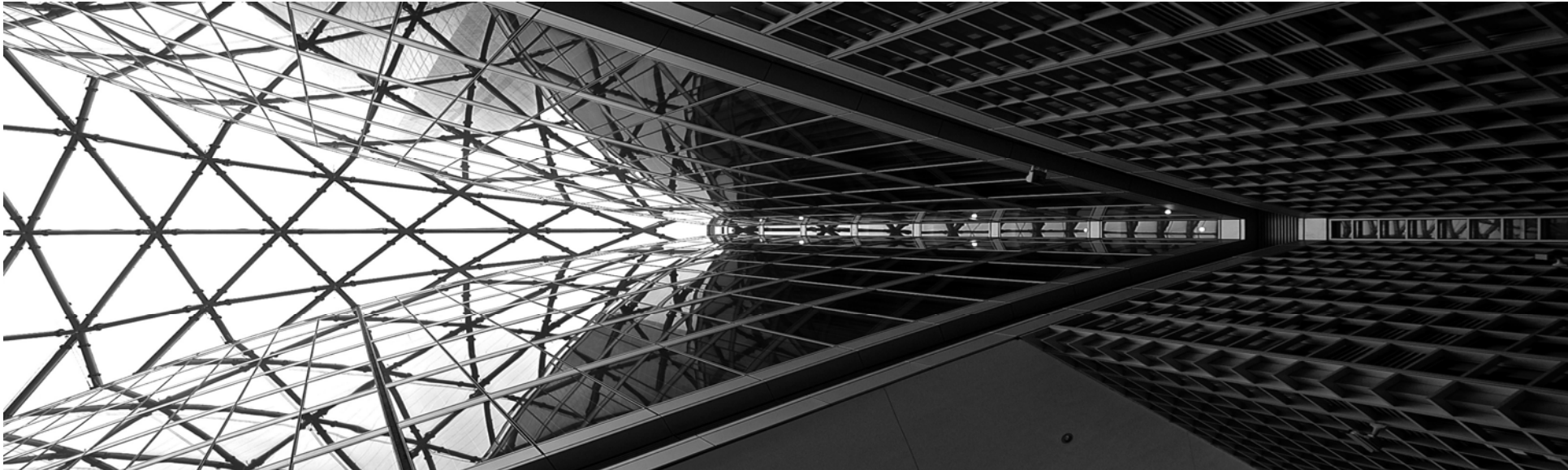


# 2018 Analyst presentation



Feb 2019

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# Agenda

## Executive Summary

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## Executive summary

- Consolidated total income up 11.5% year-on-year in the fourth quarter; profit after tax up 19.0% year-on-year. For fiscal 2018, consolidated total income up 8.8% year-on-year; profit after tax up 19.3% year-on-year
  - Ratings delivered a strong growth with improved market share due to our differentiated positioning, pointed focus on analytical quality and strong client engagement
  - Within Research, CRISIL Coalition led the growth supported by increasing client demand for sharper insights and analytics; India Research continued to grow, driven by new client additions, including for the Quantix platform
  - Advisory segment growth was led by Pragmatix, which was acquired in early 2018
- Focus on operational efficiencies and favorable forex helped improve margins
- We continued to strengthen our thought leadership by hosting marquee events such as the Bond Market Seminar, India Outlook, NBFC Seminar and the Infrastructure Conclave in India. Globally, we participated in many seminars on topical themes such as credit risk, analytics, AML and machine learning
- CRISIL Foundation also continued to propel Mein Pragati, our flagship program, and efforts towards environment conservation

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Key Risks

# CRISIL, a leading global analytics company

**#Agile**  
to market needs

Unleashing  
**#Innovation**

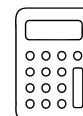
Defining  
**#Global** best  
standards

Empowering decision-  
making  
with cutting-edge  
**#Analytics**

**1,00,000+**  
Customers



**27,000+**  
ratings



**3750+**  
employees



**9** countries  
direct presence



Rated over  
**144,000**  
micro, small and  
medium enterprises  
(MSMEs) in India



**90%** of  
India's banking  
industry by  
asset base  
are our clients



**15** of top **15**  
global investment  
banks are  
customers



**\$1.68** Trillion  
of Indian debt  
securities valued  
by us



Coverage of over  
**3,300** stocks  
And **3,400**  
credits globally



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Key Risks

# Staying on the curve amid rising global risks



India

Indicator	FY2018	FY2019E	FY2020F
Real GDP (y-o-y %)	7.2	7.2	7.3
Investments (y-o-y %)	7.6	12.2	13.0
10 year G-sec yield (% , March)	7.6	7.7	7.5
Fiscal deficit (% of GDP)	3.5	3.4	3.4
Exchange rate (Re per \$, March average)	65.0	71.0	72.0
CPI Inflation (%)	3.6	3.7	4.5
Gross NPA (%)	11.6	11.0	-
Repo Rate (%)	6.00	6.25	Softening bias



Global

Indicator	CY2018	CY2019F
World GDP (y-o-y %)	3.8	3.6
United States of America (y-o-y %)	2.9	2.3
Eurozone (Euro Area-19) (y-o-y %)	1.9	1.6
China GDP (y-o-y %)	6.5	6.2
US Fed Rate (% , current)	2.5	Uncertain

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# Adapting swiftly to fast changing trends



**AI / Machine  
Decisioning**



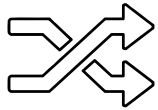
**Cyber  
risk**



**Data**



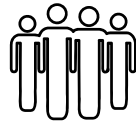
**ESG**



**Fintechs**



**Geopolitical  
risks**



**Millennials**



**Passive  
Investing**



**Regulation**

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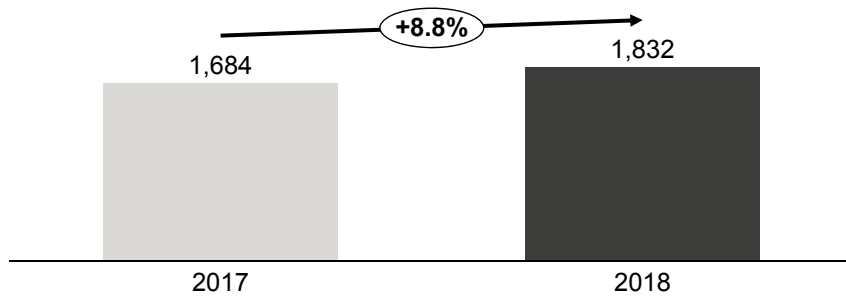
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Key Risks

# 2018 Total income grew by 8.8%; PAT by 19.3%

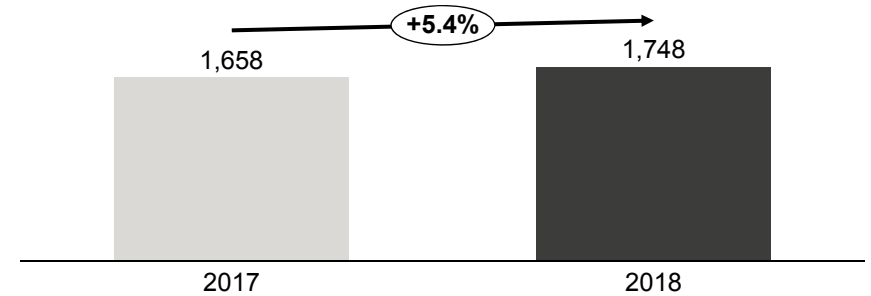
### Total Income

₹ crore



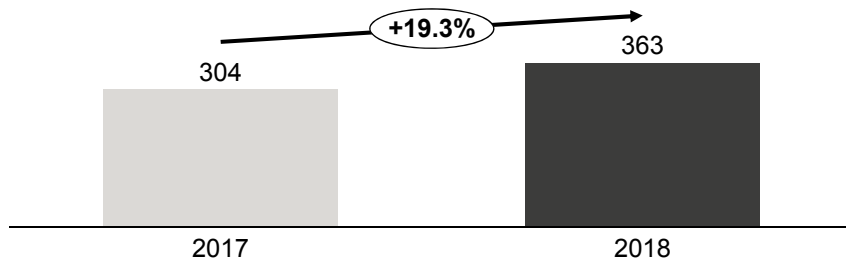
### Total Income from Operations

₹ crore

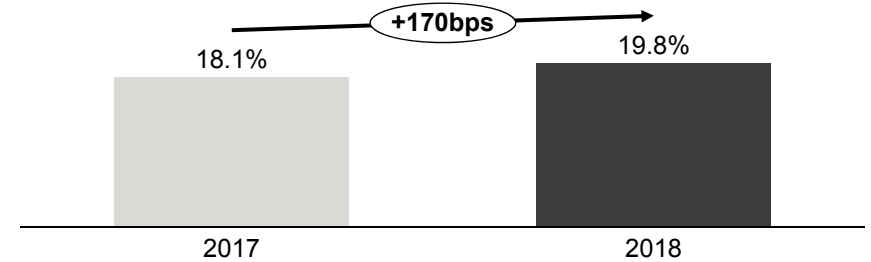


### Profit After Tax

₹ crore



### PAT Margin

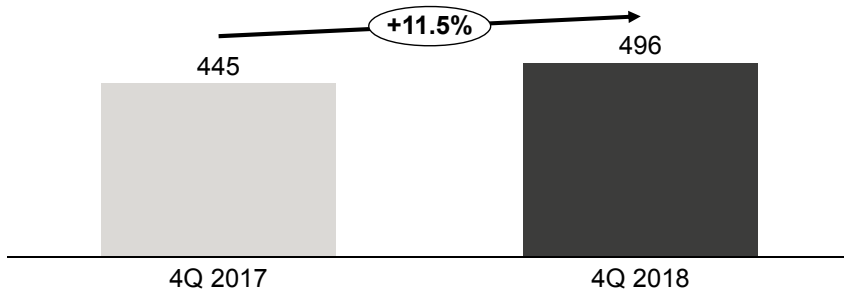


Note: Numbers rounded off

# 4Q 2018 Total income grew by 11.5%; PAT by 19.0%

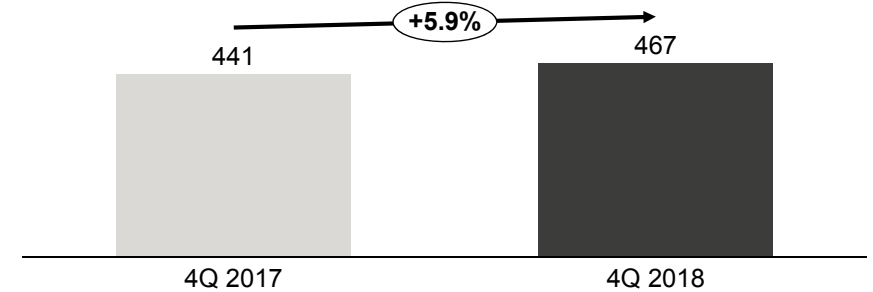
### Total Income

₹ crore



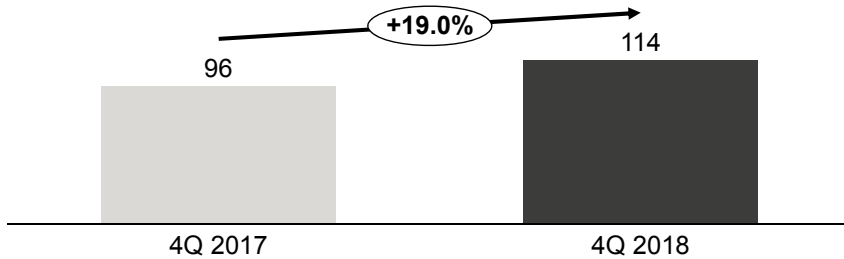
### Total Income from Operations

₹ crore

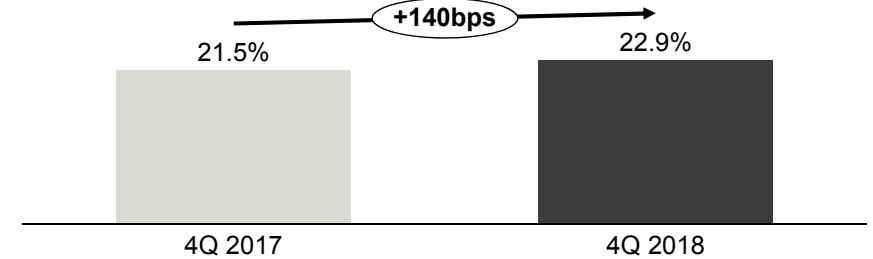


### Profit After Tax

₹ crore



### PAT Margin



Note: Numbers rounded off

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**Segment Performance - Ratings**

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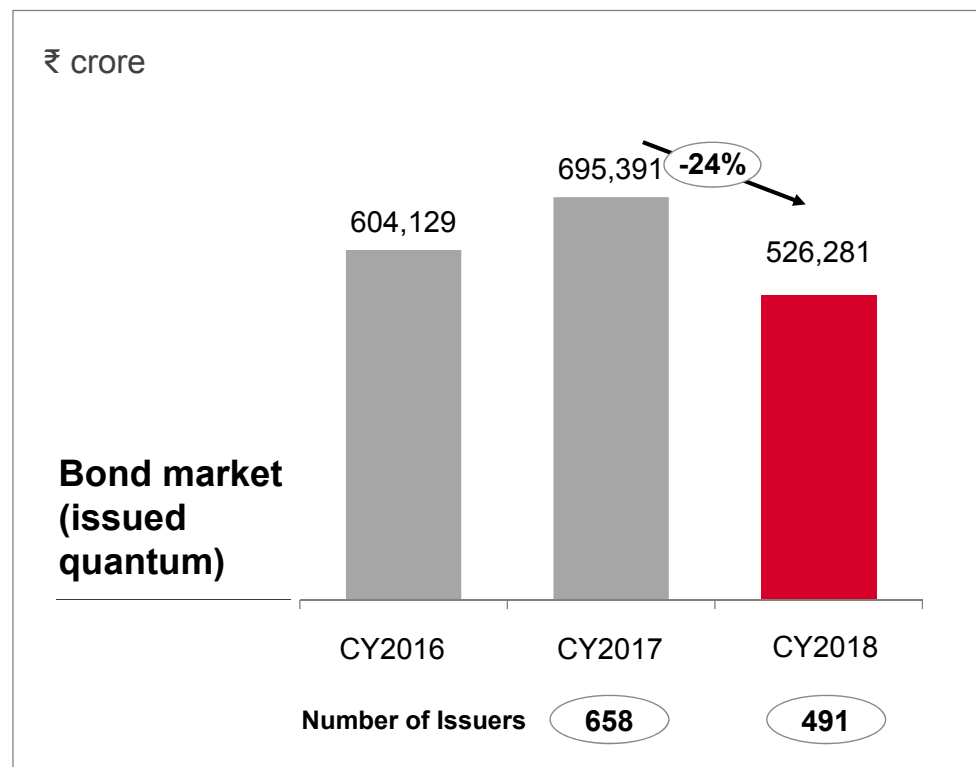
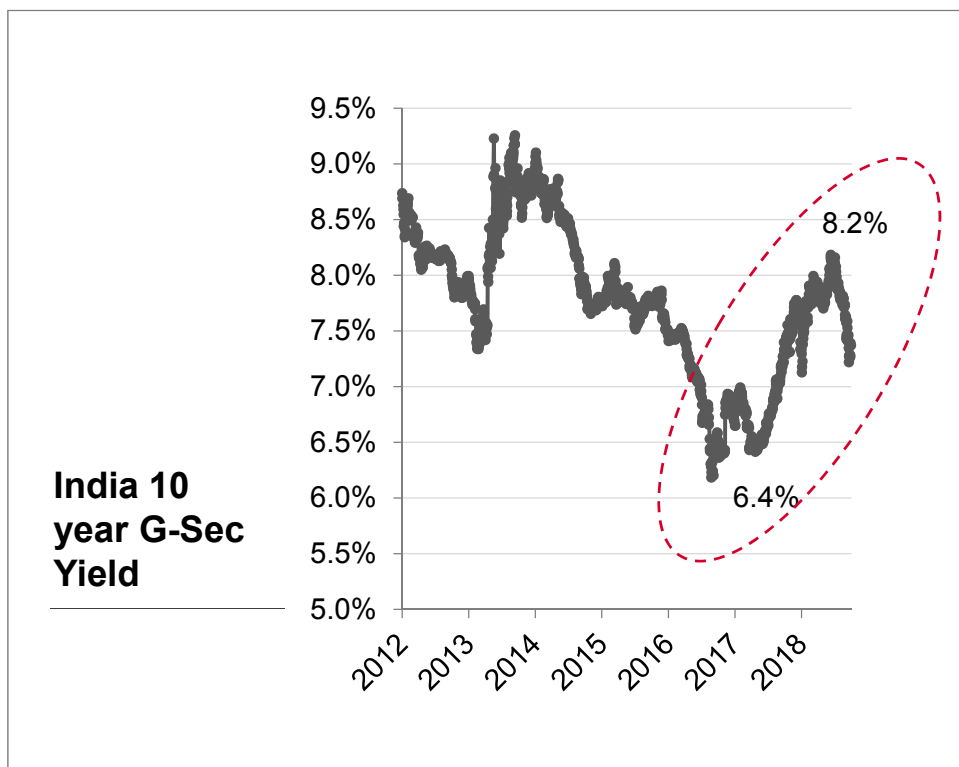
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Corporate Social Responsibility

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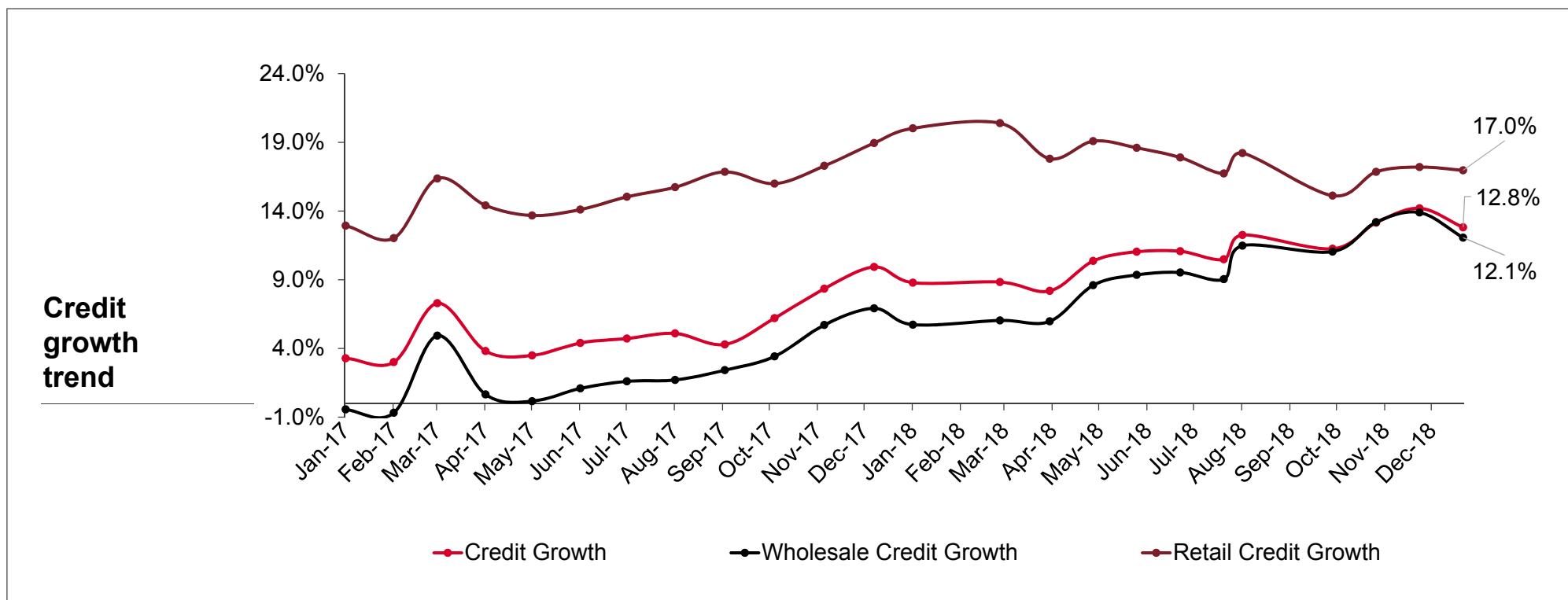
Key Risks

# Decline in corporate bond issuances following firming up of interest rates



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

# Pickup in overall credit growth



Source: RBI, CRISIL

# Our differentiated analytical rigor

## One-year investment grade default rates FY14-18

	AAA^ category	AA category	A category	BBB category
CRISIL	0.00%	0.07%	0.11%	0.61%
OCRA1	0.00%	0.00%	0.19%	1.17%
OCRA2	0.00%	0.10%	0.31%	1.57%
OCRA3	0.00%	0.00%	1.11%	2.40%
OCRA4	0.00%	0.35%	0.46%	0.96%

**If the default rate for a particular rating is low, it means that an instrument with that rating has a low probability of default and offers high safety, which provides comfort to investors**

^ Default rates do not include the impact of the recent downgrade of a 'AAA' rated NBFC

Source: OCRA websites as per the mandatory SEBI disclosures



# Ratings: 4Q and 2018 highlights

## Financials

Particulars (₹ cr)	4Q 2017	4Q 2018	Growth (%)
Income from Operations	125.7	141.1	12.2%
Segment Profit	43.3	56.2	29.9%
Margin	34.4%	39.9%	

Particulars (₹ cr)	2017	2018	Growth (%)
Income from Operations	480.3	507.3	5.6%
Segment Profit	151.2	184.2	21.8%
Margin	31.5%	36.3%	

Note: Numbers rounded off

TOT: Toll-operate-transfer

## Business update

- Despite the decline in bond issuances, Ratings grew on back acquiring new large and mid-corporate clients, uptick in securitization transactions and robust traction in the stressed asset space
- Our strong rigor on analytical and surveillance quality and consistent client engagement enabled sharper differentiation
- Focus on productivity coupled with strong growth in the high margin large corporate segment resulted in better margins

## Growing suite of new products and analytics

- Assigned rating to India's first TOT road project
- Assigned a credit opinion to capital protection available to AIF unitholders
- CCAS, CRISIL Credit Assessment Score
- CriSidEx, India's first sentiment index for micro and small enterprises (MSEs)

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**Segment Performance - Research**

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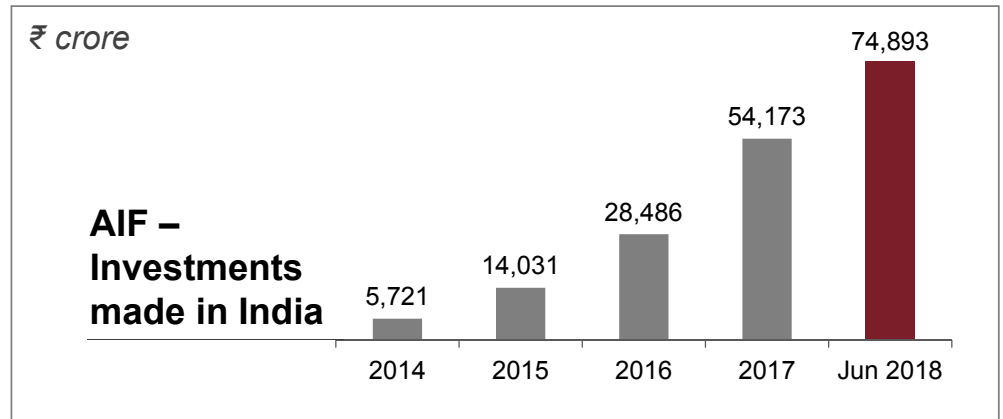
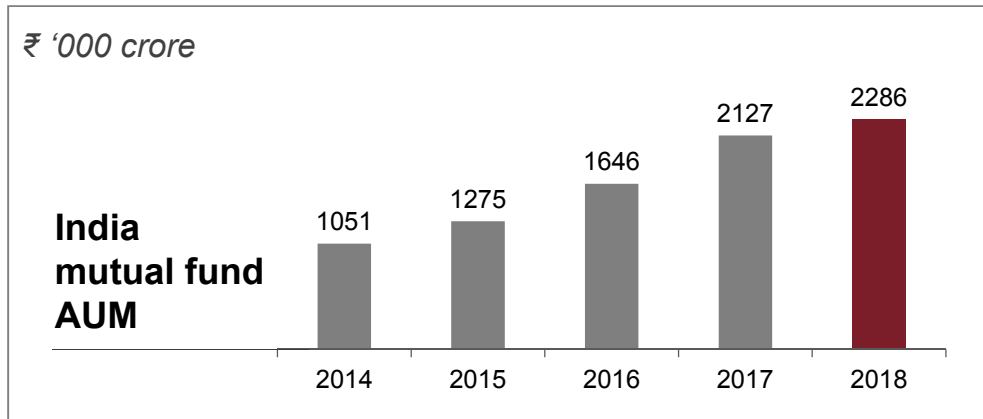
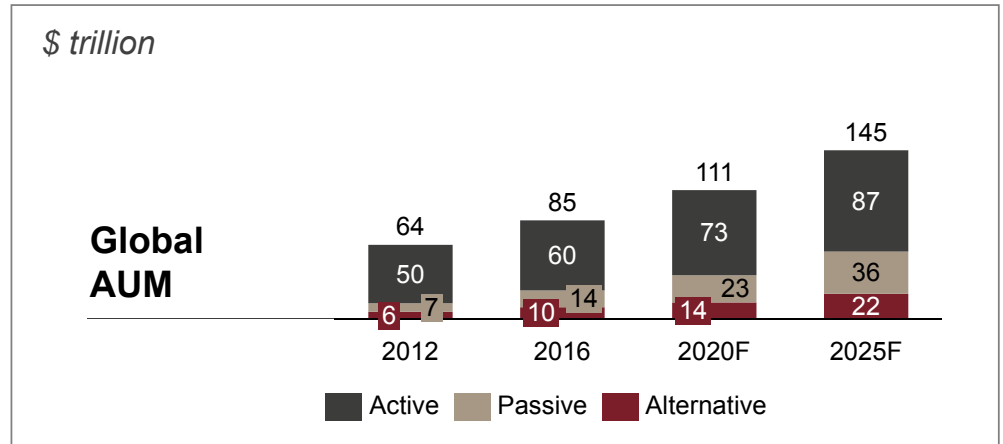
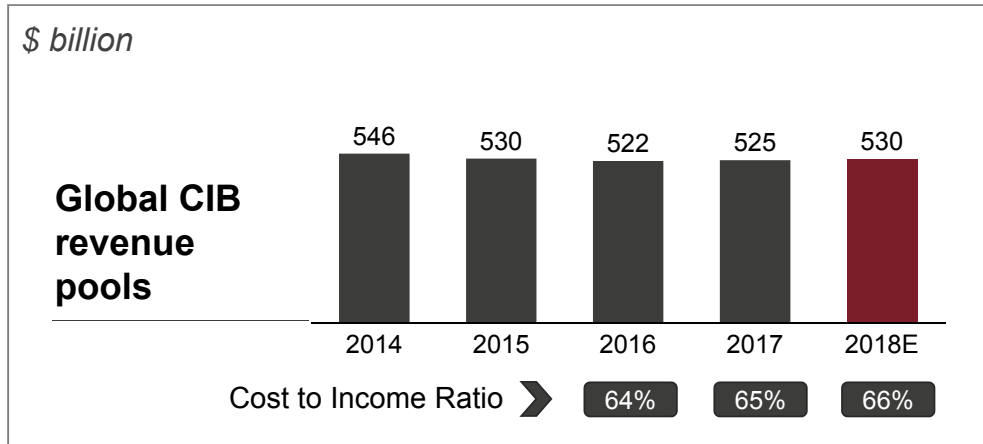
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Corporate Social Responsibility

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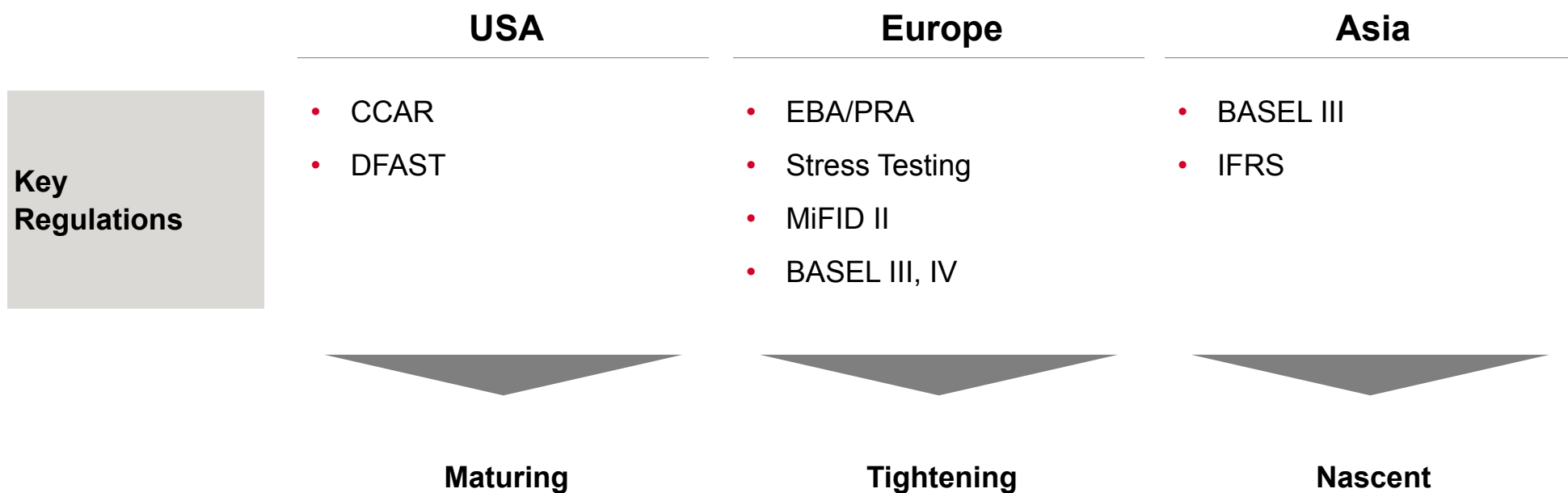
Key Risks

# Bottoming of global CIB revenue pools, increasing demand from existing and new investor segments



CIB: Corporate and Investment Banking  
 AUM: Assets Under Management  
 AIF: Alternate Investment Fund (Includes Category I, II and III investments made)  
 Source: SEBI, AMFI, Coalition, Industry Sources

# Evolving regulatory paradigm globally



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  
MiFID: Markets in Financial Instruments Directive

# Research: 4Q and 2018 highlights

## Financials

Particulars (₹)	4Q 2017	4Q 2018	Growth (%)
Income from Operations	287.0	289.4	0.9%
Segment Profit	89.8	78.2	-12.9%
Margin	31.3%	27.0%	

Particulars (₹)	2017	2018	Growth (%)
Income from Operations	1080.4	1106.0	2.4%
Segment Profit	308.5	326.4	5.8%
Margin	28.6%	29.5%	

Note: Numbers rounded off

CECL: Current Expected Credit Loss

## Business update

- CRISIL Coalition delivered strong growth with high demand for new analytics and increasing contribution from regional banks
- India Research witnessed good traction for data, research and analytics with addition of new clients and growth in customized research and Quantix
- The growth was moderated due to the impact of maturing US regulations on regulatory and risk services
- Continued investments for developing new products and solutions

## Growing suite of new products and analytics

- SMART (Simple, Modular, Analytics & Research Toolkit)
- SPARC (Shared Platform for Assessing Risk of Counterparties)
- CECL modeling platform
- Quantix
- 35+ new debt and five new hybrid indices
- E-Learning solutions

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Key Risks

# Emerging needs for data analytics, risk and infrastructure offerings



## Risk Solutions, Pragmatix

- Increasing demand for integrated solutions that embed into customers' workflow
- Emerging opportunities driven by regulatory changes, risk environment and technology advancement
- New-age data sources driving alternative approaches to analytics
- Scenario planning & stress testing capabilities
- Rising demand for productized services, although with unique client preferences



## Infrastructure Advisory

- Focus on Infra development
- Increasing spend across key sectors
- Changing role of multilaterals
- Shift from policy formulation to implementation
- New opportunities at the state and city levels in India

# Advisory: 4Q and 2018 highlights

## Financials

Particulars (₹)	4Q 2017	4Q 2018	Growth (%)
Income from Operations	28.2	36.5	29.5%
Segment Profit	4.8	-11.4 <sup>^</sup>	nm
Margin	17.1%	nm	

Particulars (₹)	2017	2018	Growth (%)
Income from Operations	97.8	135.2	38.2%
Segment Profit	9.2	-8.1 <sup>^</sup>	nm
Margin	9.4%	nm	

<sup>^</sup> Impacted by additional provision for receivables

Note: Numbers rounded off; 4Q 2018 and full year 2018 financials include Pragmatix

nm: not meaningful

## Business update

- Strong growth led by Pragmatix, a data analytics company acquired in early 2018 that delivers cutting edge solutions in the 'data to intelligence' life cycle to BFSI; it broadened our solutions across business intelligence, analytics and risk management offerings
- Increased contribution from international markets with new client additions in the US and middle-east
- Segment profit was affected due to additional provision for receivables in the infrastructure advisory business

## Growing suite of new products and analytics

- Published 'CRISIL InfraInvex' – the country's first investability index
- Built new scoring models and business solutions in the areas of pricing, working capital and digital



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Key Risks

# Leading provider of independent opinion

## Events



Launch of CriSidEx, - India's first MSE sentiment index



CRISIL Infrastructure Advisory hosted its 2<sup>nd</sup> edition of CRISIL India Infrastructure Conclave



CRISIL Research participated as knowledge partner in 'AMFI Mutual Fund Summit 2018'



CRISIL GR&A discussion forum on "Monitoring credit risk and research portfolios as the credit cycle changes" at New York



CRISIL hosted its 5th edition of "Annual Bond Market Seminar"



CRISIL Ratings hosted the seminar on NBFCs: Evolving landscape and key imperatives



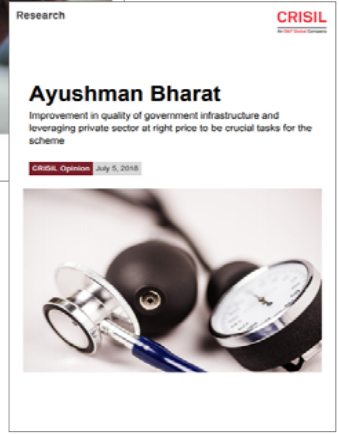
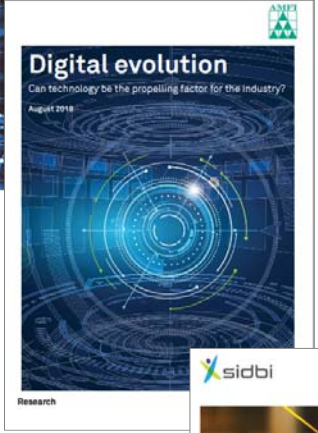
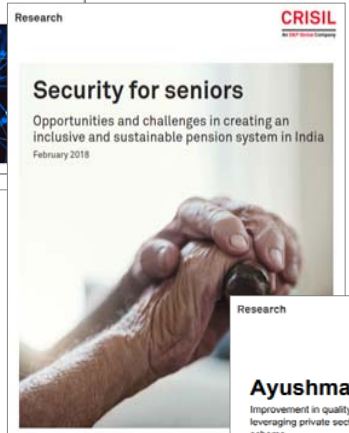
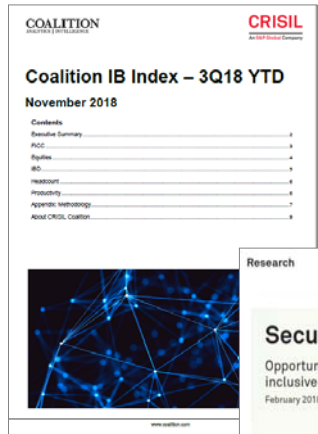
CRISIL participated at the 4th PFRDA Pension conference



PRMIA-CRISIL UMR Breakfast Roundtable, New York

AMFI: Association of Mutual Funds in India  
 NBFC: Non Banking Financial Company  
 PFRDA: Pension Fund Regulatory and Development Authority  
 UMR: Uncleared Margin Rules

# Publications



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Key Risks

# Corporate Social Responsibility: Core to CRISIL

## Mein Pragati



Empowering socially and economically disadvantaged sections of society by strengthening their financial capabilities

## Moneywise Centres for Financial Literacy



Collaborating with the RBI and nationalized banks to improve financial inclusion and literacy

## CRISIL RE



Enabling environment conservation, financial literacy and inclusive education in cities

- Empowered 1,60,000+ women under “Mein Pragati”
- Launched ‘GramShakti’ – Creating Grassroots level cadre of financial health workers

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**Key Risks**

# Key risks

- Cyber risk
- Uncertain regulatory environment
- Reputation risk
- Disruptive technology
- Adverse currency movement
- Intense price competition

# Q&A



# About CRISIL

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

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It 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.

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Last updated: May 2018

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