

# Corporate Presentation

## Updated for 2Q 2018 results



July 2018

© 2018 CRISIL Ltd. All rights reserved.

# Disclaimer / Safe Harbor

*This presentation has been prepared solely as a concise update of Company's quarterly results. By reading the presentation slides, you agree to be bound by the following limitations: (a) CRISIL Ltd. ("CRISIL" or "Company") cannot give assurance to the correctness of forward looking statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof; (b) By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking information and statements in this presentation. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that or those described herein as anticipated, believed, estimated or expected; c) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of these forward-looking statements; d) No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investments decision whatsoever. Investor/prospective advisors must be sought on specific situation from well-informed legal, investment, tax, financial, and management professionals; e) This presentation and its contents are confidential and must not be distributed, published or reproduced. This presentation does not constitute a recommendation regarding the securities of the Company.'*

# Agenda

- **Executive summary**
- Operating and business environment
- Financial highlights
- Segment performance
- Thought leadership

# Executive summary

- CRISIL's consolidated income from operations grew by 7% YoY to ₹ 436 cr for the quarter ended June 30, 2018; PAT grew by 15% YoY to ₹ 77 cr during the same period
  - Ratings posted healthy growth due to new mandates in the large corporate ratings segment
  - Research business focused on increasing presence in core offerings and on client additions for platforms and solutions
  - Advisory\* witnessed growth with new business wins and successful delivery of existing projects
- Margins improved during the quarter with focus on cost controls, favorable forex and technology-led efficiencies
- CRISIL continued to provide thought leadership on topical matters. These include -
  - CRISIL's report on four years of the central government
  - The second edition of CriSidex, the lead-and-lag indicator of granular MSE sentiment across the nation
- CRISIL Foundation continues to progress well in bridging the financial literacy gap, especially in the rural areas of Assam and Rajasthan

\*Advisory segment includes Pragmatix Services Pvt. Ltd. (Pragmatix)

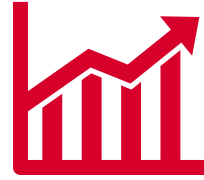
# Agenda

- Executive summary
- **Operating and business environment**
- Financial highlights
- Segment performance
- Thought leadership

# Operating and business environment



**India**



**Buoyant GDP  
growth expectation**



**Recovery in banking  
credit**



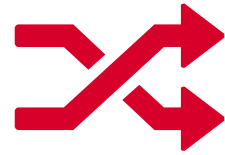
**Rupee continues  
to weaken**



**NPAs still a  
concern**



**Global**



**Global recovery  
getting less  
synchronized**



**Divergent  
monetary policy  
stance**



**Changing regulatory  
landscape in the US  
and Europe**



**Geopolitical  
risks**

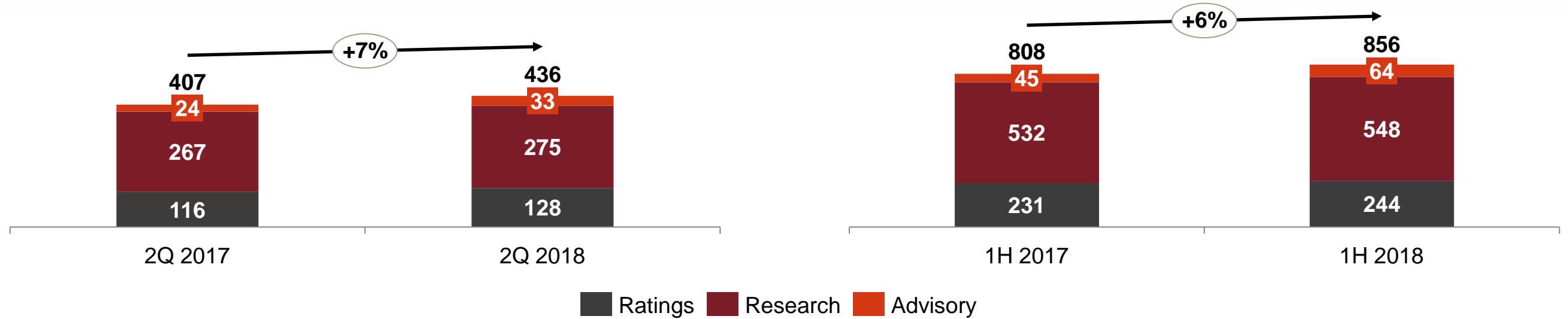
# Agenda

- Executive summary
- Operating and business environment
- **Financial highlights**
- Segment performance
- Thought leadership

# 2Q 2018 Income from operations grew by 7%; PAT by 15%

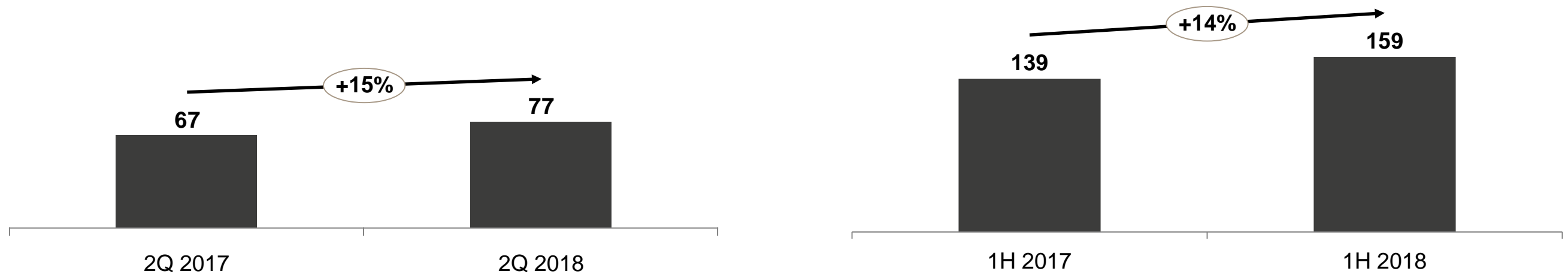
## Consolidated income from operations

₹ crore



## Profit after tax

₹ crore



Note: Numbers rounded off



# Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- **Segment performance**
  - **Ratings**
  - Research
  - Advisory
- Thought leadership

# Bond issuances challenged due to hardening yields...

## Bond yields on an upward trajectory since 2017

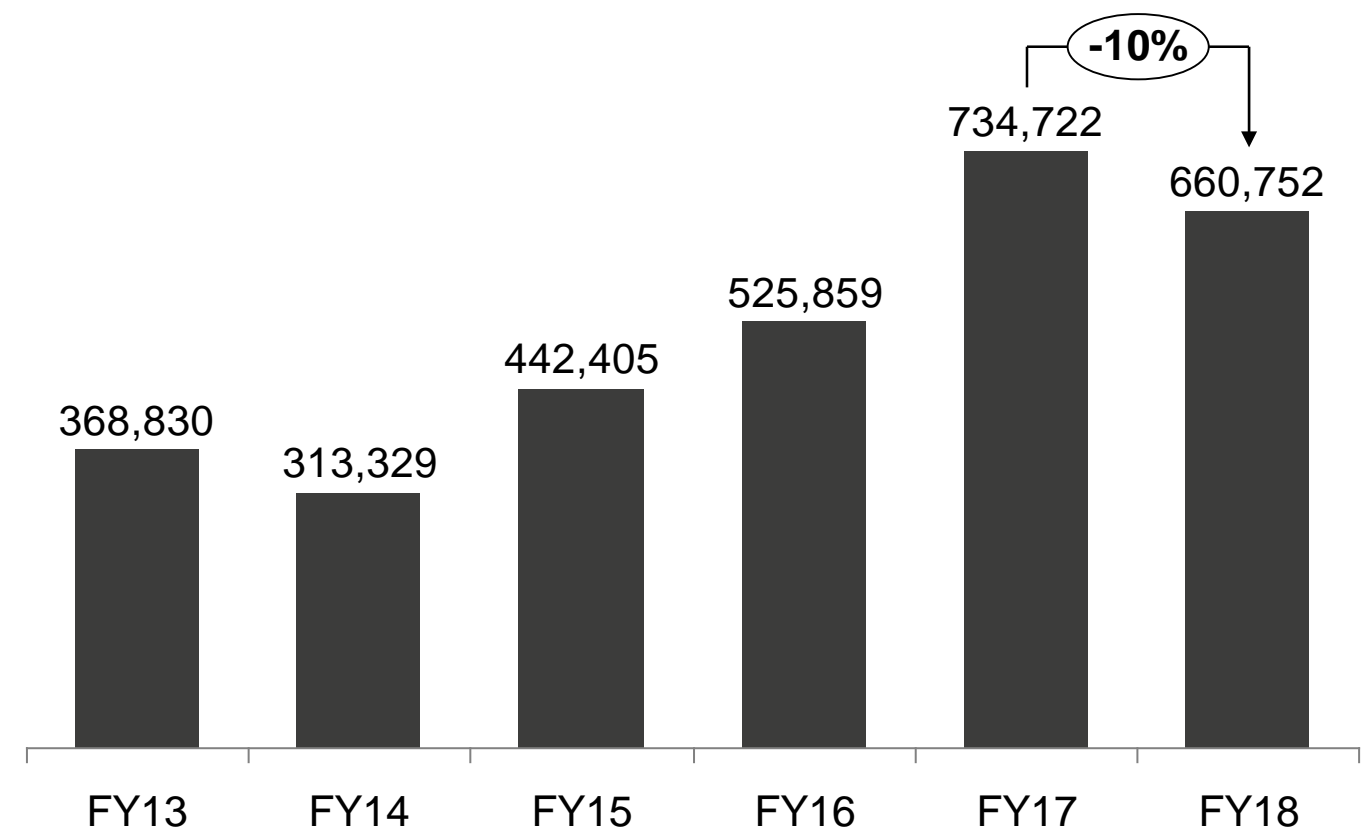
### India 10 year G-Sec Yield



## Muted growth in bond issuances

₹ crore

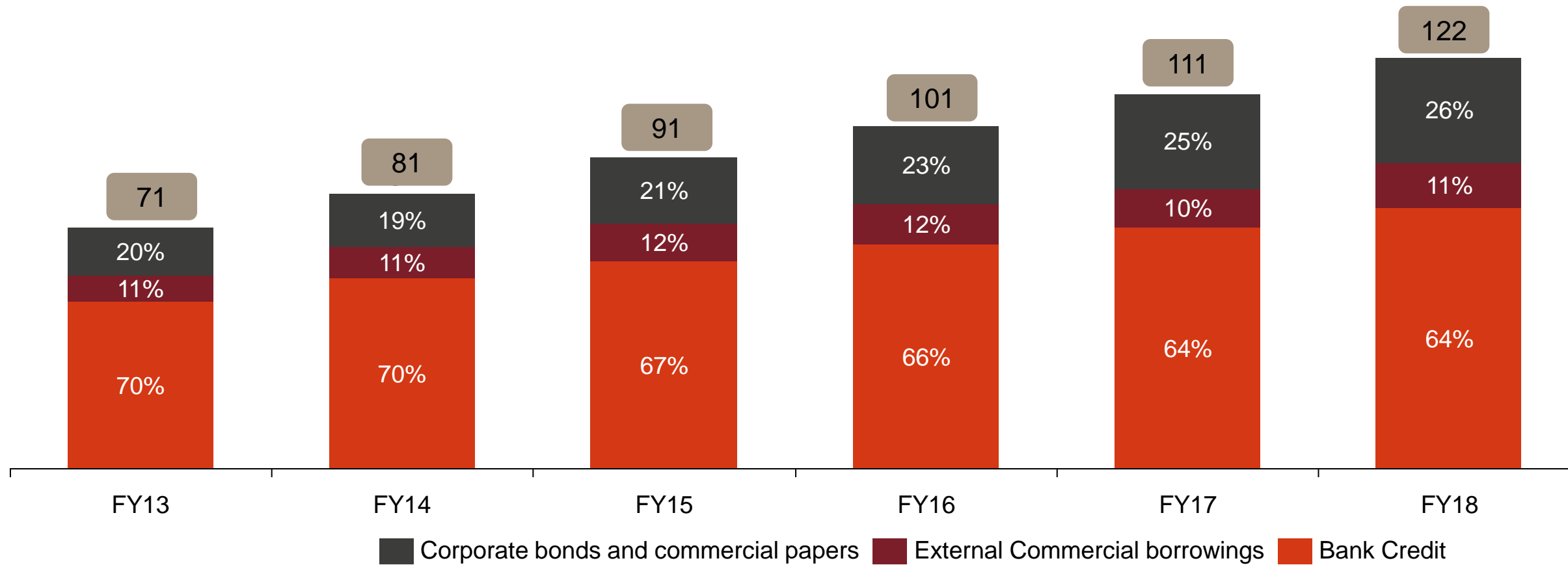
### Bond market (issued quantum)



Source: RBI, SEBI, Ministry of Finance, Prime Database, CRISIL Research

# ... however, long term potential remains attractive

Bonds continue to increase their share in the outstanding funding to the corporate sector



Represents total outstanding stock in ₹ lakh crore

Source: RBI, SEBI, Ministry of Finance

# Ratings – 2Q 2018 highlights

## Enhance the core

- Growth in revenues driven by new mandates in the large corporate ratings segment despite a sharp decline in bond issuances
- Credit offtake during the year backed by wholesale credit growth has held the demand for bank loan ratings
- Profitability improved on account of cost control and technology-led efficiencies

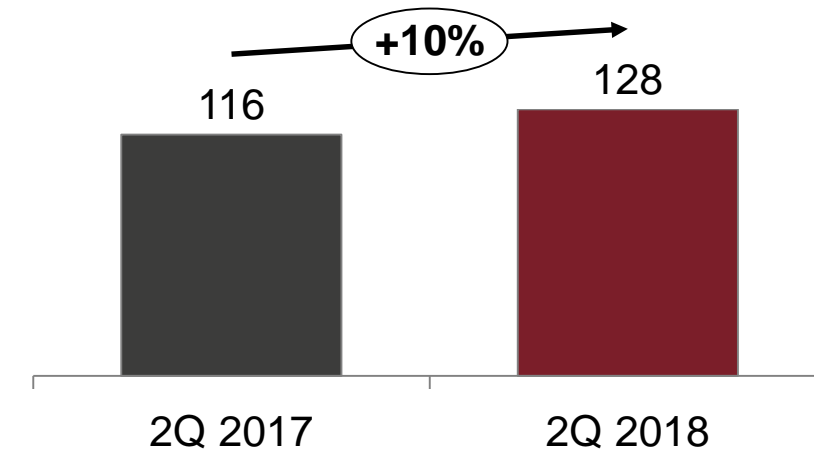
## Launch new products and analytics

- Independent credit evaluation of stressed assets bagged new mandates
- SME segment moved to a largely digital business model, specially through smefirst.com, the online platform

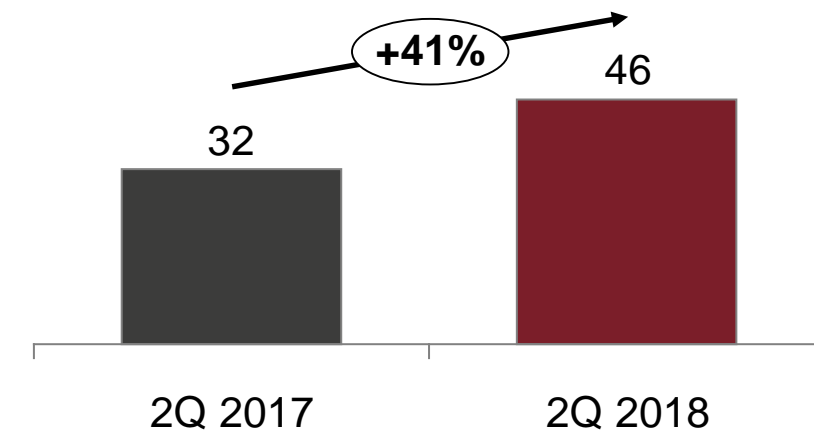
## Thought leadership

- Launched second edition of CriSidex, the lead-and-lag indicator of business sentiment among micro and small enterprises

### Operating Revenue (₹ cr)



### Segment profit (₹ cr)



Note: Numbers rounded off

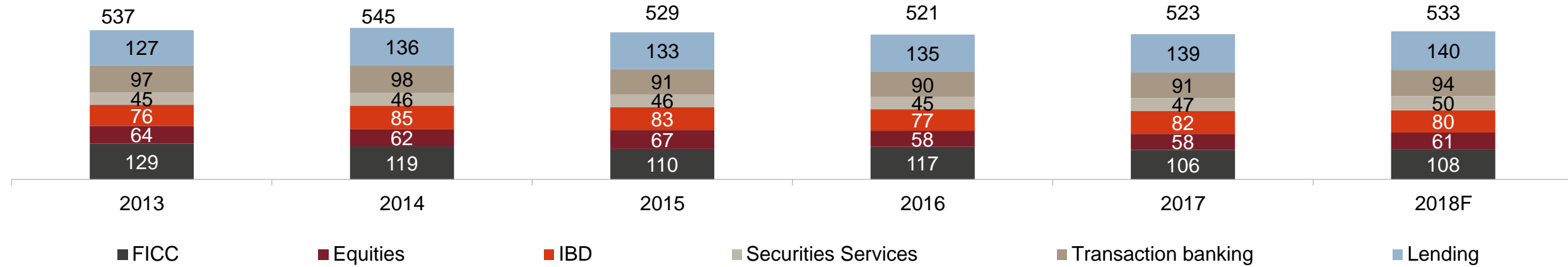
# Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- **Segment performance**
  - Ratings
  - **Research**
  - Advisory
- Thought leadership

# Global: Continued demand for differentiated investment research in the global markets

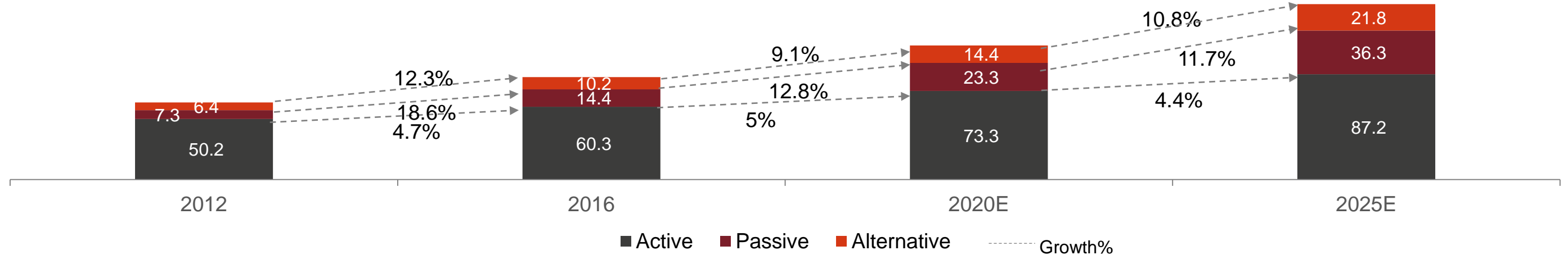
## Bottoming out of CIB revenue pools

\$ Billion



## Higher growth in passive and alternative assets under management

\$ Billion



Sources: Coalition, Bloomberg, Industry sources, CRISIL GR&A Analysis

CIB: Corporate and Investment Banking IBD: Investment Banking Division

14

FICC: Fixed Income, Currencies and Commodities

# Global: Regulatory landscape stabilizing, global recovery getting less synchronized

## Key regulations

**Enterprise Risk:** CCAR, DFAST, EBA/PRA Stress Testing

**Global Regulatory Prescription:** Basel III, IV

**Accounting regulations:** US GAAP, IFRS

- Global economy is on the upswing with major economies experiencing growth momentum
- Focus on regulatory adherence continues, but most major regulations have matured

## Key regulation

**MiFID-II**  
(Markets in Financial Instruments Directive)

- Impacts buy-side and sell-side
- Analytics expected to play an increasingly larger role

CCAR: Comprehensive Capital Analysis and Review  
DFAST: Dodd-Frank Act Stress Tests  
EBA: European Banking Authority

PRA: Prudential Regulation Authority  
IFRS: International Financial Reporting Standards

# India: Key emerging trends and expectations



Buoyant capital market supporting research needs



Increasing demand for dynamic and granular data



Robust growth in AUMs in AMCs over past five years



Growing demand from the BFSI sector including credit and fixed income research



# Research – 2Q 2018 highlights

## Enhance the core

- Coalition witnessed high renewal rate and increase in wallet share across clients in Investment Banking space
- Revenues reflect moderate growth with increased presence in core offerings offset by impact of maturing regulations in specific markets

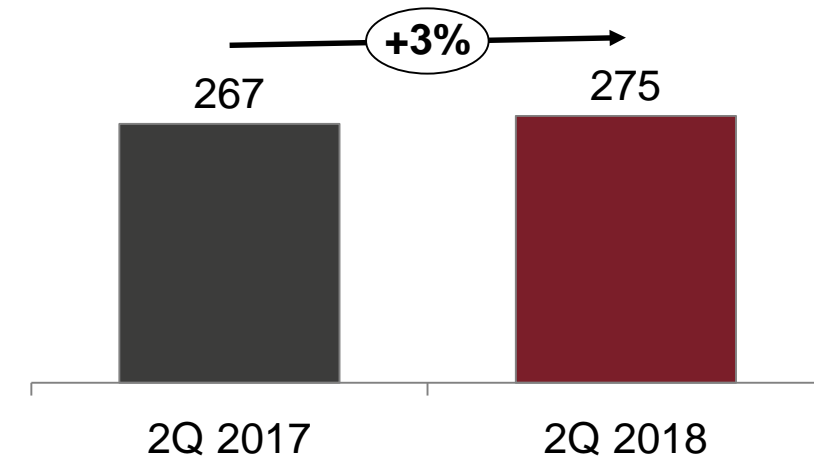
## Launch new products and analytics

- Targeted client wins for platforms and solutions such as SMART and SPARC; new wins in ‘Transaction Banking, Lending and Securities Services’
- Increased traction for Quantix, the cross-sector data platform with advanced analytics on Indian corporates

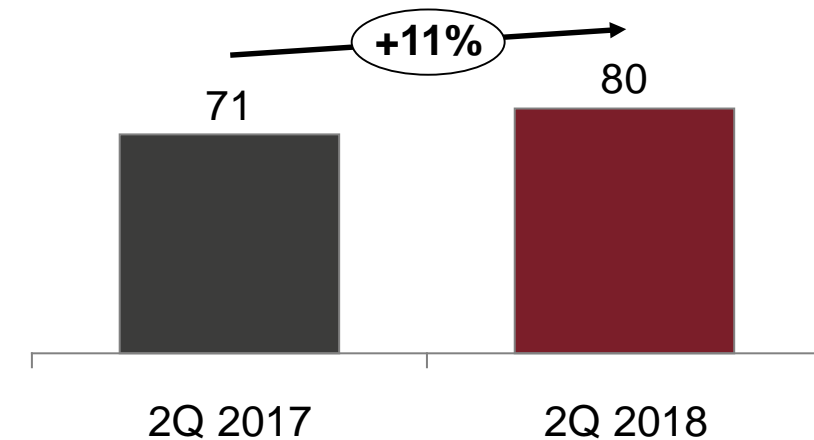
## Thought leadership

- Released report on four years of the central government titled “4 years through 6 lenses”
- Hosted multiple roundtables on Current Expected Credit Loss (CECL) model across several cities in United States

### Operating Revenue (₹ cr)



### Segment profit (₹ cr)






Note: Numbers rounded off

# Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- **Segment performance**
  - Ratings
  - Research
  - **Advisory**
- Thought leadership

# Business environment continues to be driven by policy, regulatory and technological changes

	Risk Solutions	Infrastructure Advisory
<b>Markets</b> 	<ul style="list-style-type: none"><li>• In India, asset quality continues to decline with rising NPAs leading to demand for risk management solutions</li><li>• Globally, opportunities around creating new products, digital capabilities and openness to newer technologies</li></ul>	<ul style="list-style-type: none"><li>• Continued focus of government in infrastructure development projects</li><li>• Opportunities in select emerging markets like Africa and South-East Asia</li></ul>
<b>Regulators</b> 	<ul style="list-style-type: none"><li>• Changing regulations with introduction of IFRS9, IndAS and BASEL III</li><li>• Need for advisory services in emerging regulatory areas</li></ul>	<ul style="list-style-type: none"><li>• New funding mechanisms for infrastructure projects</li><li>• Shift from policy formulation to implementation and monitoring</li></ul>
<b>Customers</b> 	<ul style="list-style-type: none"><li>• Shift towards digital, driven by productivity, automation and better client experience</li><li>• Blurring of lines between Data and analytics/insights provider, single vendor approach</li></ul>	<ul style="list-style-type: none"><li>• Competitive co-operative federalism -&gt; opportunities at the state and city levels</li><li>• Changing multilateral landscape</li></ul>

# Advisory – 2Q 2018 highlights

## Enhance the core

- Strong revenue growth supported by new business wins, successful delivery of existing projects
- The segment profit was impacted due to increased provisions and investments during the quarter

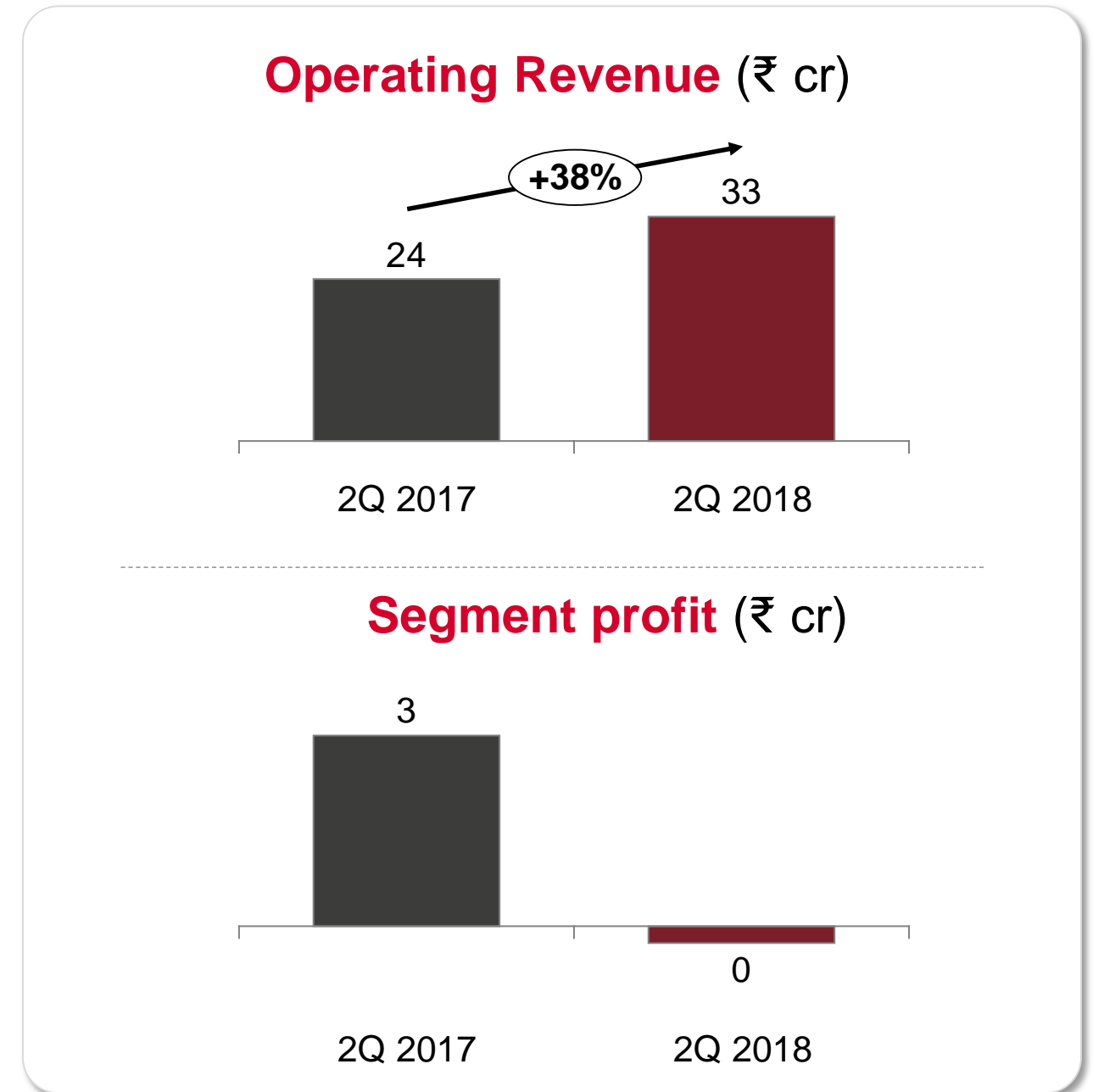
## Launch new products and analytics

- Won clients in advanced analytics areas such as customer-centric relationship management and regulatory solutions

## Thought leadership

- Released articles on topical areas like “How getting proactive on identifying the NPAs may de-risk the future of bank”
- Hosted a webinar on “Transition to IFRS 9: Overcoming Practical Roadblocks”

Advisory segment includes Pragmatix Services Pvt. Ltd. (Pragmatix)



# Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- Segment performance
- **Thought leadership**

# Leading provider of independent opinion

## Events



CRISIL and S&P Global jointly hosted the 2nd 'S&P - CRISIL Exclusive Investor Briefing'



CRISIL SME Ratings participated in the 'MSME Directors Summit' organised by Institute of Directors



CRISIL Infrastructure Advisory participated in the Workshop on "Private Sector Participation and Innovation in Resource Mobilization" organized by the Ministry of Finance, Asian Infrastructure Investment Bank (AIIB) and FICCI



CRISIL Ratings participated at the 'DLAI Fintech Conference 2018'

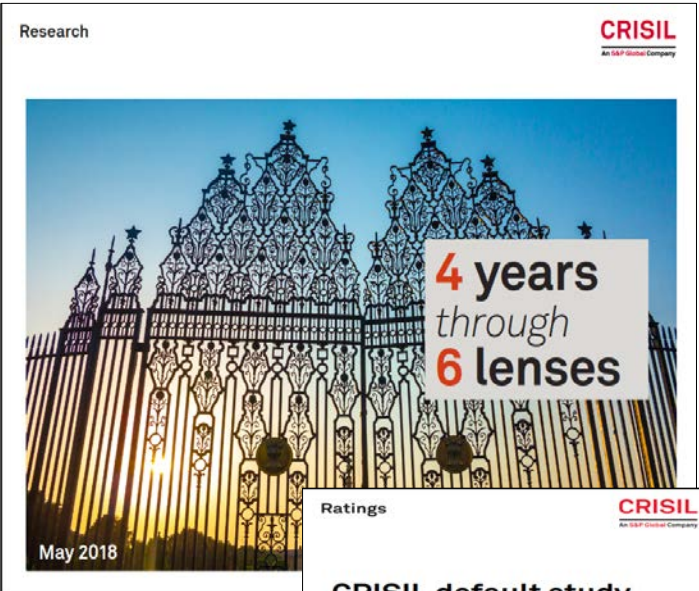


CRISIL Research participated at the 'IR Magazine Forum & Awards – India'



CRISIL SME Ratings participated in the 'India SME Economic Summit' organised by SME Chamber of India

## Reports



© 2018 CRISIL Ltd. All rights reserved.

# About CRISIL

CRISIL is a leading agile and innovative, global analytics company driven by its mission of making markets function better.

We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 1,00,000 customers. Our businesses operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

## CRISIL PRIVACY

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com](http://www.crisil.com).

*For further information contact: [investors@crisil.com](mailto:investors@crisil.com)*