

Q3 2019 Analyst presentation



© 2019 CRISIL Ltd. All rights reserved.

Nov 2019

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



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance



5. Segment Performance



6. Thought Leadership

Executive summary

- Consolidated total income from operations was ₹435.9cr and consolidated profit after tax was ₹105.1cr for the quarter ended September 30, 2019
 - Ratings business strengthened its leadership position as its strong analytical credentials leveraged the increasing preference among issuers and investors for higher-quality ratings
 - In the Research segment, we saw growth for our offerings across data and credit analytics in the Indian market and our global benchmarking analytics for CIB industry. Growth for the segment was impacted as the risk and analytics space continued to see a decline in demand for traditional regulatory assignments
 - Advisory segment expanded geographically with inroads in new markets and also launched a new risk assessment product - ICON
- Adverse foreign exchange movement impacted profitability for both the quarter & nine months ended September, compared with the corresponding periods of the previous year
- CRISIL maintained its thought leadership initiatives through its events and publications:
 - Hosted the annual India Outlook seminar & the annual India Credit Spotlight seminar jointly with S&P Global
 - Released diverse thought leadership publications - CRISIL-AMFI Factbook 2019 was released at the AMFI Members Summit, CRISIL Fund Insight's 100th edition
- CRISIL Foundation's Mein Pragati Assam continues to deepen its impact in its second phase while also adopting a plantation project across three main cities

Agenda



1. Executive Summary



2. **CRISIL Overview**



3. Business Environment



4. Financial Performance



5. Segment Performance



6. Thought Leadership



CRISIL, a leading global analytics company

#Agile
to market needs

Unleashing
#Innovation

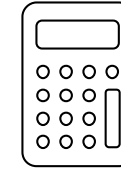
Defining
#Global best
standards

Empowering decision-
making
with cutting-edge
#Analytics

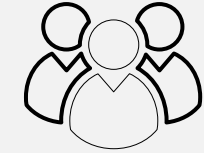
1,00,000+
Customers



28,000+
ratings



3700+
employees



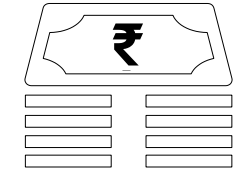
9 countries
direct presence



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



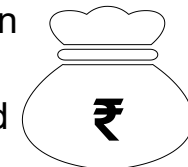
90% of
India's banking
industry by
asset base
are our clients



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



Agenda



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance



5. Segment Performance



6. Thought Leadership



Macro headwinds pose a near-term challenge



India

Indicator	FY2018	FY2019	FY2020F
Real GDP (y-o-y %)	7.2	6.8	6.3*
Investments (% of GDP)	28.6	29.3	30
10 year G-sec yield (% , March)	7.6	7.5	7.1
Fiscal deficit (% of GDP)	3.5	3.4	3.3
Exchange rate (Re per \$, March average)	65.0	69.5	71.0
CPI Inflation (%)	3.6	3.4	3.6
Gross NPA (%)	11.6	11.0	-
Repo Rate (%)	6.00	6.25	Softening bias



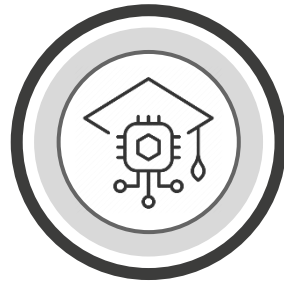
Global

Indicator	CY2018	CY2019F
World GDP (y-o-y %)	3.8	3.3
United States of America (y-o-y %)	2.9	2.3
Eurozone (Euro Area-19) (y-o-y %)	1.9	1.2
China GDP (y-o-y %)	6.6	6.2
US Fed Rate (% , current)	2.5	1.5-1.75

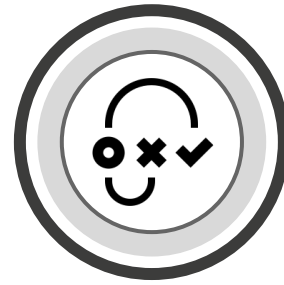
Source : RBI, CSO, CRISIL; S&P Global (September 2019), World forecast is by IMF (April 2019)

*with a downward bias

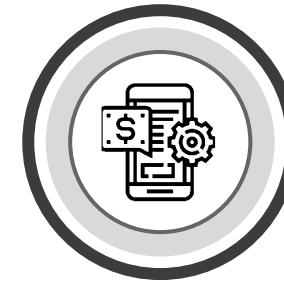
Focus on adapting to evolving trends



Adoption of technologies
like AI/ML



Leveraging alternate
data



Fintechs



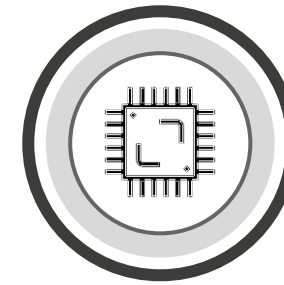
ESG as an
investment criteria



Rise of passive investing



Higher spends on risk
remediation



Digital
Transformation



Heightened regulatory
focus

Agenda



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance



5. Segment Performance



6. Thought Leadership

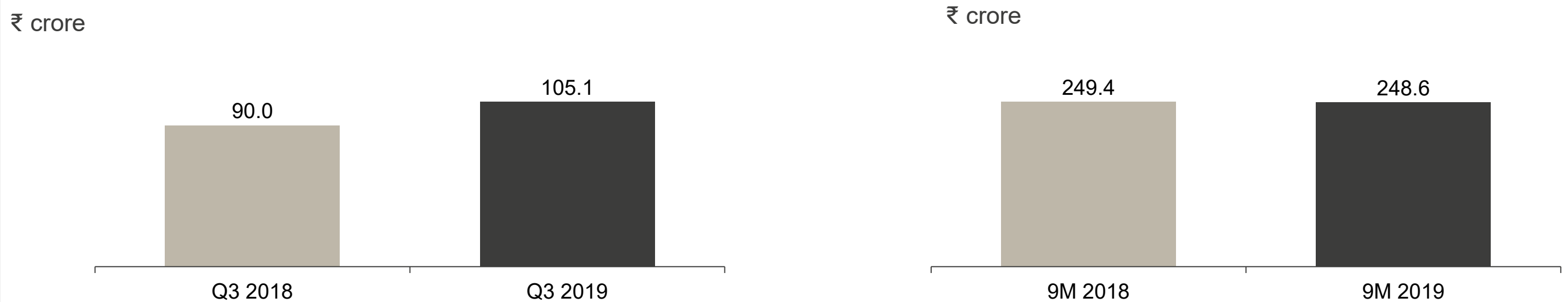


Q3 2019 income from operations at ₹435.9 crore; PAT at ₹105.1 crore

Consolidated income from operations



Profit after tax



Note: Numbers rounded off

Agenda



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance



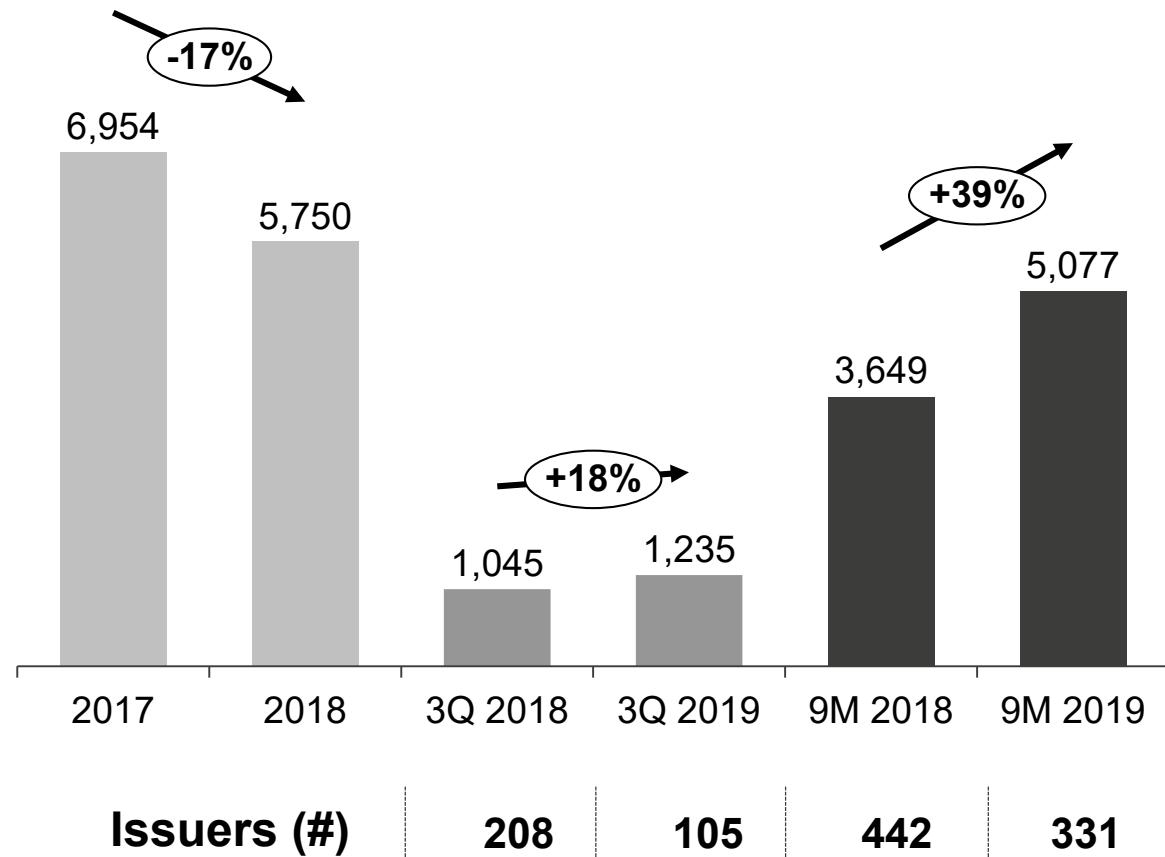
5. Segment Performance - Ratings



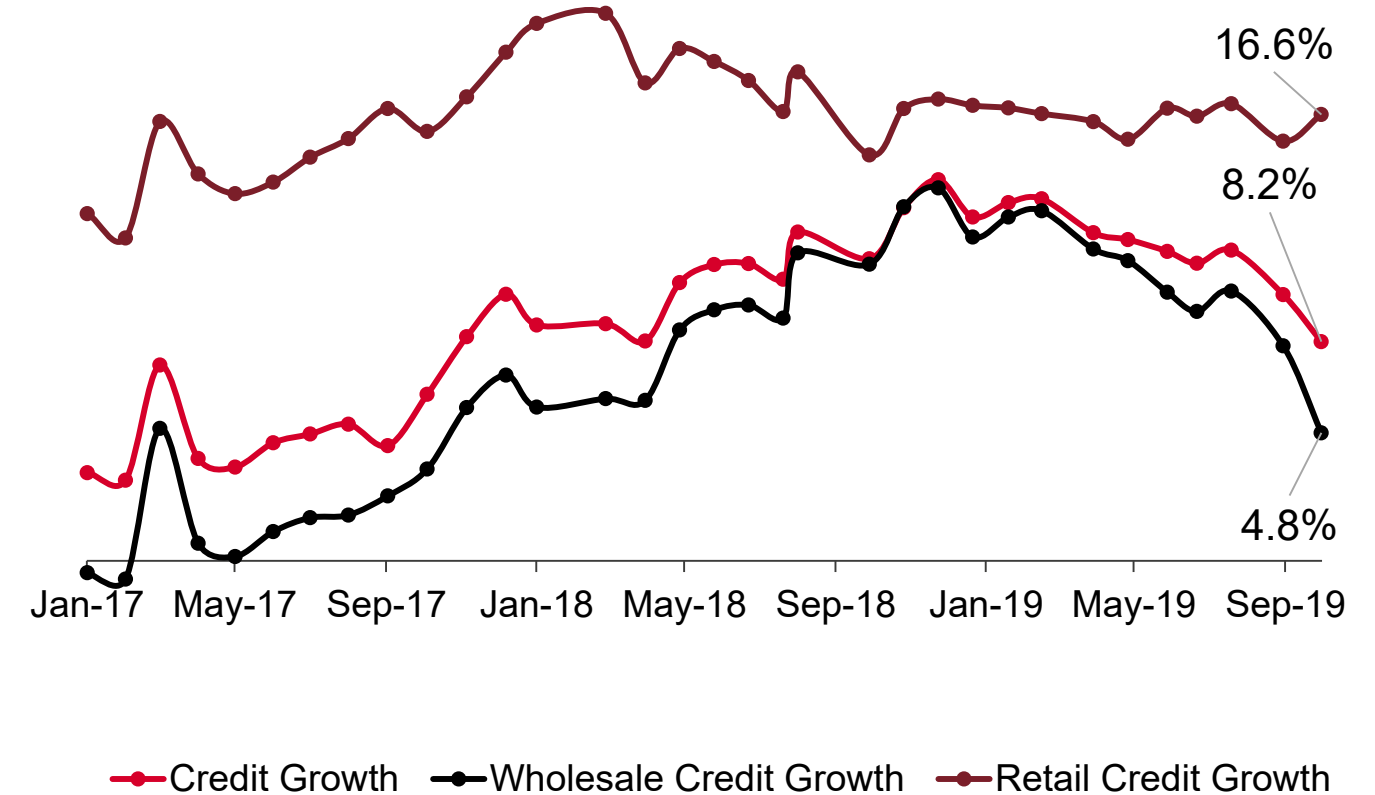
6. Thought Leadership

Bond issuances rise but few issuers; Overall credit growth impacted by declining wholesale credit

Bond Issuances (₹ billion)



Credit Growth



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

Ratings: Q3 2019 highlights



Financials

Particulars (₹ cr)	Q3 2018	Q3 2019
Income from Operations	122.9	142.8
Segment Profit	44.1	61.2
Margin	35.9%	42.9%

Particulars (₹ cr)	9M 2018	9M 2019
Income from Operations	366.2	403.3
Segment Profit	128.0	156.9
Margin	34.9%	38.9%

Note: Numbers rounded off



Business update

- Ratings maintained its strong growth momentum given a concerted focus on new client acquisition, and a surge in securitization transactions
- The business strengthened its leadership position as its strong analytical credentials leveraged the increasing preference among issuers and investors for higher-quality ratings
- Global Analytical Center increased support to S&P Global Ratings in the areas of analytical research and data modernisation programs



Franchise update

- Organized & participated in multiple conferences / seminars:
 - Hosted annual India Outlook seminar with S&P Global
 - Business Conclave on ‘Partial Credit Guarantee and Co-origination’ by Indian Securitization Foundation
 - Knowledge partner for ‘SIDBI ET India MSE Award’
- Multiple high impact releases on topical matters such as credit quality (“Credit quality pressure intensifies in H12020”) and REITs (CRISIL Ratings Report : India’s REIT Opportunity)

Agenda



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance

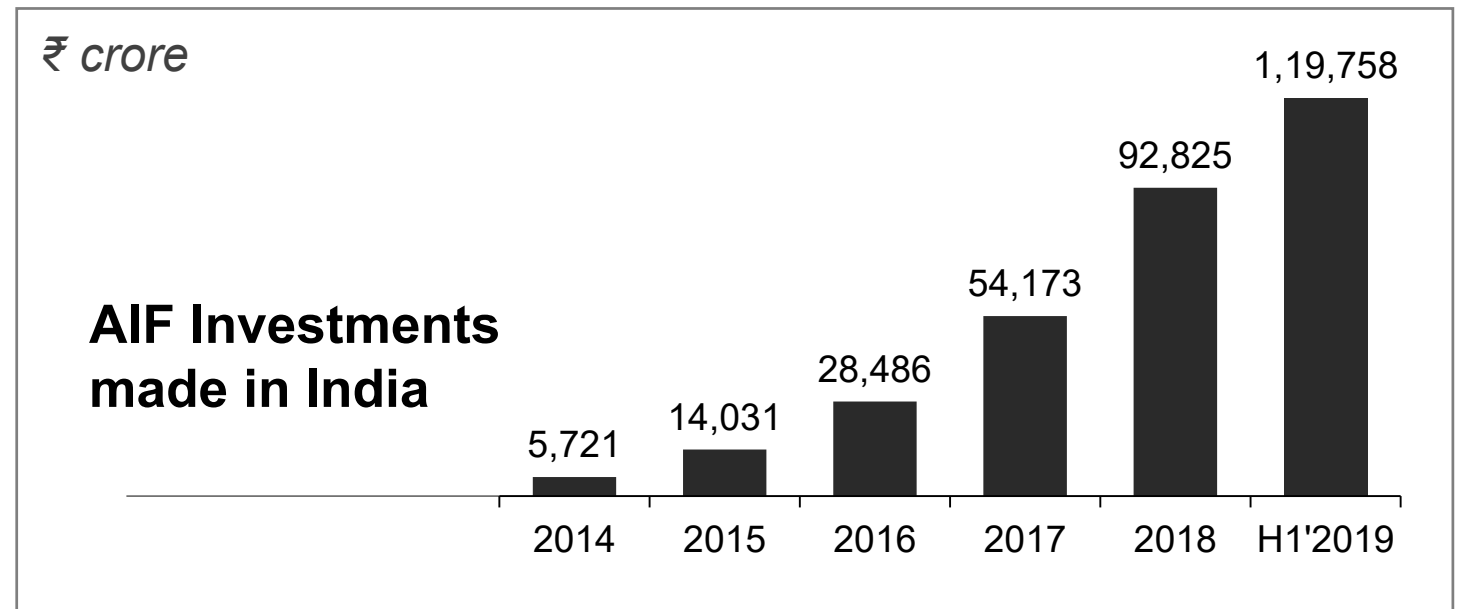
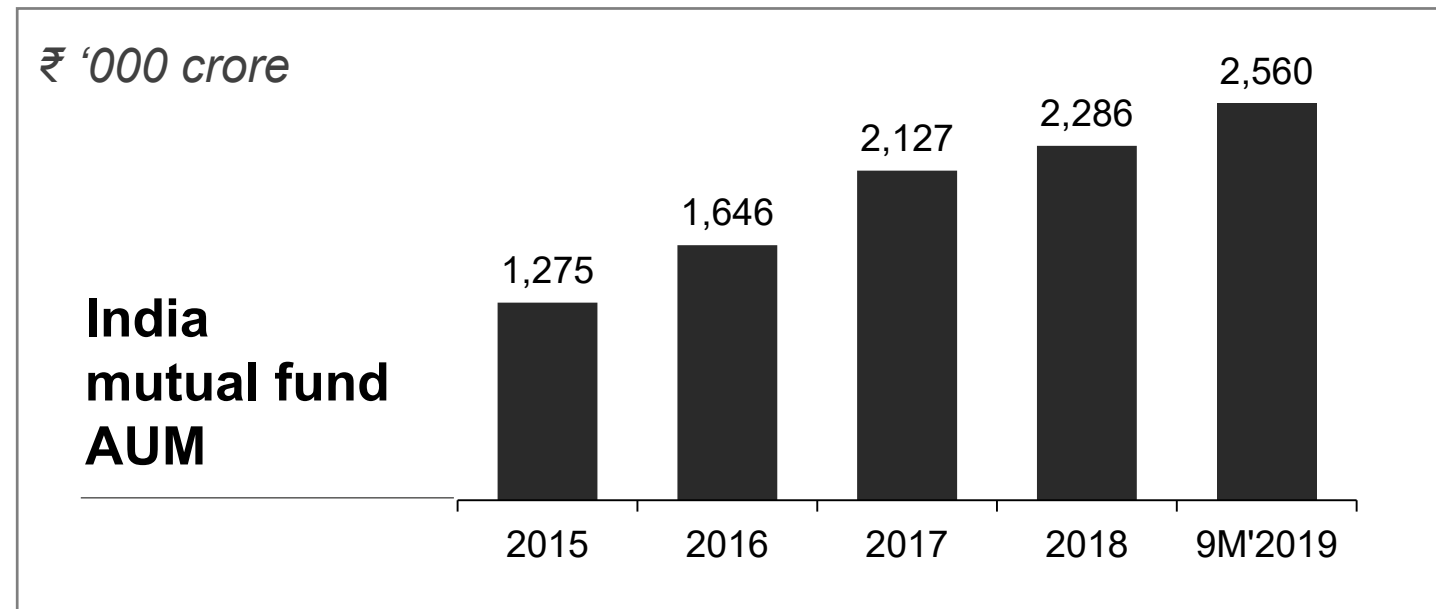
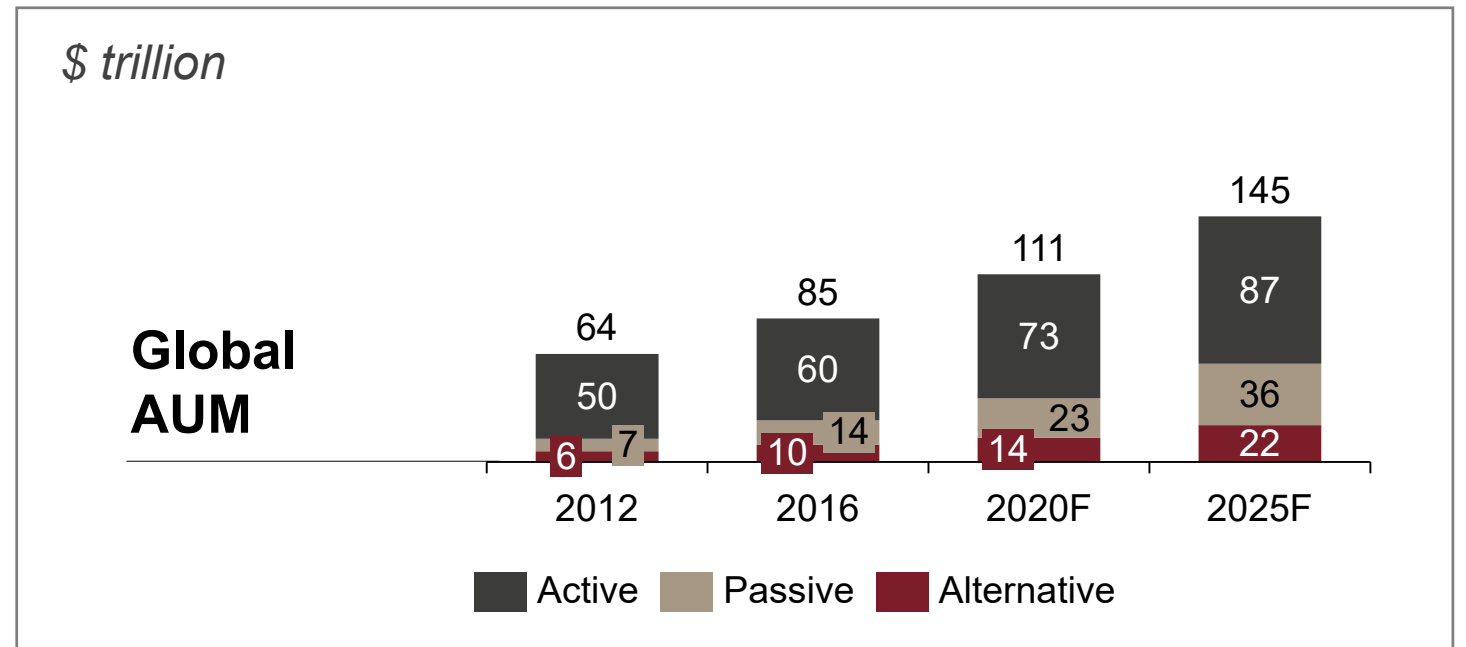
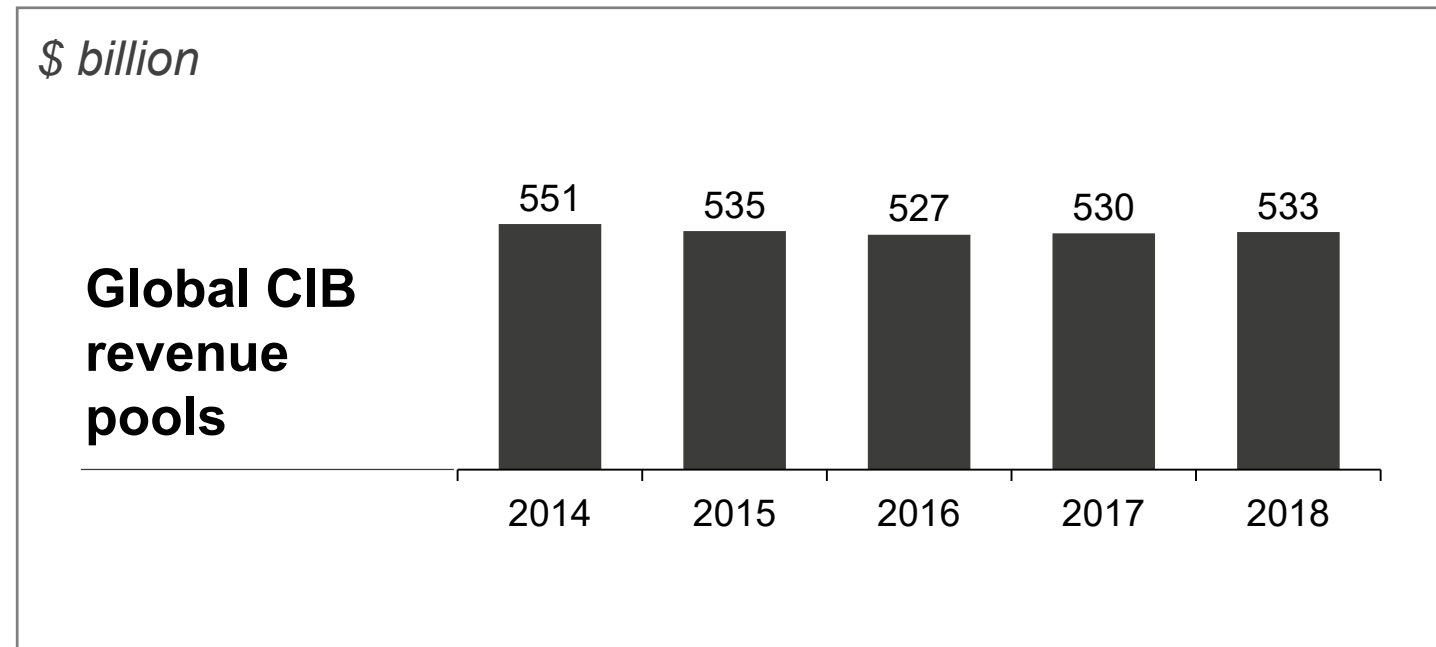


5. Segment Performance - Research



6. Thought Leadership

Global CIBs revenue pools under pressure; mutual fund and AIF investments in India continue to grow



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

Newer regulations present opportunities as CCAR matures



USA

- CCAR
- DFAST
- FRTB
- CECL
- Standardised approach for credit and operational risk

Maturing



Europe

- EBA/PRA Stress Testing
- MiFID II
- BASEL III, IV
- TRIM
- IBOR
- Standardised approach for credit and operational risk

Tightening



Asia

- BASEL IV
- IFRS9
- Standardised approach for credit and operational risk

Nascent

Key Regulations

CCAR: Comprehensive Capital Analysis and Review
DFAST: Dodd-Frank Act Stress Tests
CECL: Current Expect Credit Loss
EBA: European Banking Authority
MiFID: Markets in Financial Instruments Directive

PRA: Prudential Regulation Authority
TRIM: Targeted Review of Internal Models
IFRS: International Financial Reporting Standards
IBOR: Interbank Lending Rate
FRTB: Fundamental Review of Trade Book

Research: Q3 2019 highlights



Financials

Particulars (₹ cr)	Q3 2018	Q3 2019
Income from Operations	268.1	258.7
Segment Profit	83.7	60.3
Margin	31.2%	23.3%

Particulars (₹ cr)	9M 2018	9M 2019
Income from Operations	816.6	755.6
Segment Profit	248.2	171.8
Margin	30.4%	22.7%

Note: Numbers rounded off

CCAR : Comprehensive Capital Analysis & Review, DFAST : Dodd Frank Annual Stress Testing

AMFI : Association of Mutual Funds in India

ASSOCHAM : Associated Chambers of Commerce and Industry of India



Business update

- In the Research segment, we saw growth for our offerings across data and credit analytics in the Indian market and global benchmarking analytics for CIB industry
- We continued to deepen our presence with buy side clients and witnessed increased traction for credit risk
- Overall growth for the segment was impacted as the risk and analytics space continued to see a decline in demand for traditional regulatory assignments such as CCAR, and DFAST
- We increased focus on newer offerings across model risk management, change management, and risk technology & analytics, which are seeing stronger demand



Franchise update

- Participated in multiple thought leadership events:
 - Hosted annual India credit spotlight jointly with S&P Global
 - Knowledge partner at AMFI Mutual Fund summit in Mumbai
 - Partnered with ASSOCHAM at the 3rd National Conference on Corporate Bond Market held in Mumbai
- Published whitepapers on topics like 'Airlines: Ascent of profitability' & 3rd edition of Mutual Fund Industry fact book - SIP-Shape

Agenda



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance



5. Segment Performance - Advisory



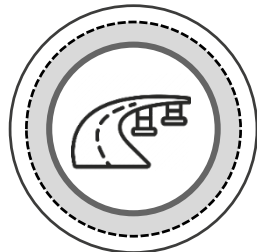
6. Thought Leadership

Technology adoption and infrastructure spending leading to need for analytics, risk and project monitoring offerings



Risk Solutions, Pragmatix

- Focus on digital enablement across the financial services
- Need for integrated credit and risk solutions, combining client workflow and data analytics
- Non-traditional data driving alternative approaches to analytics
- Demand driven by regulatory norms, reporting and compliance needs



Infrastructure Advisory

- Government's resolve to spend Rs 100 lac crores on infrastructure over next 5 years, will drive development programs
- "Competitive co-operative federalism" to continue with focus on strengthening state and city level programs
- Increasing emphasis on end-to-end solution, and technology-enabled project monitoring dashboards
- Move to innovative financing structures – non-sovereign lending, credit enhancement measures, asset monetisation

Advisory: Q3 2019 highlights



Financials

Particulars (₹ cr)	Q3 2018	Q3 2019
Income from Operations	34.5	34.3
Segment Profit	0.1	4.8
Margin	0.3%	13.9%

Particulars (₹ cr)	9M 2018	9M 2019
Income from Operations	98.7	108.5
Segment Profit	3.3	10.2
Margin	3.3%	9.4%



Business update

- Advisory segment expanded its international footprint through wins from World Bank
- We also launched a new risk assessment model – ICON during the quarter



Franchise update

- CRISIL Infrastructure Advisory was the knowledge partner for the India Solar Week
- CRISIL Infrastructure Advisory participated in the CII Gujarat Civil Aviation Conclave
- CRISIL Infrastructure Advisory hosted an event with NHAI titled Investor Roadshow

Agenda



1. Executive Summary



2. CRISIL Overview



3. Business Environment



4. Financial Performance



5. Segment Performance



6. Thought Leadership



Leading provider of independent opinion

Events



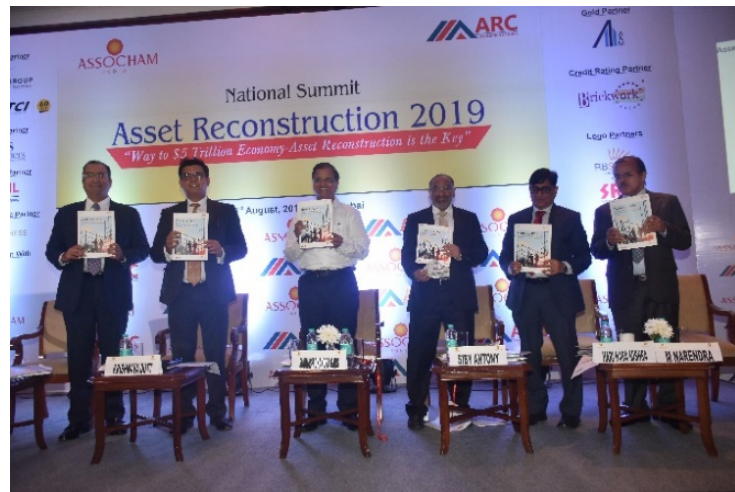
CRISIL participated at the IVCA summit held in Mumbai



CRISIL was the knowledge partner for the 'SIDBI ET India MSE Award'



CRISIL partnered with ASSOCHAM at the 3rd National Conference on Corporate Bond Market held at Mumbai

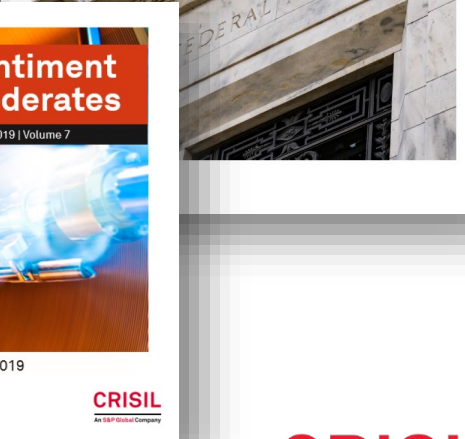
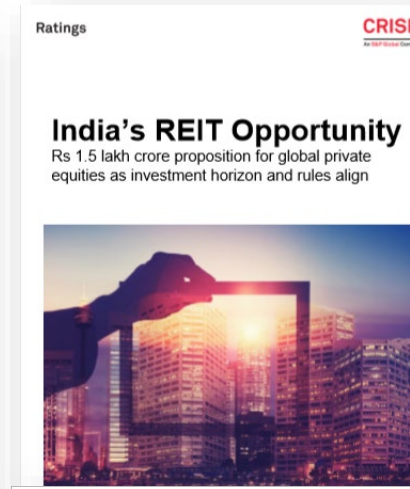


CRISIL Ratings participated as a knowledge partner in 'National Summit Asset Reconstruction 2019', organised by ASSOCHAM



CRISIL and S&P Global Ratings jointly hosted the 4th edition of India Outlook Seminar on August 01, 2019 in Mumbai titled "Tracing the grind-up".

Publications



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.

CRISIL Privacy Notice

CRISIL respects your privacy. We 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 and other parts of S&P Global Inc. and its subsidiaries (collectively, the "Company") you may find of interest. For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view the Company's Customer Privacy at <https://www.spglobal.com/privacy>

Last updated: May 2018

For further information contact: investors@crisil.com