

# Q3 2023 Analyst Presentation

November 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



Certified 'Great Place to Work' in India for 4<sup>th</sup> year in a row and recognized as 'Top 100 India's 'Best Workplace for Women'



Ranked in top 50 risk and compliance technology and service providers

'Model validation' category winner for 2<sup>nd</sup> year in a row

National CSR Award, 2020

Category 'Corporate Awards for Excellence in CSR'

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# Macroeconomic indicators



**India**

Indicator	FY2023	FY2024F	FY2025F
GDP (y-o-y %)	7.2*	6.0	6.9
10-year government bond yield (% , March average)	7.4	7.0	6.8
Fiscal deficit (% of GDP)	6.4	5.9	-
Exchange rate (Re/\$, March)	82.3	83.0	83.5
Consumer Price Index-based inflation (%)	6.7	5.5	4.4
Repo rate (% , March-end)	6.5	6.5	5.5
Credit growth – Banks + NBFCs (%)	15	13-15	~13-15
Corporate revenue growth rate (%)	13-15	10-12	8-10



**Global**

Indicator	CY2022	CY2023F	CY2024F
World GDP (y-o-y %)	3.5	3.1	2.8
US GDP (y-o-y %)	2.1	2.3	1.3
Eurozone (Euro area 19) (y-o-y %)	3.3	0.6	0.9
China GDP (y-o-y %)	3.0	4.8	4.4

\*Provisional estimate

Note: F - Forecast

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



Slowing macroeconomic outlook in US & Europe and geopolitical uncertainties



Large global banks weathered adverse scenarios in 2023 stress tests



Slowdown in discretionary spending by global financial institutions



Global banks continue to focus on growth, regulatory spends and business transformation



Sustained activity in private markets



Rapid advancement of emerging technologies such as generative AI

## India










Medium-term prospects for India remain healthy with infrastructure spending the key driver



Domestic demand resilient despite headwinds from slowing exports and elevated interest rates



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# Highlights of Q3 and 9M 2023 business performance

**7.7%** ↑

Q3 2023

**14.1%** ↑

9M 2023

**Income from operations**

**6.1%** ↑

Q3 2023








**10.0%** ↑

9M 2023

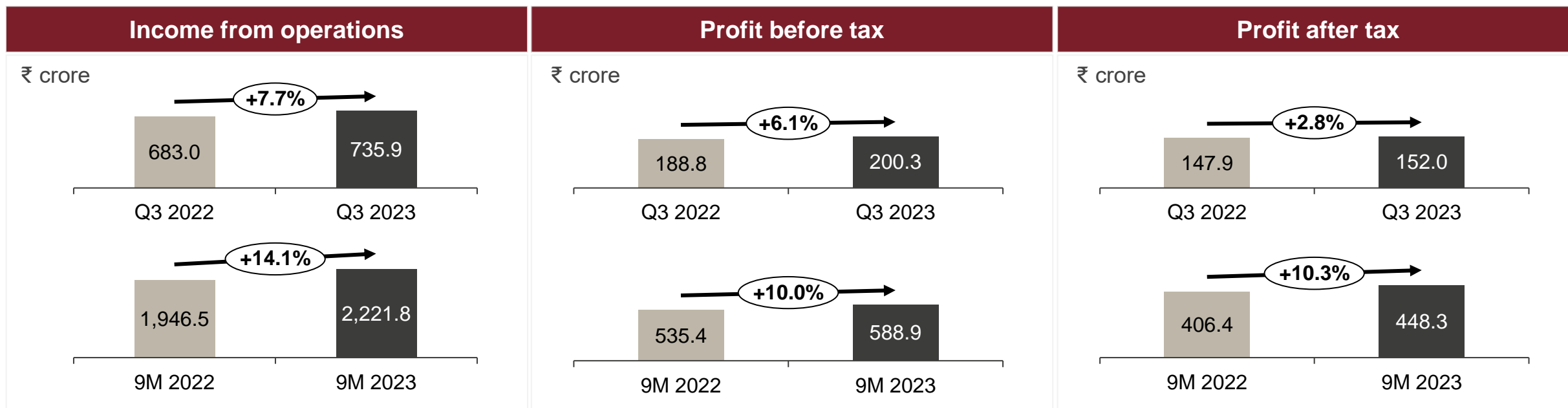
**PBT**

- Ratings Services delivered revenue growth driven by investor preference for best-in-class ratings
- Research, Analytics and Solutions segment saw momentum across credit lending, regulatory change, risk solutions and research and consulting offerings, even as a slowdown in discretionary spending by global financial institutions had an impact
- Continued focus on client centricity and developing solutions through high-quality talent, domain-led IP and digital transformation
- Completed acquisition of Bridge To India Energy Private Limited, a renewable energy consulting and knowledge services provider
- Hosted flagship event 'Annual Infrastructure Summit' and sectoral webinars in India. Globally published whitepapers and reports on key topical themes such as sustainability, private markets, Basel III, the power of AI in asset management
- CRISIL Foundation expanded its outreach to 1.75 lakh+ rural community members in Assam and Rajasthan under its flagship 'Mein Pragati' programme

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# Financial performance for Q3 and 9M 2023



- Interim dividend of ₹ 11 per share declared in Q3 2023
- Q3 2023 earnings include foreign exchange gain of Rs 13.3 crore (Rs 2.6 crore YTD 2023), compared with Rs 48.3 crore in Q3 2022 (Rs 82.3 crore YTD 2022). The previous year's results include foreign exchange gain of Rs 19.5 crore from revaluation of subsidiary loan in Q3 2022 (Rs 35.4 crore YTD 2022)

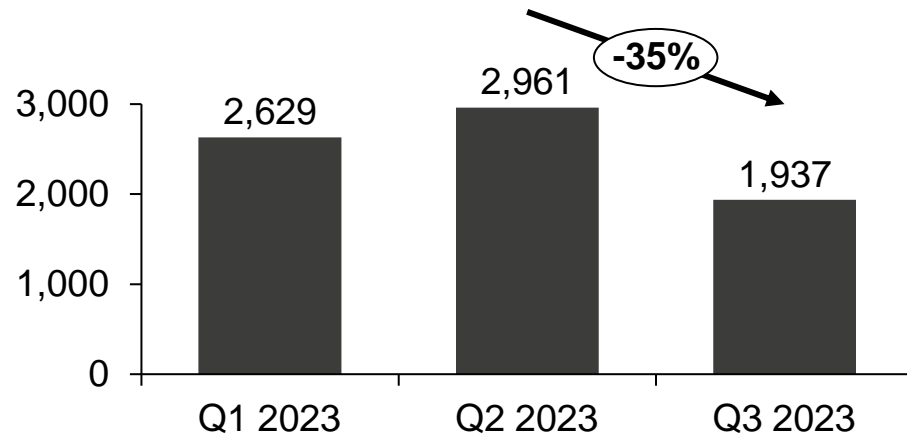
Note: Numbers rounded off to first decimal

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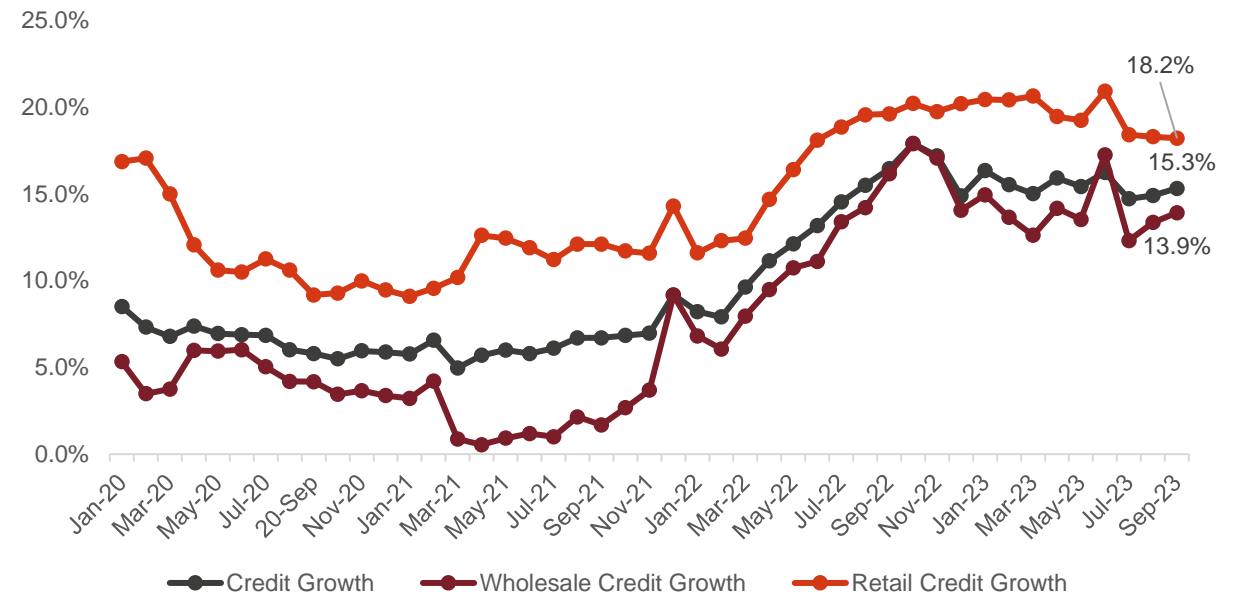
# Corporate bond issuances decline in Q3 after several quarters due to elevated yields; softer growth of wholesale credit amid higher rates

Bond issuance quantum (₹ billion)



No of Issuers	Q1 2023	Q2 2023	Q3 2023
	~360	~330	~360

Credit growth (%)



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

# Ratings Services performance highlights



## Financials

Particulars (₹ cr)	Q3 2022	Q3 2023	Growth
Income from operations	170.2	185.6	<b>9.1%</b>
Segment profit	69.8	80.9	<b>15.9%</b>
Margin	<b>41.0%</b>	<b>43.6%</b>	

Particulars (₹ cr)	9M 2022	9M 2023	Growth
Income from operations	486.2	562.8	<b>15.8%</b>
Segment profit	207.4	248.4	<b>19.8%</b>
Margin	<b>42.7%</b>	<b>44.1%</b>	










## Business update

- CRISIL Ratings maintained leadership in corporate bond ratings given investor preference for best-in-class ratings. Overall, revenue was up 12.1 % on-year in the quarter
- Global Analytical Centre (GAC) increased support to S&P Global Ratings across surveillance and in new areas
- CRISIL Ratings launched its 1<sup>st</sup> edition of the Annual Infrastructure Summit, titled 'Revvig roads and renewables' and hosted webinars covering sectors such as data centres, organized retail, pharmaceuticals, power, steel, and trends in credit quality

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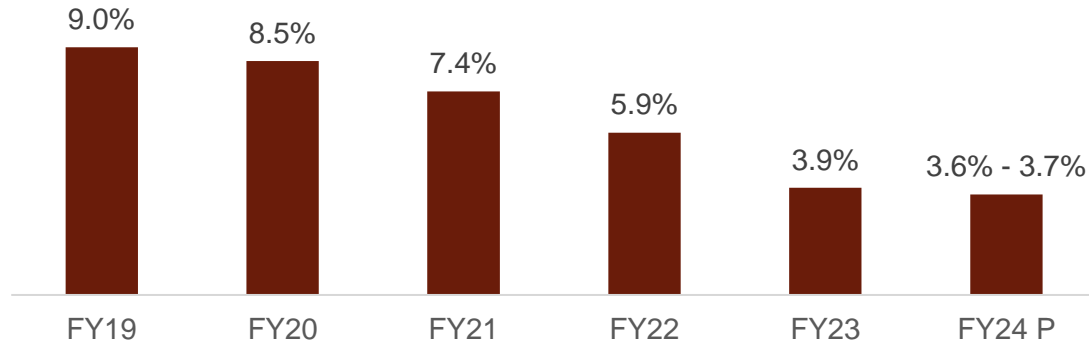
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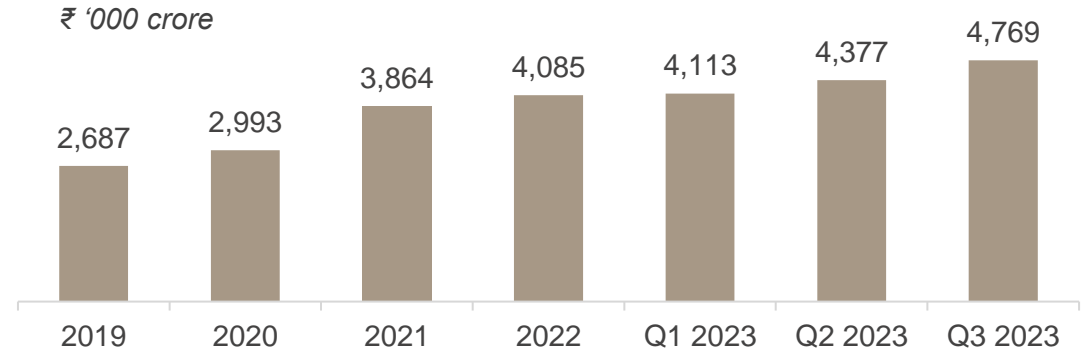
# Well-capitalized banks, continued growth in asset inflows drive growth in Indian financial sector

Indian banking sector gross NPAs



Source: CRISIL

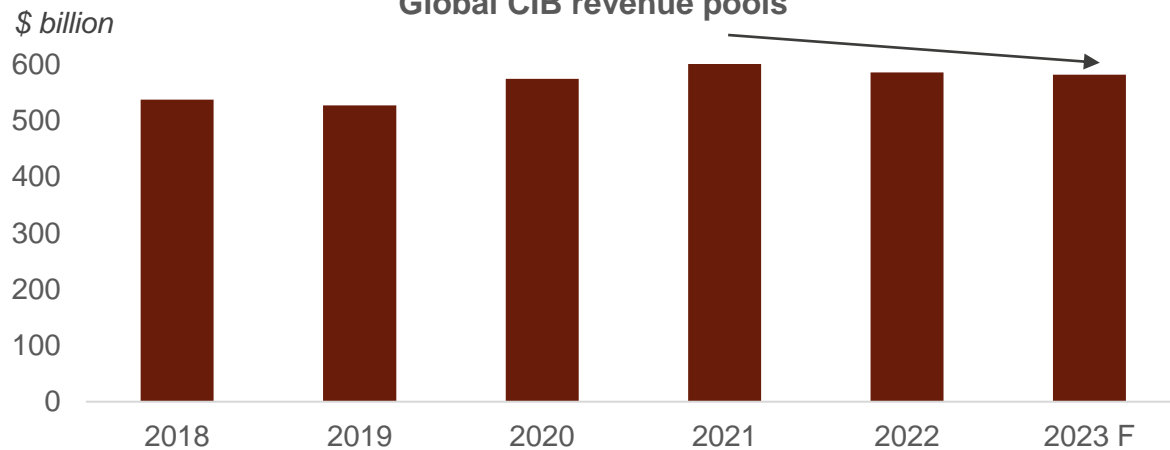
India mutual funds AUM\*



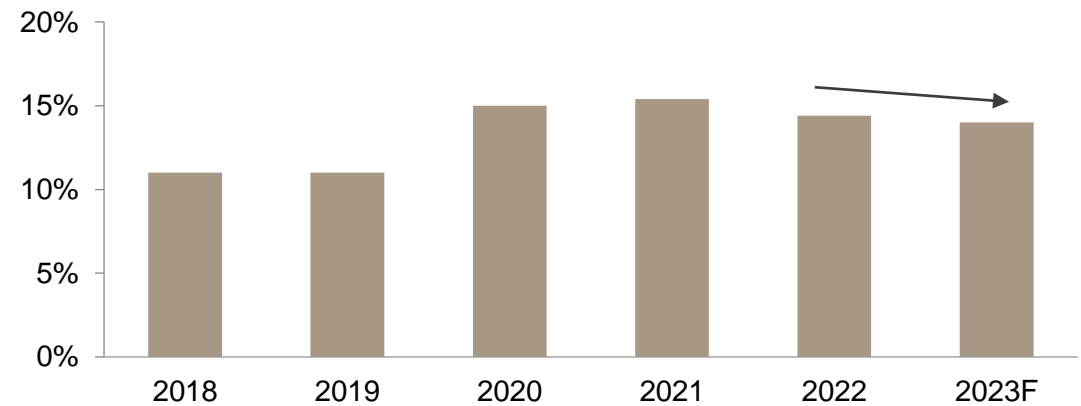
\*Average AUM for the Quarter; Source: AMFI

# Focus on profitability of global banks impacting discretionary spends

Global CIB revenue pools



Global CIB return on equity



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

# Research, Analytics & Solutions performance highlights



## Financials

Particulars (₹ cr)	Q3 2022	Q3 2023	Growth
Income from operations	512.8	550.3	<b>7.3%</b>
Segment profit	97.5	111.7	<b>14.6%</b>
Margin	<b>19.0%</b>	<b>20.3%</b>	

Particulars (₹ cr)	9M 2022	9M 2023	Growth
Income from operations	1,460.2	1,659.0	<b>13.6%</b>
Segment profit	313.0	327.2	<b>4.5%</b>
Margin	<b>21.4%</b>	<b>19.7%</b>	










## Business update

- Global Research & Risk Solutions (GR&RS) witnessed traction for credit lending and regulatory change solutions
- Global Benchmarking Analytics (GBA) saw the impact of slowdown in discretionary spending by global financial institutions
- Market Intelligence & Analytics (MI&A) saw momentum in its Credit and Risk, and Research and Consulting offerings
- MI&A organized webinars on the cement and textiles sectors, conducted a 'Meet the Expert - ESG Series'
- Global businesses published whitepapers and other reports covering topical themes such as banking architecture, sustainability, private markets, Basel III, FX dealer platforms, bond markets and treasury bills, power of AI in asset management, digital channels

*Note: Numbers rounded off to first decimal*

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# Thought leadership



CRISIL Ratings' 1<sup>st</sup> edition of Annual Infrastructure Summit



Asia Risk Congress 2023, Singapore

## Fintechs playing a seminal role in India's inclusion journey

There has been innovation in customer sourcing as well, such as the use of marketplaces food delivery and e-commerce platforms, payment interfaces and others — for obtaining unstructured information of individual transaction behaviour. This has become a handy proxy to evaluate the credit needs and worthiness of under-banked individuals.



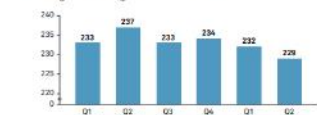
### Benefits

## Greenwich Commercial Lending Market Insight

Banks Compete for Deposits and Holistic Customer Relationships

Banker competition for deposits appears to be influencing pricing decisions made by bankers. SOFR spreads on floating-rate commercial loans fell Q2 2023 to the lowest point since the start of 2022, although the decline in spreads over the past year has only been about 8 basis points, the continued contraction in spreads is helping to minimize the impact of rising rates on commercial borrowers, albeit slightly.

### Spreads on Floating-Rate Loans Continue to Tighten



## How To Bottle Inflation Genie

Since food prices are driving inflation, monetary policy isn't a useful tool. No-fuss inflation is moderate, we prices will stabilize and in full year GDP will increase supply to check current prices

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## Survey finds North American institutional investors lagging behind on adopting ESG investment strategies

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ASSOCHAM 6th National Summit & Awards Corporate Bond Market



Moderation at Indian Tractor Of The Year Awards, 2023

## Banks' retail book quality needs to be monitored

The retail banking sector is witnessing a significant shift in its business model. The traditional brick-and-mortar model is being replaced by a digital-first approach. This shift is driven by the increasing demand for convenience and personalized services. Banks need to monitor the quality of their retail book to ensure they are meeting the needs of their customers. This involves a focus on digital channels, data analytics, and customer experience. The retail banking sector is a key driver of growth for banks, and monitoring its quality is essential for long-term success.

### Climate risk regulation in Asia-Pacific

On a strong growth footing

### Plant-based food

On a strong growth footing

### Fed's Basel III Endgame proposal vs BCBS Basel III

Quick comparison | Market risk framework

### The validation challenge in climate risk and ESG models

### NDIA OUTLOOK

CRISIL Ratings webinar

The data centre growth code

### RateView

CRISIL's outlook on near-term rates

### Reading the energy meter

CRISIL Ratings webinar on thermal prices and distribution

## Ratings industry now in better shape than 5 years back: Crisil MD Chhatwal

CRISIL MD Chhatwal discusses the current state of the ratings industry. He notes that the industry is now in a much better shape than it was five years ago. This is due to several factors, including increased regulatory oversight, improved data availability, and a focus on transparency and accountability. He also highlights the importance of maintaining high standards of integrity and expertise in the industry.

### Bloomberg

## Wall Street Dealers Are Increasingly Middlemen, Coalition Greenwich Says

Bloomberg: Wall Street dealers are holding significantly fewer bonds on their balance sheets while trading more of the securities, as technological advances and regulatory changes transform their role in the U.S. government and corporate debt...

## Enhancing Investment Consultant Relationships in Asset Management

Has the practice of engaging investment consultants changed in recent years or do the same tried-and-tested principles still apply? Are there different strategies and tactics that managers should now be employing to maximize relationships ...

## Emerging Trends in Sustainable Investing

Sustainable investing is moving into a new and more mature phase. In Europe and North America, many institutions now have more than a decade's experience with sustainable investments. Because of this experience, a set of trends and best practices is...








## Behind the Market Structure: Chris Concannon, CEO, MarketAcess

Greenwich Webinar Complimentary  
September 2023  
Presenter(s): Kevin McPartland  
Kevin McPartland, Head of Market Structure & Technology Research at Coalition Greenwich and Chris Concannon, CEO, MarketAcess discuss the next phase of electrification in the fixed-income market.

## Corporate Finance Forum: Navigating Supply Chain Finance in a Digital World

Greenwich Webinar Complimentary  
September 2023  
Presenter(s): Tobias (Toby) Miarka  
Join Coalition Greenwich for a virtual panel discussion as we bring together corporate treasury professionals and top industry practitioners to discuss the rethinking of supply chains in a world of digitalization.

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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 1.75 lakh community outreach through its trained Sakhi cadre in Assam and Rajasthan
- Under the Jaipur Rugs Foundation pilot in Rajasthan, all 36 women weavers trained in rug making skills and have started making the rugs
- As part of RBI's scale-up of the CFL project, all 186 centres currently operational as part of Phase II of expansion – expanding the reach to 615 centres

## Promoting environment conservation and larger social consciousness among employees



- Environment conservation – afforestation and water rejuvenation initiatives initiated at Sundarbans, West Bengal, and Rajasthan respectively

## **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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