

# Q3 2022 Analyst Presentation

October 2022



© 2022 CRISIL Ltd. All rights reserved.

# Disclaimer / Safe Harbor

*This presentation has been prepared solely as a concise update of Company's quarterly and/or annual 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



## 1. CRISIL Overview



## 2. Business Environment



## 3. Performance Update



## 4. Segment Performance



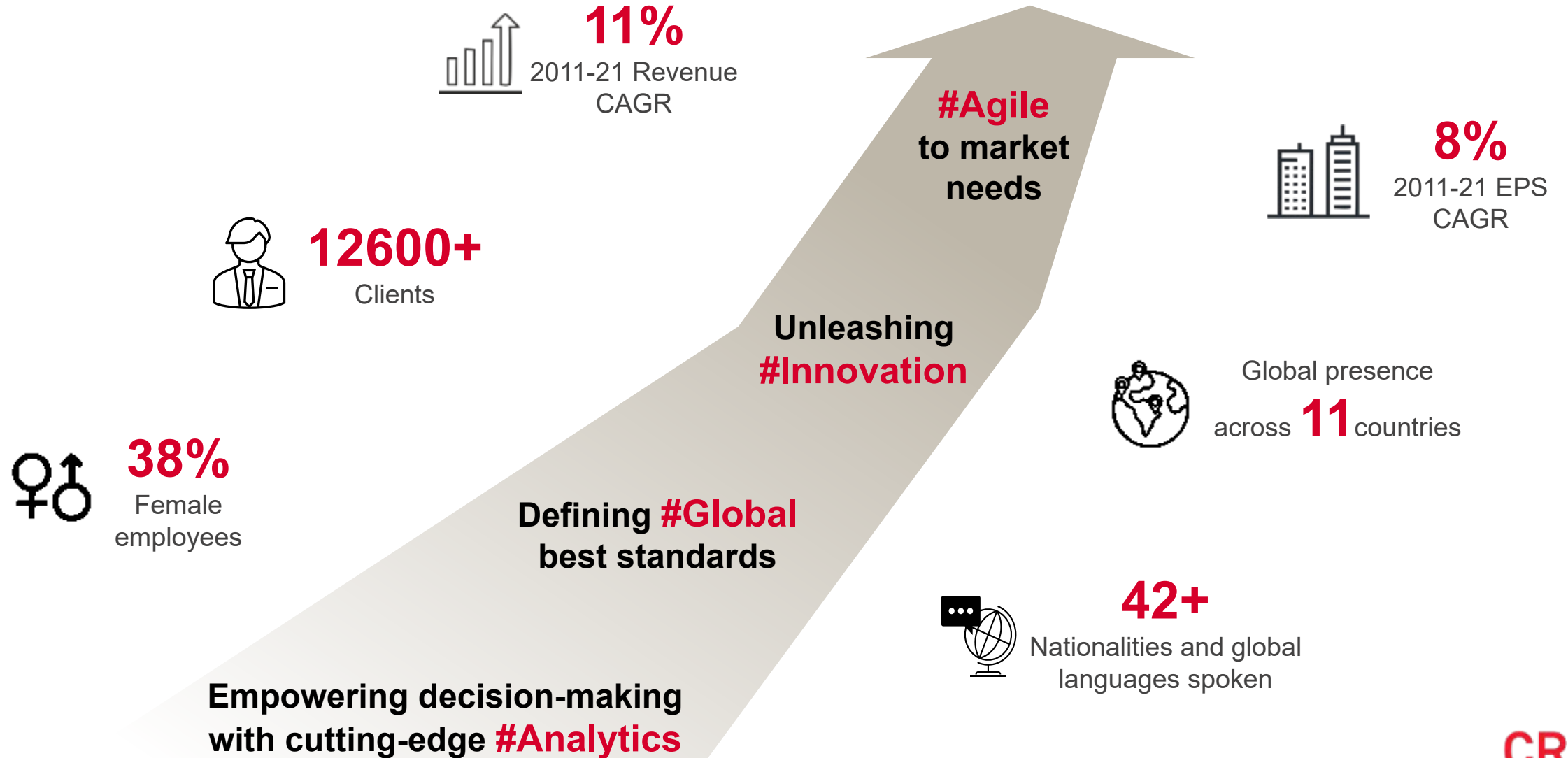
## 5. Thought Leadership









## 6. Corporate Social Responsibility



# CRISIL: Over 30-year journey of innovation and excellence



# Agenda

-  1. CRISIL Overview
-  **2. Business Environment**
-  3. Performance Update
-  4. Segment Performance
-  5. Thought Leadership
-  6. Corporate Social Responsibility



# Macroeconomic Indicators



India

Indicator	FY2021	FY2022	FY2023F
GDP (y-o-y %)	-6.6	8.7	7.3*
10-year G-sec yield (% , March)	6.2	6.8	7.5
Fiscal deficit (% of GDP)	9.2	6.9	6.4^
Exchange rate (Re/\$, March avg.)	72.8	75.5	79.0
CPI Inflation (%)	6.2	5.5	6.8
Repo Rate (% , March-end)	4.0	4.0	↑
Credit Growth (%)	~5.0	~10.0-12.0	↑



Global

Indicator	CY2020	CY2021	CY2022F
World GDP (y-o-y %)	-3.3	6.0	3.1
United States of America (y-o-y %)	-3.4	5.7	1.6
Eurozone (Euro Area-19) (y-o-y %)	-6.5	5.2	3.1
China GDP (y-o-y %)	2.3	8.1	2.7

Note: F: Forecast; \*with downside risks; ^upside bias

Source: NSO, RBI, Budget documents, Ministry of Finance, CRISIL, World Bank

Numbers rounded off to first decimal

FY represents the financial year (Apr-Mar period)

CY represents the calendar year (Jan-Dec period)



# Rise in downside risks for global growth

## Macro trends



Slowing global growth projections



Prolonged geopolitical uncertainty



Capex cycle revival anticipated in India



Inflationary pressures



Strengthening US dollar

## Business environment trends



Continuing capital market volatility



Increasing focus on risk management and regulatory compliance



Accelerated ESG spends driven by sustainability goals









Thrust on digital transformation



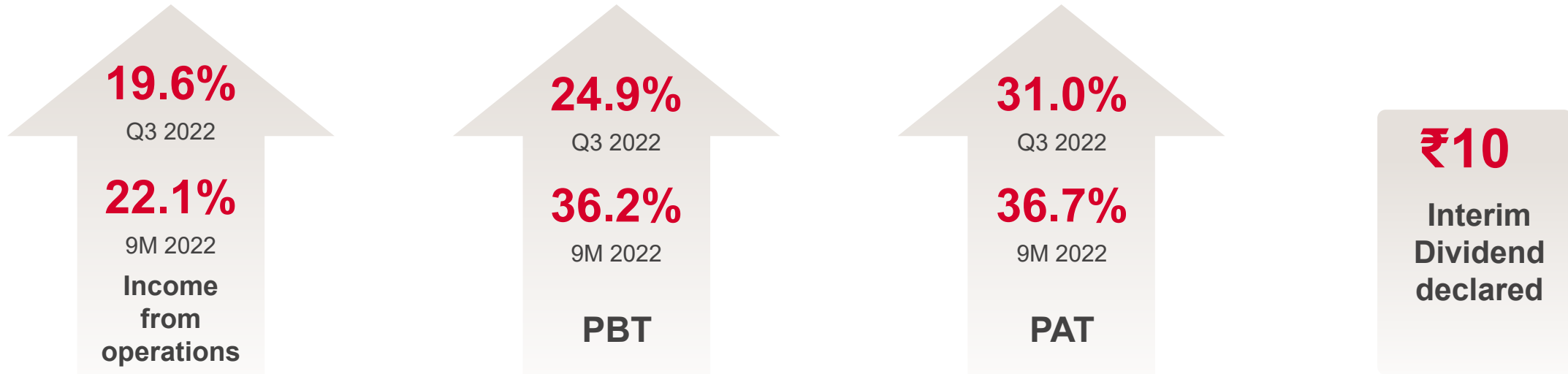
Continued demand for skilled talent

# Agenda

-  1. CRISIL Overview
-  2. Business Environment
-  **3. Performance Update**
-  4. Segment Performance
-  5. Thought Leadership
-  6. Corporate Social Responsibility



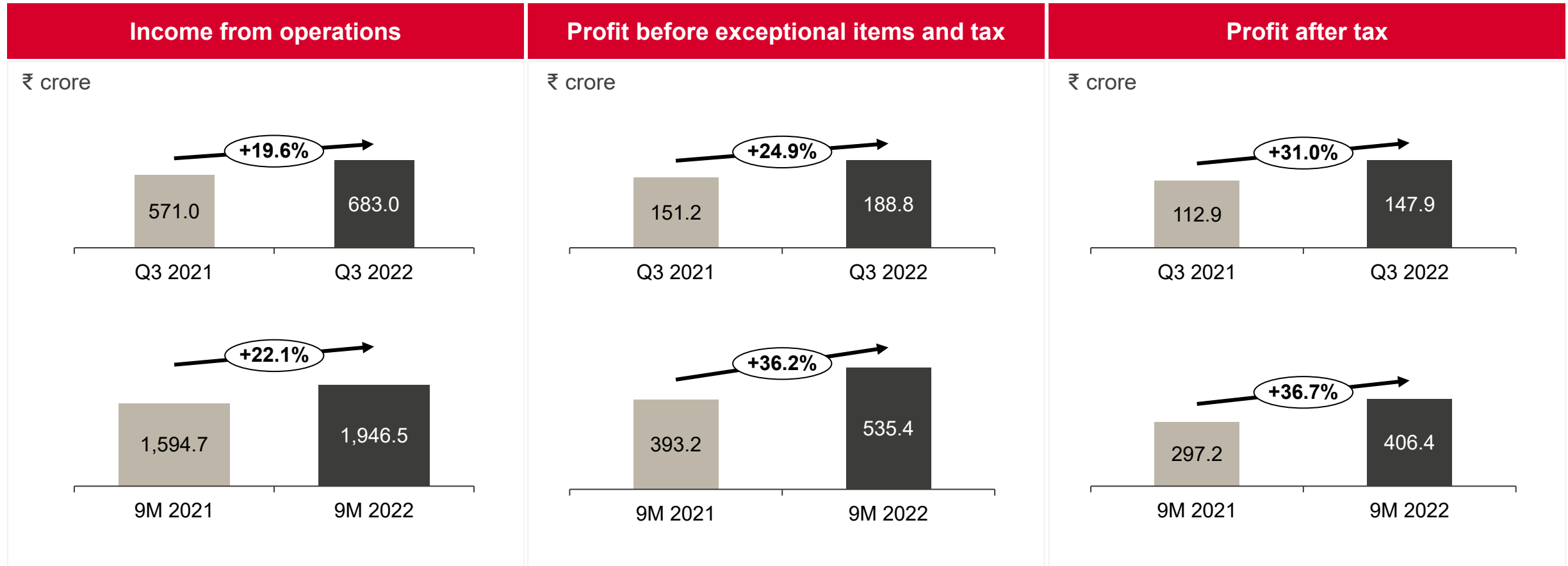
# Q3 Highlights



## Healthy growth despite deteriorating macros

- Ratings business grew on account of new client addition and continued momentum in surveillance revenue
- Research, Analytics and Solutions segment comprises our global businesses - GR&RS, GBA and non-ratings India businesses - Market Intelligence & Analytics (MI&A)
  - Global businesses saw robust growth driven by client renewals; GBA also rolled out Client Intelligence platform
  - MI&A saw traction for credit risk and regulatory reporting solutions
- Sharp foreign exchange movement in dollar versus rupee and British pound supported profitability during Q3 2022 and YTD 2022
- Enhanced engagement with stakeholders through executive leadership conclaves, whitepapers, webinars and events
- Won prestigious National CSR Award, 2020 in the category 'Corporate Awards for Excellence in CSR'







# Robust growth in Q3 2022 and 9M 2022



- Declared interim dividend of ₹10 per share

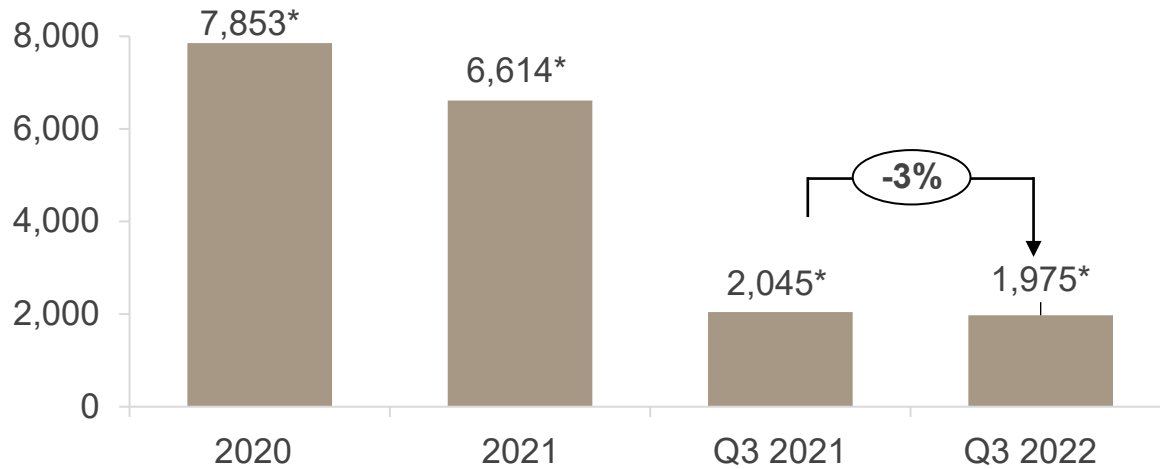
Note: Numbers rounded off to first decimal

# Agenda

-  1. CRISIL Overview
-  2. Business Environment
-  3. Performance Update
-  4. **Segment Performance - Ratings**
-  5. Thought Leadership
-  6. Corporate Social Responsibility

# Corporate bond issuances remain muted; Credit growth on the rise

## Bond Issuance Quantum (₹ billion)



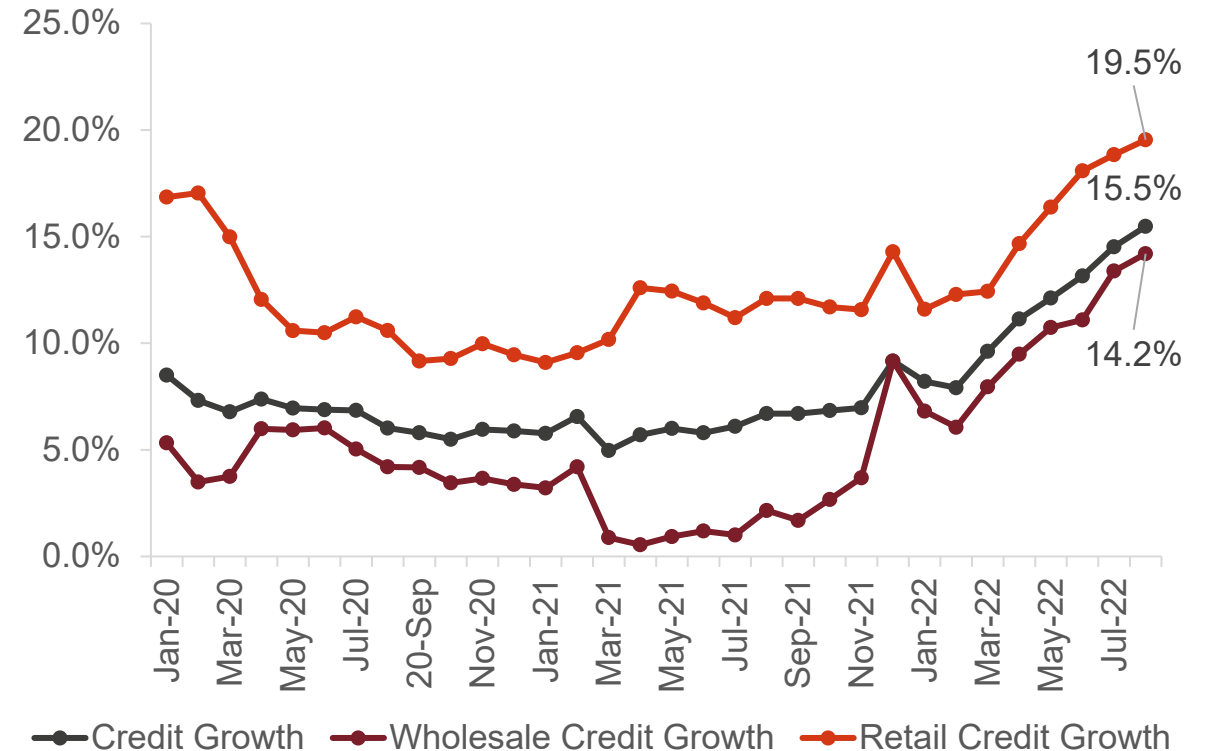
# of Issuers	2020	2021	Q3 2021	Q3 2022
	~450	~530	~280	~240

-14%

Source: Prime Database, RBI

\*Data as on date; may get revised by Prime Database

## Credit Growth (%)



© 2022 CRISIL Ltd. All rights reserved.

# Ratings: Highlights



## Financials

Particulars (₹ cr)	Q3 2021	Q3 2022	Growth
Income from Operations	150.7	170.2	<b>12.9%</b>
Segment Profit	64.5	69.8	<b>8.2%</b>
Margin	<b>42.8%</b>	<b>41.0%</b>	

Particulars (₹ cr)	9M 2021	9M 2022	Growth
Income from Operations	430.3	486.2	<b>13.0%</b>
Segment Profit	187.3	207.4	<b>10.7%</b>
Margin	<b>43.5%</b>	<b>42.7%</b>	



## Business update

- CRISIL Ratings business saw 10.9% growth in revenue during the quarter driven by new client additions and continued momentum in surveillance revenue
- The business continues to strengthen its market-leading position in the corporate ratings market driven by investor preference for best-in-class ratings
- Global Analytical Center (GAC) increased support to S&P Global Ratings across surveillance and transformation projects

Note: Numbers rounded off to first decimal

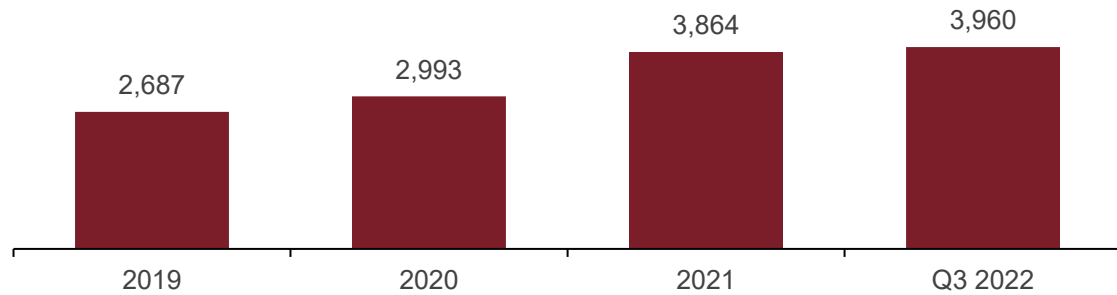
# Agenda

-  1. CRISIL Overview
-  2. Business Environment
-  3. Performance Update
-  **4. Segment Performance –  
Research, Analytics & Solutions**
-  5. Thought Leadership
-  6. Corporate Social Responsibility

# CIB revenue normalizes but remains above pre-pandemic levels; Domestic flows in MFs and AIFs increase

₹ '000 crore

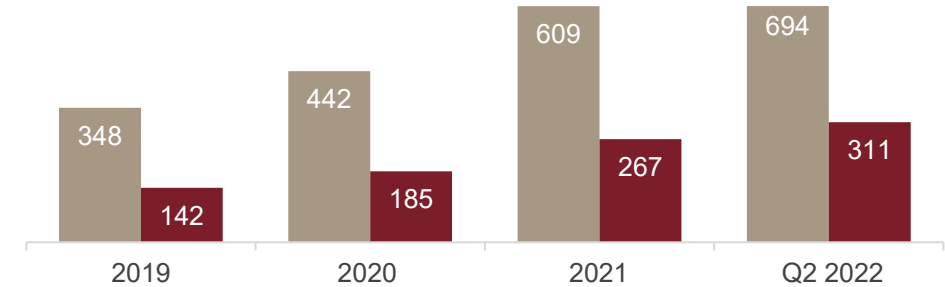
## India mutual fund AUM\*



\*Average AUM for the Quarter; Source: AMFI

₹ '000 crore

## Alternative Investment Funds (AIFs)

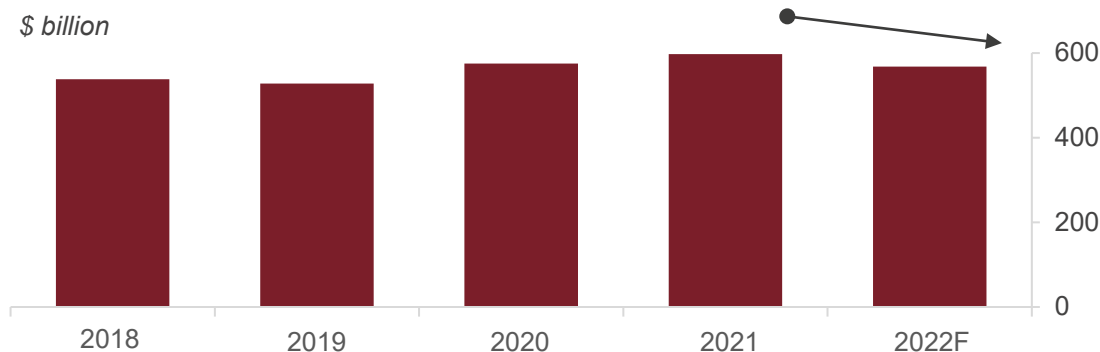


Source: SEBI

■ Commitments ■ Investments

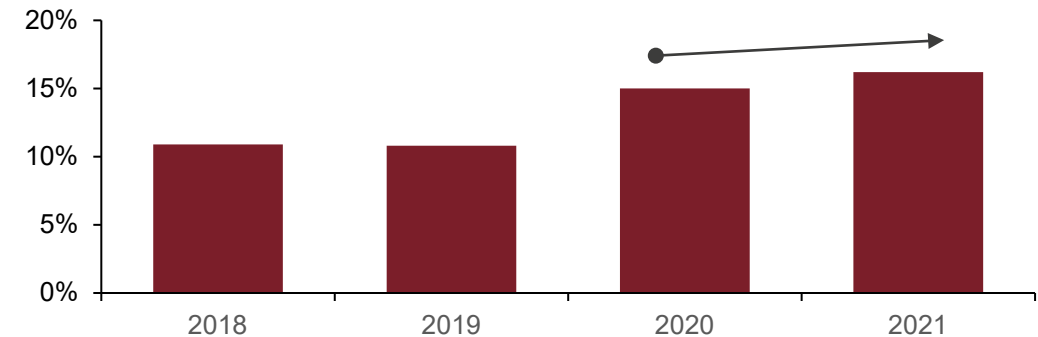
## Global CIB revenue pools

\$ billion



Revenues Pools analysis includes revenues from all Institutional Clients and Corporates with annual sales turnover > \$ 1.5bn; FY22 is as per preliminary estimates. Above analysis is as per Coalition Standard Taxonomy; Source: Coalition Proprietary Analytics

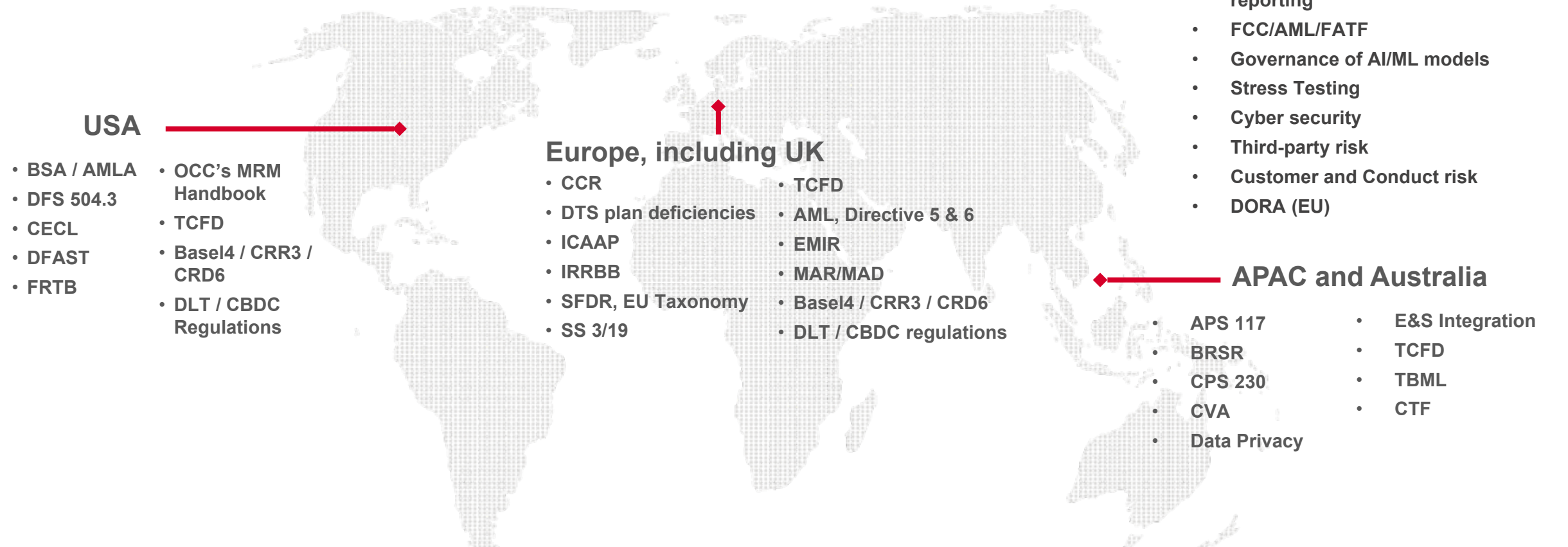
## CIB return on equity (%)



Source: Coalition Proprietary data; ROE calculated based on Coalition Index Universe



# Regulatory focus continue to drive spends



## USA

- BSA / AMLA
- DFS 504.3
- CECL
- DFAST
- FRTB
- OCC's MRM Handbook
- TCFD
- Basel4 / CRR3 / CRD6
- DLT / CBDC Regulations

## Europe, including UK

- CCR
- DTS plan deficiencies
- ICAAP
- IRRBB
- SFDR, EU Taxonomy
- SS 3/19
- TCFD
- AML, Directive 5 & 6
- EMIR
- MAR/MAD
- Basel4 / CRR3 / CRD6
- DLT / CBDC regulations

## Global themes

- ESG & Climate Risk integration and reporting
- FCC/AML/FATF
- Governance of AI/ML models
- Stress Testing
- Cyber security
- Third-party risk
- Customer and Conduct risk
- DORA (EU)

## APAC and Australia

- APS 117
- BRSR
- CPS 230
- CVA
- Data Privacy
- E&S Integration
- TCFD
- TBML
- CTF

**BSA/AMLA:** Banking Secrecy Act, Anti-Money Laundering Act

**CBDC:** Central Bank Digital Currency

**CECL:** Current Expect Credit Loss

**DFS:** Department of Financial Services

**DFAST:** Dodd-Frank Act Stress Tests

**DLT:** Distributed Ledger Technology

**FRTB:** Fundamental review of the Trading Book

**OCC's MRM:** Office of the Comptroller of the Currency; Model Risk Management

**TCFD:** Task Force on Climate-Related Financial Disclosures

**CCR:** Counterparty Credit Risk

**CRR3 :** Capital Requirements Regulation

**CRD6:** Capital Requirements Directive

**DTS:** Digital Transformation Strategy

**EMIR:** European Market Infrastructure Regulation

**ICAAP:** Internal Capital Adequacy Assessment Process

**IRRBB:** Interest Rate Risk in the Banking Book

**SS 3/19:** BOE's Supervisory Standard on Climate Risk

**SFDR:** Sustainable Finance Disclosure Regulation

**APS 117:** APRA's prudential standard for IRRBB

**BRSR:** Business Responsibility and Sustainability Report

**CPS 230:** APRA's new standard for operational risk mgmt.

**CTF:** Counter Terrorist Financing

**CVA:** APRA's Climate Vulnerability Assessment

**TBML:** Trade Based Money Laundering

**TCFD:** Task Force on Climate-Related Financial Disclosures

# Research, Analytics & Solutions: Highlights



## Financials

Particulars (₹ cr)	Q3 2021	Q3 2022	Growth
Income from Operations	420.3	512.8	<b>22.0%</b>
Segment Profit	84.2	97.5	<b>15.8%</b>
Margin	<b>20.0%</b>	<b>19.0%</b>	

Particulars (₹ cr)	9M 2021	9M 2022	Growth
Income from Operations	1,164.4	1,460.2	<b>25.4%</b>
Segment Profit	223.8	313.0	<b>39.9%</b>
Margin	<b>19.2%</b>	<b>21.4%</b>	









## Business update

- The Research, Analytics & Solutions segment continued its strong performance with growth being driven by both global businesses — Global Research & Risk Solutions (GR&RS) and Global Benchmarking Analytics (GBA)
- GR&RS saw several client wins; GBA closed major renewal deals and rolled out the Client Intelligence platform for global banks
- Non-ratings India businesses have been consolidated under CRISIL Market Intelligence and Analytics (MI&A) following the merger of CRISIL Risk and Infrastructure Solutions Ltd and Pragmatix Services Pvt Ltd with CRISIL Ltd
- MI&A business saw traction for its credit risk and regulatory reporting solutions

Note: Numbers rounded off to first decimal

# Agenda

-  1. CRISIL Overview
-  2. Business Environment
-  3. Performance Update
-  4. Segment Performance
-  **5. Thought Leadership**
-  6. Corporate Social Responsibility



# A 'TRUSTED' voice in Media



## Media

**The new growth**  
The next year could be more challenging with growth slowing, biggest impact of interest rate hikes

**We may have to recalibrate the country's decarbonization effort**  
It will be quite a challenge to strike a balance between reducing emissions and achieving a structurally higher growth path

**The digital quotient of our firm is getting elevated: Crisil's Murad**

**Digital lending - back to the drawing board**



## Webinars & Events

**Corporate Debt Market in India: Issues and Challenges**  
Organised by Bombay Chambers of Commerce and Industry

**17th Sustainability Summit**  
Organised by CII

**2022 Greenwich Leaders: Asian Large Corporate Trade Finance**  
Q3 2022

**PODCAST**  
What are the governing practices associated with model risk management?



## Reports & Blogs

**Towards sustainable infrastructure**

**Model risk management for the buy-side**

**Navigating the IBOR transition challenges**

**Unlocking value in data and analytics**

**Time to reinforce ringfence around private credit**



## Social Media

**Aluminium prices set to rebound as global deficit looms**

**ESG data analytics use cases**

**Share of large panel TV shipments in Europe to rise 48%**

**Cement sector's profitability to decline 15% on-year in 2023**

**The housing segment will continue to support demand?**

Parameter	Percentage
Higher rural demand	52%
Higher urban demand	26%
Shorter replacement cycle	23%

© 2022 CRISIL Ltd. All rights reserved.

# Agenda

-  1. CRISIL Overview
-  2. Business Environment
-  3. Performance Update
-  4. Segment Performance –  
Research, Analytics & Solutions
-  5. Thought Leadership
-  6. **Corporate Social Responsibility**



# Continuing to create social impact through its CSR initiatives

**Two-time winner of the National CSR Awards, 2018 and 2020**

Financial capability building of rural women & communities

 **मैं प्रगती**  
A CRISIL Programme



- Mein Pragati continues to drive outreach and impact through 1,600+ trained Sakhis in 2,400+ villages of Assam and Rajasthan.
- As part of RBI's Scale-up CFL Project, all 429 CFL centres are operationalised and managed by a 1,790+ on-ground team to facilitate community outreach.
- Preparations for Phase II of scale-up initiated – this will cover 118 additional CFLs in 7 existing states by December 2022 (over and above existing 429 CFLs)

Promoting environment conservation and larger social consciousness among employees

CRISIL  
**re** 



- Environment conservation initiatives continued through on-ground partners – covered post-plantation drives at Mumbai, Pune, Gurugram and Hyderabad and water conservation initiatives.
- CRISILites were also engaged through various virtual engagements – like mentoring and virtual volunteering programmes.

**About CRISIL Limited**

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.

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

**CRISIL Privacy Notice**

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/privacy](http://www.crisil.com/privacy)