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Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- Segment performance
- Thought leadership
Executive summary

- CRISIL’s consolidated income from operations grew by 7% YoY to ₹ 436 cr for the quarter ended June 30, 2018; PAT grew by 15% YoY to ₹ 77 cr during the same period
  - Ratings posted healthy growth due to new mandates in the large corporate ratings segment
  - Research business focused on increasing presence in core offerings and on client additions for platforms and solutions
  - Advisory* witnessed growth with new business wins and successful delivery of existing projects
- Margins improved during the quarter with focus on cost controls, favorable forex and technology-led efficiencies
- CRISIL continued to provide thought leadership on topical matters. These include -
  - CRISIL’s report on four years of the central government
  - The second edition of CriSidex, the lead-and-lag indicator of granular MSE sentiment across the nation
- CRISIL Foundation continues to progress well in bridging the financial literacy gap, especially in the rural areas of Assam and Rajasthan

*Advisory segment includes Pragmatix Services Pvt. Ltd. (Pragmatix)
Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- Segment performance
- Thought leadership
Operating and business environment

India
- Buoyant GDP growth expectation
- Recovery in banking credit
- Rupee continues to weaken
- NPAs still a concern

Global
- Global recovery getting less synchronized
- Divergent monetary policy stance
- Changing regulatory landscape in the US and Europe
- Geopolitical risks
Agenda

- Executive summary
- Operating and business environment
- **Financial highlights**
- Segment performance
- Thought leadership
2Q 2018 Income from operations grew by 7%; PAT by 15%

Consolidated income from operations

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>2Q 2017</th>
<th>2Q 2018</th>
<th>+7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>407</td>
<td>436</td>
<td>24</td>
</tr>
<tr>
<td>₹ crore</td>
<td>267</td>
<td>275</td>
<td>116</td>
</tr>
<tr>
<td>₹ crore</td>
<td>808</td>
<td>856</td>
<td>45</td>
</tr>
<tr>
<td>₹ crore</td>
<td>231</td>
<td>244</td>
<td>532</td>
</tr>
</tbody>
</table>

Profit after tax

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>2Q 2017</th>
<th>2Q 2018</th>
<th>+15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>67</td>
<td>77</td>
<td>139</td>
</tr>
<tr>
<td>₹ crore</td>
<td>139</td>
<td>159</td>
<td>548</td>
</tr>
</tbody>
</table>

Note: Numbers rounded off
Agenda

- Executive summary
- Operating and business environment
- Financial highlights
- Segment performance
  - Ratings
    - Research
    - Advisory
- Thought leadership
Bond issuances challenged due to hardening yields…

**Bond yields on a upward trajectory since 2017**

**India 10 year G-Sec Yield**

**Muted growth in bond issuances**

<table>
<thead>
<tr>
<th>Bond market (issued quantum)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>₹ crore</strong></td>
</tr>
<tr>
<td>FY13 368,830</td>
</tr>
<tr>
<td>FY14 313,329</td>
</tr>
<tr>
<td>FY15 442,405</td>
</tr>
<tr>
<td>FY16 525,859</td>
</tr>
<tr>
<td>FY17 734,722</td>
</tr>
<tr>
<td>FY18 660,752</td>
</tr>
</tbody>
</table>

Source: RBI, SEBI, Ministry of Finance, Prime Database, CRISIL Research
... however, long term potential remains attractive

Bonds continue to increase their share in the outstanding funding to the corporate sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank Credit</th>
<th>External Commercial borrowings</th>
<th>Corporate bonds and commercial papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>70%</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td>FY14</td>
<td>67%</td>
<td>12%</td>
<td>19%</td>
</tr>
<tr>
<td>FY15</td>
<td>66%</td>
<td>12%</td>
<td>21%</td>
</tr>
<tr>
<td>FY16</td>
<td>64%</td>
<td>10%</td>
<td>23%</td>
</tr>
<tr>
<td>FY17</td>
<td>64%</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>FY18</td>
<td>64%</td>
<td>11%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Represents total outstanding stock in ₹ lakh crore

Source: RBI, SEBI, Ministry of Finance
Ratings – 2Q 2018 highlights

**Enhance the core**
- Growth in revenues driven by new mandates in the large corporate ratings segment despite a sharp decline in bond issuances
- Credit offtake during the year backed by wholesale credit growth has held the demand for bank loan ratings
- Profitability improved on account of cost control and technology-led efficiencies

**Launch new products and analytics**
- Independent credit evaluation of stressed assets bagged new mandates
- SME segment moved to a largely digital business model, specially through smefirst.com, the online platform

**Thought leadership**
- Launched second edition of CriSidex, the lead-and-lag indicator of business sentiment among micro and small enterprises

### Operating Revenue (₹ cr)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>116</td>
<td>128</td>
</tr>
</tbody>
</table>

+10%

### Segment profit (₹ cr)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32</td>
<td>46</td>
</tr>
</tbody>
</table>

+41%

Note: Numbers rounded off
Agenda

- Executive summary
- Operating and business environment
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  - Ratings
  - Research
  - Advisory
- Thought leadership
Global: Continued demand for differentiated investment research in the global markets

**Bottoming out of CIB revenue pools**

<table>
<thead>
<tr>
<th>Year</th>
<th>FICC</th>
<th>Equities</th>
<th>IBD</th>
<th>Securities Services</th>
<th>Transaction banking</th>
<th>Lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>127</td>
<td>97</td>
<td>64</td>
<td>119</td>
<td>537</td>
<td>129</td>
</tr>
<tr>
<td>2014</td>
<td>136</td>
<td>98</td>
<td>64</td>
<td>119</td>
<td>545</td>
<td>129</td>
</tr>
<tr>
<td>2015</td>
<td>133</td>
<td>91</td>
<td>62</td>
<td>110</td>
<td>529</td>
<td>129</td>
</tr>
<tr>
<td>2016</td>
<td>135</td>
<td>90</td>
<td>67</td>
<td>117</td>
<td>521</td>
<td>129</td>
</tr>
<tr>
<td>2017</td>
<td>139</td>
<td>91</td>
<td>58</td>
<td>106</td>
<td>523</td>
<td>129</td>
</tr>
<tr>
<td>2018F</td>
<td>140</td>
<td>94</td>
<td>61</td>
<td>108</td>
<td>533</td>
<td>129</td>
</tr>
</tbody>
</table>

**Sources:** Coalition, Bloomberg, Industry sources, CRISIL GR&A Analysis

**Higher growth in passive and alternative assets under management**

<table>
<thead>
<tr>
<th>Year</th>
<th>Active</th>
<th>Passive</th>
<th>Alternative</th>
<th>Growth%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>7.3</td>
<td>50.2</td>
<td>8.4</td>
<td>4.7%</td>
</tr>
<tr>
<td>2016</td>
<td>14.4</td>
<td>60.3</td>
<td>11.2</td>
<td>5%</td>
</tr>
<tr>
<td>2020E</td>
<td>23.3</td>
<td>73.3</td>
<td>14.4</td>
<td>9.1%</td>
</tr>
<tr>
<td>2025E</td>
<td>36.3</td>
<td>87.2</td>
<td>21.8</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

**Sources:** Coalition, Bloomberg, Industry sources, CRISIL GR&A Analysis

**CIB:** Corporate and Investment Banking  **IBD:** Investment Banking Division  **FICC:** Fixed Income, Currencies and Commodities
Global: Regulatory landscape stabilizing, global recovery getting less synchronized

Key regulations

- Global economy is on the upswing with major economies experiencing growth momentum
- Focus on regulatory adherence continues, but most major regulations have matured

Enterprise Risk: CCAR, DFAST, EBA/PRA Stress Testing

Global Regulatory Prescription: Basel III, IV

Accounting regulations: US GAAP, IFRS

Key regulation

MiFID-II
(Markets in Financial Instruments Directive)

- Impacts buy-side and sell-side
- Analytics expected to play an increasingly larger role

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
India: Key emerging trends and expectations

- Buoyant capital market supporting research needs
- Increasing demand for dynamic and granular data
- Robust growth in AUMs in AMCs over past five years
- Growing demand from the BFSI sector including credit and fixed income research
Research – 2Q 2018 highlights

Enhance the core
• Coalition witnessed high renewal rate and increase in wallet share across clients in Investment Banking space
• Revenues reflect moderate growth with increased presence in core offerings offset by impact of maturing regulations in specific markets

Launch new products and analytics
• Targeted client wins for platforms and solutions such as SMART and SPARC; new wins in ‘Transaction Banking, Lending and Securities Services’
• Increased traction for Quantix, the cross-sector data platform with advanced analytics on Indian corporates

Thought leadership
• Released report on four years of the central government titled “4 years through 6 lenses”
• Hosted multiple roundtables on Current Expected Credit Loss (CECL) model across several cities in United States

Note: Numbers rounded off
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- Thought leadership
Business environment continues to be driven by policy, regulatory and technological changes

Risk Solutions

- In India, asset quality continues to decline with rising NPAs leading to demand for risk management solutions
- Globally, opportunities around creating new products, digital capabilities and openness to newer technologies

Infrastructure Advisory

- Continued focus of government in infrastructure development projects
- Opportunities in select emerging markets like Africa and South-East Asia

Markets

- Changing regulations with introduction of IFRS9, IndAS and BASEL III
- Need for advisory services in emerging regulatory areas

Regulators

- Shift towards digital, driven by productivity, automation and better client experience
- Blurring of lines between Data and analytics/insights provider, single vendor approach

Customers

- New funding mechanisms for infrastructure projects
- Shift from policy formulation to implementation and monitoring

- Competitive co-operative federalism -> opportunities at the state and city levels
- Changing multilateral landscape
Advisory – 2Q 2018 highlights

Enhance the core
• Strong revenue growth supported by new business wins, successful delivery of existing projects
• The segment profit was impacted due to increased provisions and investments during the quarter

Launch new products and analytics
• Won clients in advanced analytics areas such as customer-centric relationship management and regulatory solutions

Thought leadership
• Released articles on topical areas like “How getting proactive on identifying the NPAs may de-risk the future of bank”
• Hosted a webinar on “Transition to IFRS 9: Overcoming Practical Roadblocks”

Operating Revenue (₹ cr)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24</td>
<td>33</td>
</tr>
</tbody>
</table>

Segment profit (₹ cr)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Numbers rounded off

Advisory segment includes Pragmatix Services Pvt. Ltd. (Pragmatix)
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Leading provider of independent opinion

Events

CRISIL and S&P Global jointly hosted the 2nd ‘S&P - CRISIL Exclusive Investor Briefing’

CRISIL SME Ratings participated in the ‘MSME Directors Summit’ organised by Institute of Directors

CRISIL Infrastructure Advisory participated in the Workshop on “Private Sector Participation and Innovation in Resource Mobilization” organized by the Ministry of Finance, Asian Infrastructure Investment Bank (AIIB) and FICCI

CRISIL Ratings participated at the ‘DLAI Fintech Conference 2018’

CRISIL Research participated at the ‘IR Magazine Forum & Awards – India’

CRISIL SME Ratings participated in the ‘India SME Economic Summit’ organised by SME Chamber of India

Reports

CRISIL default study

Using machine learning to solve data imbalance in AML L1 alerts

Research
About CRISIL

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

We are India’s foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 1,00,000 customers. Our businesses operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

CRISIL 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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