+h	22.6	33.7	49.1%

	FY21	FY22	FY22 vs FY21
	301.1	342.8	13.8%
	171.7	179.2	4.4%
	48.2	43.0	-10.8%
	9.9	7.8	-21.2%
	2.1	1.6	-23.8%
	231.9	231.6	-0.1%
	69.2	111.2	60.7%
	42.8	40.9	-4.4%
	112.0	152.1	35.8%
	29.3	38.6	31.7%
	82.7	113.5	37.2%
	0.0	(0.4)	
	82.7	113.2	36.9%

Other Metrics		Q4 FY21	Q4 FY22
Comp Expense %	b1 / a	52.0%	44.2%
Other Expense %	b2 / a	19.0%	14.5%
Operating Margin %	c / a	25.3%	38.4%
Profit Before Tax Margin %	e / (a+d)	33.2%	44.6%
PAT Margin %	g / (a+d)	24.5%	32.3%

	FY21	FY22
	57.0%	52.3%
	16.0%	12.5%
	23.0%	32.4%
	32.6%	39.6%
	24.0%	29.6%

ICRA Consolidated – Investments (₹ cr)



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High Impact Research



Thematic Discussions for Industry Participants ICRA

Indian Banking Sector

Indian Cement Sector

The Indian Hospitality Industry

Indian Roads & Highways Sector

Performance Update: Retail Non-Bank Finance Companies

Indian Tyre Industry: Trends and Outlook

The Indian Hospitality Industry

Indian Construction Sector

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