

# Q2 2023 Analyst Presentation

July 2023

















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# Agenda

-  **1. CRISIL overview** 
-  2. Business environment 
-  3. Performance update 
-  4. Financials 
-  5. Segment performance 
-  6. Thought leadership 
-  7. Corporate social responsibility 

# CRISIL overview

We **accelerate progress** by providing **intelligence, benchmarks, analytics** and **transformative solutions** essential for organisations to make **decisions with conviction**

## Ratings Services

### Ratings Services

India's premier ratings agency having rated 35,000+ large and medium-scale entities

### Global Analytical Centre

Research and analytics partner for S&P Global

## Research, Analytics & Solutions

### Global Research & Risk Solutions

Leading provider of risk, data analytics, ESG and climate risk integration, and bespoke research services to world's leading banks, asset managers and other financial institutions

### Global Benchmarking Analytics

Foremost provider of strategic benchmarking, analytics and insights to 300+ clients in global financial services

### Market Intelligence & Analytics

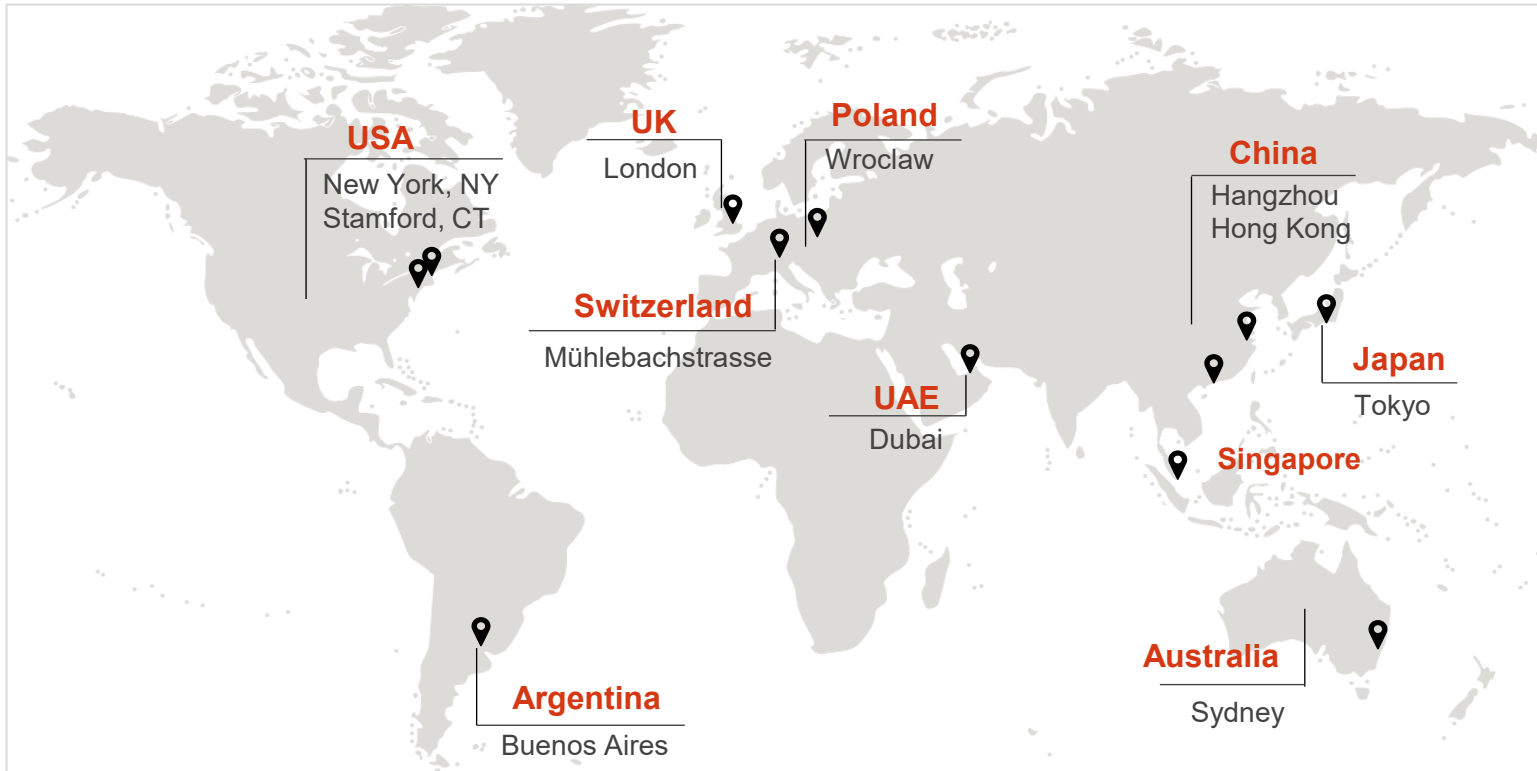
India's leading provider of research, consulting (infrastructure, energy, public finance and sustainability), risk, data & analytics, and training solutions

Serving 90% of India's banking industry by asset base



# Global presence

4,700+ employees globally - 40+ nationalities across 12 countries; ~39% women employees



**Great Place To Work Certified**  
 Certified 'Great Place to Work' in India  
 3<sup>rd</sup> year in a row

'Best Organisation for Women 2023' by The Economic Times








**AVTAR** & **seramount**  
 The Power of Diversity  
 100 BEST HALL OF FAME BEST COMPANIES FOR WOMEN INDIA 2022  
 \* 5 YEARS IN 100 BEST

**RiskTech 100 2023**  
 Category: Model Validation

**National CSR Award, 2020**  
 Category 'Corporate Awards for Excellence in CSR'

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# Macroeconomic indicators



India

Indicator	FY2022	FY2023	FY2024F
GDP (y-o-y %)	9.1	7.2	6.0
10-year government bond yield (% , March average)	6.8	7.4	7.0
Fiscal deficit (% of GDP)	6.7	6.4	5.9
Exchange rate (Re/\$, March average)	76.2	82.3	83.0
Consumer Price Index-based inflation (%)	5.5	6.7	5.0
Repo rate (% , March-end)	4.0	6.5	6.25
Banking credit growth (%)	11.4	15.4	~14-15



Global

Indicator	CY2021	CY2022	CY2023F
World GDP (y-o-y %)	6.3	3.4	2.9
US (y-o-y %)	5.9	2.1	1.7
Eurozone (Euro area 19) (y-o-y %)	5.3	3.6	0.6
China GDP (y-o-y %)	8.5	3.0	5.2

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)

# Key trends in macro and business environment

## Global



Economic activity resilient despite tightening of policies by central banks



Incipient signs of slowdown in banking and financial services impacting discretionary spends



Continued spends for regulatory requirements, risk management and business transformation



Heightened activity in alternatives and deployment of private capital



Emergence of data and technology ecosystems in financial services



Growing focus on sustainability and energy transition

## India










Sustained domestic demand cushioning the impact of global factors on overall growth



Broad-based revival of private investment cycle delayed due to uncertain macro environment



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# Highlights of Q2 2023 business performance

**15.3%** ↑

Q2 2023

**17.6%** ↑

H1 2023

**Income from operations**

**10.0%** ↑

Q2 2023








**14.6%** ↑

H1 2023

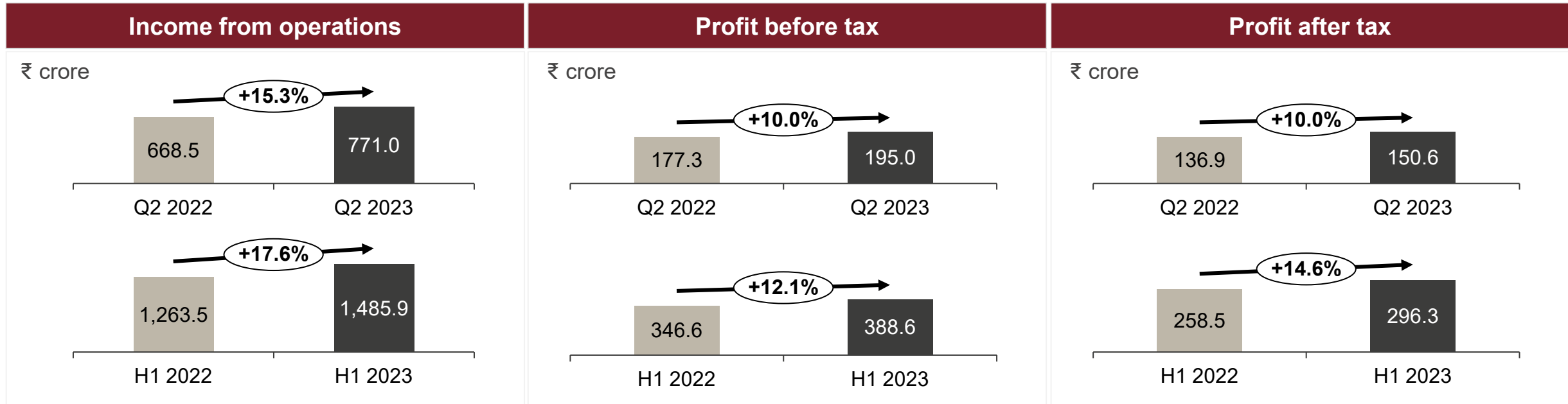
**PAT**

- Ratings Services delivered revenue growth supported by higher bond issuances and increased demand for bank loan ratings
- Research, Analytics and Solutions segment witnessed momentum across credit, lending, risk solutions, and research & consulting offerings
- Continued investment in technology, talent and new capabilities
- Interim dividend of ₹ 8 declared
- Hosted webinars on sectors such as oil, airports, automobiles and multiple events such as panel discussion on AI at financial institutions, Private Markets Forum 2023 in New York and CRISIL Ratings Conclave in Kolkata
- CRISIL Foundation expanded outreach to more than 1.2 lakh rural community members in Assam and Rajasthan under flagship program 'Mein Pragati', taking the cumulative impact to over 1.5 million rural communities

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# Financial performance for Q2 and H1 2023



- Interim dividend of ₹ 8 per share declared in Q2 2023
- During the quarter, the impact of foreign exchange movement was not favorable compared with the same quarter last year

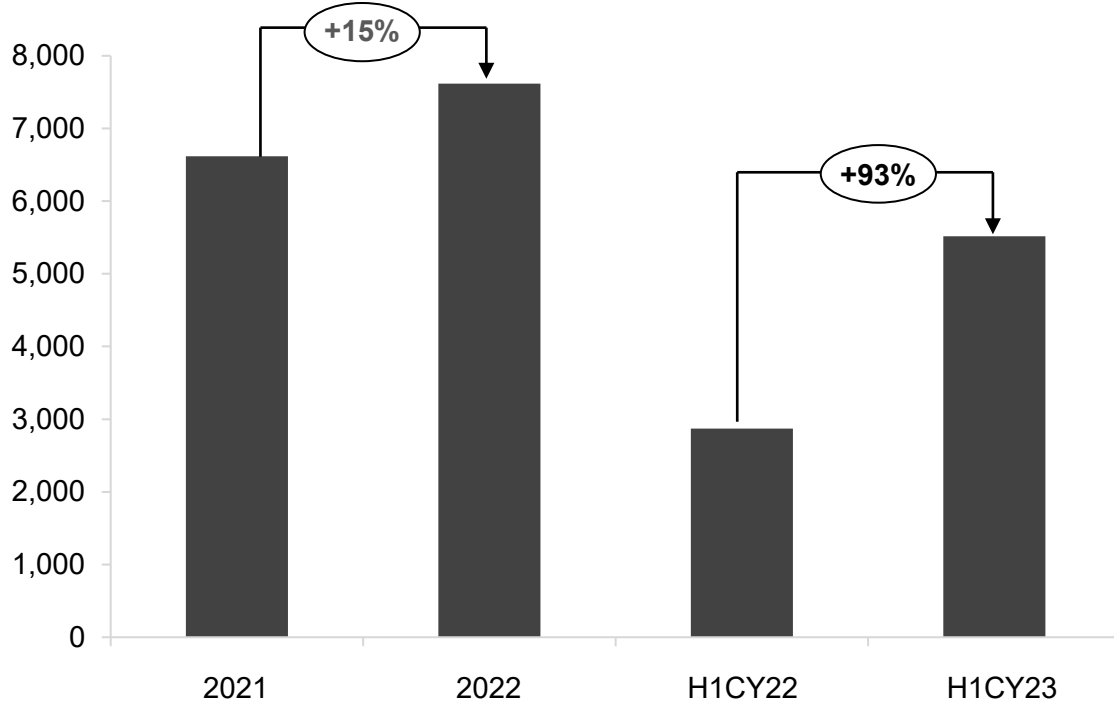
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# Corporate bond issuances grew amid easing inflation and pause in interest rate hiking cycle; Wholesale credit growth moderates

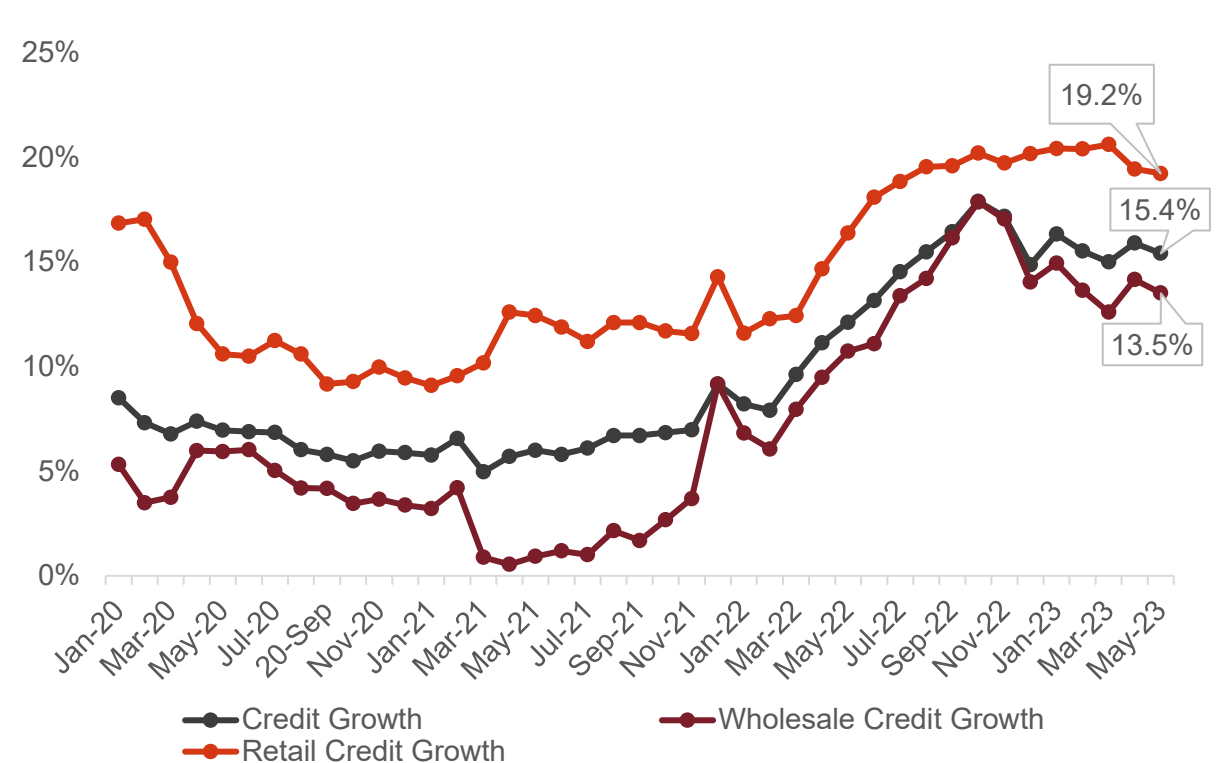
Bond issuance quantum (₹ billion)



No of Issuers	2021	2022	H1CY22	H1CY23
No of Issuers	~530	~700	~380	~530

Source: Prime Database, RBI  
 \*Data may get revised by Prime Database

Credit growth (%)



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# Ratings Services performance highlights



## Financials

Particulars (₹ cr)	Q2 2022	Q2 2023	Growth
Income from operations	155.4	190.7	<b>22.7%</b>
Segment profit	60.1	77.8	<b>29.5%</b>
Margin	<b>38.7%</b>	<b>40.8%</b>	

Particulars (₹ cr)	H1 2022	H1 2023	Growth
Income from operations	316.1	377.2	<b>19.3%</b>
Segment profit	137.7	167.5	<b>21.6%</b>
Margin	<b>43.6%</b>	<b>44.4%</b>	










## Business update

- During the quarter, CRISIL Ratings achieved a revenue growth of 23.2% on-year
- CRISIL Ratings performance was supported by higher bond issuances and increased demand for bank loan ratings
- Global Analytical Centre (GAC) saw robust analytical coverage delegation from S&P Global Ratings
- Overall, Ratings Services segment grew 22.7% on-year in the quarter
- Hosted webinars on sectors such as oil, airports and automobiles, held the CRISIL Ratings Conclave at Kolkata, and released the Ratings Round-Up for the second half of last fiscal

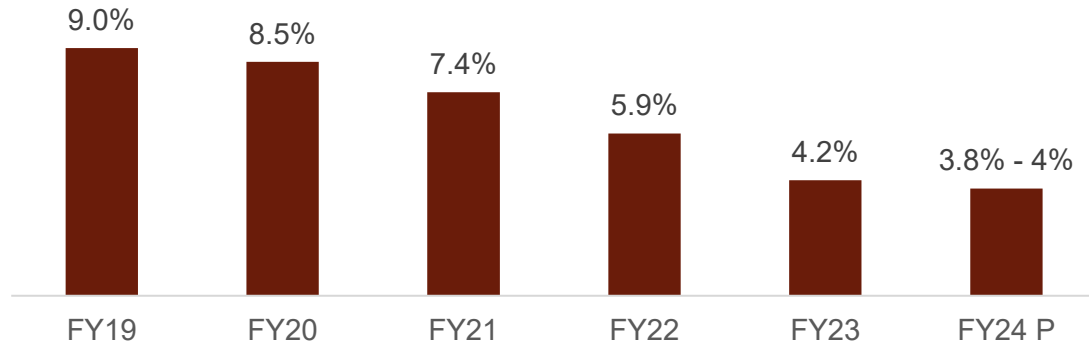
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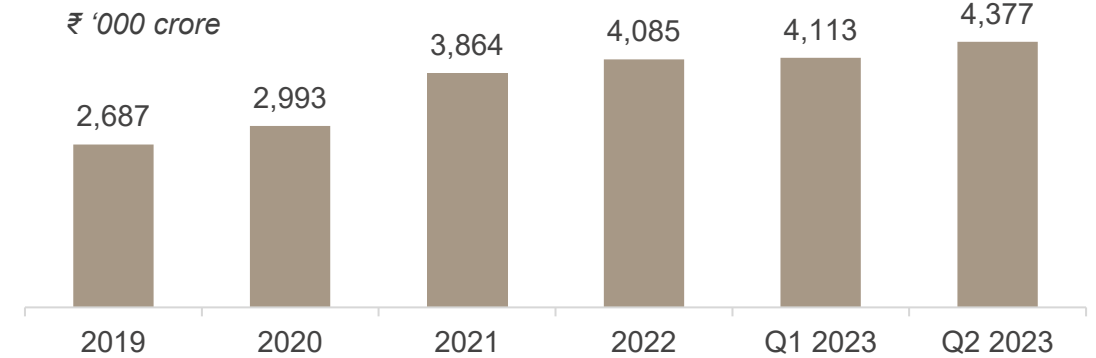
# Asset quality of Indian banks healthy, as is the momentum in financialization; CIB revenues continue to normalise, RoE under pressure

Banking sector gross NPAs



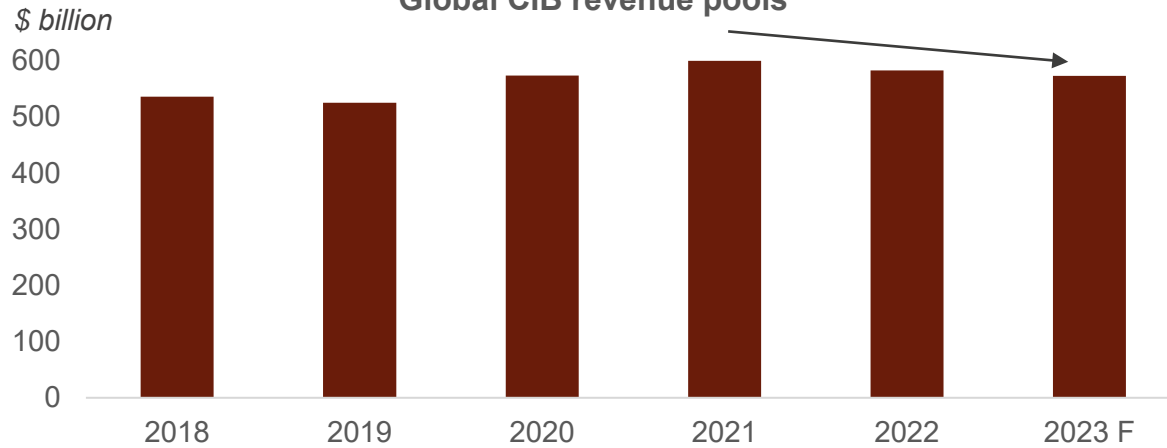
Source: CRISIL

India mutual funds AUM\*



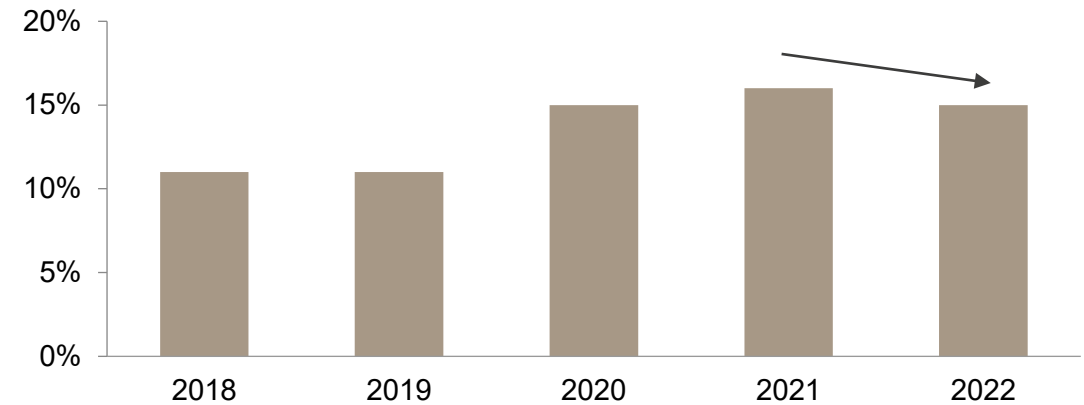
\*Average AUM for the Quarter; Source: AMFI

Global CIB revenue pools



CIB: Corporate and Investment Bank; ROE calculated based on Coalition Index Universe  
 Revenues Pools analysis includes revenues from all Institutional Clients and Corporates with annual sales turnover > \$ 1.5bn. Above analysis is as per Coalition Standard Taxonomy  
 Source: Coalition Proprietary Analytics; Coalition Greenwich Proprietary data

Global CIB return on equity



# Opportunities in an evolving global market



## Regulations

Regulatory mandates following heightened scrutiny across global banks leading to opportunities in non-discretionary spends across clients (e.g., FRTB, stress testing)



## Market infrastructure spend

Platform simplification and integration to optimize business operations, workflows and infrastructure spend to drive growth for core risk, technology and managed services



## Sustainability

Increased demand for sustainability leading to opportunities across ESG services, climate risk assessment and modelling



## Digitalisation

Demand for analytics and data strategy, governance and quality across banks and financial institutions

*ESG: Environmental, social and governance*  
*FRTB: Fundamental Review of the Trading Book*

# Research, Analytics & Solutions performance highlights



## Financials

Particulars (₹ cr)	Q2 2022	Q2 2023	Growth
Income from operations	513.1	580.3	<b>13.1%</b>
Segment profit	115.7	106.2	<b>-8.2%</b>
Margin	<b>22.5%</b>	<b>18.3%</b>	

Particulars (₹ cr)	H1 2022	H1 2023	Growth
Income from operations	947.4	1108.7	<b>17.0%</b>
Segment profit	215.6	215.5	<b>0.0%</b>
Margin	<b>22.8%</b>	<b>19.4%</b>	










## Business update

- Research, Analytics & Solutions segment grew by 13.1% on-year during the quarter
- Global Research & Risk Solutions (GR&RS) witnessed momentum across lending and risk solutions
- Global Benchmarking Analytics (GBA) continues to strengthen its client engagement through actionable analytics and intelligence
- Market Intelligence & Analytics (MI&A) saw traction for its credit, risk solution, research and consulting offerings
- During the quarter and the first half of the year, the impact of foreign exchange movement was not favorable, compared with the respective periods last year

*Note: Numbers rounded off to first decimal*

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# Thought leadership

## Media Coverage

**TWEETS & QUOTES II**

**Corporate Chairman MD, CRIR Ratings**

CRISIL Chairman MD, CRIR Ratings, while reporting on the performance of the company, said that the company has achieved a significant milestone in its journey towards becoming a global leader in the ratings industry.

**Are ARCs in a fix?**

As the reconstruction companies (ARCs) are a classic case of those that lost steam since a promising start because of one challenge – a dynamic macro-economic environment, and changes in the regulatory landscape, the industry is facing a number of challenges.

**IN MY VIEW**

**KRISHNAN SITARAMAN**

As the reconstruction companies (ARCs) are a classic case of those that lost steam since a promising start because of one challenge – a dynamic macro-economic environment, and changes in the regulatory landscape, the industry is facing a number of challenges.

### Rain But Not Shine?

Here's what IMF's gloomy global growth forecast and Q1/23's optimistic recession call mean for India's economy.

**Dr. Shyam Sundar**, Director General, Ministry of Finance

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

**EMERGING CHALLENGES & THE EVOLUTION OF RISK MANAGEMENT**

In conversation with:

**Dr. Shyam Sundar**, Director General, Ministry of Finance

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

July Discussion  
29<sup>th</sup> April | 5 pm on

**DIAGEO INDIA BOARDROOM DIALOGUES**

**Water & Carbon actions for a Sustainable Future**

**Speakers, Day-2, Combi**

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

### Debt mutual funds 2.0: Life after removal long-term indexation benefit

Debt fund managers can no longer sell their funds based on the superior tax advantage over bank fixed deposits. That is history. Now, the focus will be on returns and perform well for debt fund investors.

**JIJU VIDYADHARAN | JUNE 07, 2023 | 05:10 PM IST**

**TECHNOLOGY LOOKS TO IMPROVE EMPLOYEE EXPERIENCES FOR TOMORROW**

As companies look to drive positive employee experiences in the post-pandemic era, technology could be the force multiplier.

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

**Dr. Anshu Kulkarni**, President and Business Head, CRISIL

### "Real impact of rising rates may be seen this year"

Though the rate rise may not hurt corporate balance sheets, it will be getting real and to ability to manage cash has improved. **Somasekhar Venkat**, Senior Director and Head of Ratings, CRISIL

**Somasekhar Venkat**, Senior Director and Head of Ratings, CRISIL



Macro-economy and India outlook workshop

**Coalition Index for Investment Banking - 1Q23**

7 July 2023

**Coalition Index**

**The Evolving Asset Management Landscape: Only the Fittest Will Thrive**

27 June 2023 | By: **Stephen Brual**

**ESG::readings**

**Fixed-Income EMS: The Time is Now**

20 June 2023 | By: **Audrey Blotter**

**ESG::readings**



Moderation at Connected and Digital Disruption of the Indian CV & Road Transport industry

**INDIA OUTLOOK**

CRISIL webinar on the dairy sector: Cream and curdle

**CRISIL**

## Webinars, events and reports

**Global Research & Risk Solutions**

**CRISIL Private Markets Forum 2023**

27 June 2023 | New York City



**Market Intelligence & Analytics**

**ESG::readings**

**ESG::readings**

**Global Research & Risk Solutions**

**AI at Financial Institutions: Balancing Innovation and Risk Management**

20 June 2023 | New York City



**Market Intelligence & Analytics**

**Financial conditions stabilise, foreign investor inflows lend a leg-up**

June 2023

**CRISIL Ratings Conclude**

**CRISIL Ratings Conclude**

28<sup>th</sup> April 2023 | New Delhi

**Smart, Safe & Sustainable Ports**

TLM Consulting, MI&A as Knowledge Partner for FICCI's Port Infrastructure Conclave

**Global Research & Risk Solutions**

**Enhancing asset management insights with alternative data ingestion**

Benefits of leveraging structured + unstructured data

Whitepaper | May 2023

**CRISIL Ratings Conclude**

28<sup>th</sup> April 2023 | New Delhi

**CRISIL Ratings Conclude**

CRISIL Ratings conclave: Chennai

**Market Intelligence & Analytics**

**Sustainable Finance for sustainable growth**








Hosted by CRISIL MI&A Consulting

Sources: *II* - Mint, *⊖* - The Times of India, *Ω* - CNBC TV 18, *λ* - The Hindu Business Line, *μ* - ET Wealth, *φ* - Moneycontrol, *σ* - The Economic Times, *ψ* - The Economic Times

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# Delivering social impact through CSR initiatives

## Financial capability building of rural women and communities



- Mein Pragati expanded its community impact to more than 1.2 lakh community outreach through its trained Sakhi cadre in Assam and Rajasthan
- Women weavers trained on rug weaving as part of the Jaipur Rugs Foundation livelihoods pilot in Rajasthan
- As part of RBI's scale-up of the CFL project, 60 new centres formally operationalised as part of Phase II of expansion – expanding the reach to over 600 centres

## Promoting environment conservation and larger social consciousness among employees



- 50<sup>th</sup> anniversary of World Environment Day celebrated through initiatives such as 'Light A Lamp' in-office volunteering (with S&P Global), webinar on sustainable fashion, and river and beach clean-ups.
- CRISIL Foundation participated in a roundtable discussion hosted by the Economic Times Boardroom Dialogues on 'Strengthening Water Source Sustainability, Circularity & Distribution Efficiency for a Sustainable Future.'

## **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 through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong, UAE 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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