Corporate Presentation
Updated for 3Q 2018 results

Oct 2018
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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 rose 4% to ₹425 cr for the quarter ended September 30, 2018; PAT grew by 30% to ₹90 cr during the same period
  - Ratings revenue was driven by healthy growth in bank loan ratings, partially offset by a decline in corporate bond issuances following a rise in yields
  - Research continued to focus on building advanced analytics and solutions, contributing to client additions and renewals
  - Advisory segment growth was led by deepening of client engagements and winning new mandates in Pragmatix*
- Sharp focus on operational excellence, cost controls and forex have helped improve margins
- CRISIL continued to provide thought leadership on topical matters and hosted events on topics such credit risk, anti-money laundering, machine learning and early warning system
- CRISIL also published the third volume of CriSidex, India’s first sentiment index for MSMEs
- CRISIL Foundation, as a part of its financial inclusion effort launched Gram Shakti Certification, a certification course to develop expertise to sustain and drive financial inclusion among the community cadre of ‘Sakhis’

*Pragmatix: Pragmatix Services Pvt. Ltd.
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Operating and business environment

India
- Signs of GDP growth revival
- Recovery in banking credit
- Rupee continues to weaken
- NPAs still a concern

Developed markets
- Global recovery getting less synchronized
- Changing regulatory landscape in the US and Europe
- Geopolitical risks

Global
- Use of automation, AI / ML technologies
- Emerging Need for Utilities and Platforms
- Alternative data for insights and solutions
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3Q 2018 Income from operations grew by 4%; PAT by 30%

Consolidated income from operations

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>3Q 2017</th>
<th>3Q 2018</th>
<th>+4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>410</td>
<td>425</td>
<td></td>
</tr>
<tr>
<td>₹</td>
<td>262</td>
<td>268</td>
<td></td>
</tr>
<tr>
<td>₹</td>
<td>124</td>
<td>123</td>
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<table>
<thead>
<tr>
<th>₹ crore</th>
<th>9M 2017</th>
<th>9M 2018</th>
<th>+5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1,218</td>
<td>1,281</td>
<td></td>
</tr>
<tr>
<td>₹</td>
<td>355</td>
<td>366</td>
<td></td>
</tr>
<tr>
<td>₹</td>
<td>70</td>
<td>99</td>
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Profit after tax

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>3Q 2017</th>
<th>3Q 2018</th>
<th>+30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>₹</td>
<td>69</td>
<td>90</td>
<td></td>
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</table>

<table>
<thead>
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<th>₹ crore</th>
<th>9M 2017</th>
<th>9M 2018</th>
<th>+19%</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>₹</td>
<td>209</td>
<td>249</td>
<td></td>
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</table>

Note: Numbers rounded off
Agenda

- Executive summary
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  - Ratings
    - Research
    - Advisory
- Thought leadership
Decline in corporate bond issuances following a rise in yields

During the first nine months of calendar 2018, bond issuances have dropped 38% versus previous year.

Source: RBI, SEBI, Ministry of Finance, Prime Database, CRISIL Research
Pickup in wholesale credit growth

Credit growth trend

Source: RBI, CRISIL
Ratings – 3Q 2018 highlights

Enhance the core
• Revenue from Ratings was driven by healthy growth in bank loan ratings
• The performance was partially offset by a decline in corporate bond issuances following a rise in yields

New products and initiatives
• Good traction for new products such as Independent Credit Evaluation (ICE)
• CRISIL Credit Assessment Score (CCAS) gaining popularity in the market for relative evaluation of micro and small entities

Thought leadership
• Participated in various industry forums/seminars organized by FICCI, IBA and ASSOCHAM
• Launched third edition of CriSidex, the lead-and-lag indicator of business sentiment among micro and small enterprises

Note: Numbers rounded off
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Global: Continued demand for differentiated investment research in the global markets

**Bottoming out of CIB revenue pools**

<table>
<thead>
<tr>
<th>Year</th>
<th>Lending</th>
<th>Transaction banking</th>
<th>Securities services</th>
<th>IBD</th>
<th>Equities</th>
<th>FICC</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>119</td>
<td>136</td>
<td>62</td>
<td>46</td>
<td>67</td>
<td>119</td>
</tr>
<tr>
<td>2015</td>
<td>110</td>
<td>133</td>
<td>83</td>
<td>46</td>
<td>67</td>
<td>110</td>
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<tr>
<td>2016</td>
<td>117</td>
<td>135</td>
<td>77</td>
<td>45</td>
<td>58</td>
<td>117</td>
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<tr>
<td>2017</td>
<td>106</td>
<td>139</td>
<td>82</td>
<td>47</td>
<td>58</td>
<td>106</td>
</tr>
<tr>
<td>2018F</td>
<td>102</td>
<td>140</td>
<td>78</td>
<td>50</td>
<td>64</td>
<td>102</td>
</tr>
</tbody>
</table>

- Lending
- Transaction banking
- Securities services
- IBD
- Equities
- FICC

Higher growth in passive and alternative assets under management

<table>
<thead>
<tr>
<th>Year</th>
<th>Active</th>
<th>Passive</th>
<th>Alternative</th>
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<tbody>
<tr>
<td>2012</td>
<td>7.3</td>
<td>6.4</td>
<td>0.4</td>
</tr>
<tr>
<td>2016</td>
<td>10.2</td>
<td>14.4</td>
<td>11.4</td>
</tr>
<tr>
<td>2020E</td>
<td>14.4</td>
<td>23.3</td>
<td>10.8</td>
</tr>
<tr>
<td>2025E</td>
<td>21.8</td>
<td>36.3</td>
<td>11.7</td>
</tr>
</tbody>
</table>

- Active
- Passive
- Alternative

Source: 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

<table>
<thead>
<tr>
<th>Key regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Risk: CCAR, DFAST, EBA/PRA Stress Testing</td>
</tr>
<tr>
<td>Global Regulatory Prescription: Basel III, IV</td>
</tr>
<tr>
<td>Accounting regulations: US GAAP, IFRS</td>
</tr>
</tbody>
</table>

- Global growth momentum continues although less synchronized with increased downside risks
- Focus on regulatory adherence continues, but most major regulations have matured

<table>
<thead>
<tr>
<th>Key regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MiFID-II (Markets in Financial Instruments Directive)</td>
</tr>
</tbody>
</table>

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

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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

- Strong demand for primary data, analytics and benchmarking solutions from clients
- Need for research & data support across credit lifecycle from lenders
- Growing demand from the BFSI sector including credit and fixed income research
- Shift in household savings towards financial assets driving need for high quality investment research and portfolio tracking services
- Strong need for customized credit training and certification solutions from financial institutions
Research – 3Q 2018 highlights

Enhance the core

- Maturing regulations in US resulted in moderate demand for regulatory and risk services; however, CRISIL Coalition delivered strong growth backed by renewals and improved price realisation
- Increased client additions in India Research during the quarter due to higher demand for analytics and research solutions

New products and initiatives

- On boarded new clients to ‘Quantix’ and ‘Cutting Edge’ platforms
- Broaden our solutions and analytics suite for Global research business

Thought leadership

- Coalition released three reports, including two index reports and one league table for the global financial markets
- Hosted a conference on ‘Monitoring credit risk and research portfolios as the credit cycle changes’ in New York

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Business environment continues to be driven by policy, regulatory and technological changes

<table>
<thead>
<tr>
<th>Markets</th>
<th>Risk Solutions</th>
<th>Infrastructure Advisory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• In India, asset quality continues to be a concern with rising NPAs leading to demand for risk management solutions</td>
<td>• Continued focus of government in infrastructure development projects</td>
</tr>
<tr>
<td></td>
<td>• Globally, opportunities around creating new products, digital capabilities and openness to newer technologies</td>
<td>• Opportunities in select emerging markets like Africa and South-East Asia</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regulators</th>
<th>Changes regulations with introduction of IFRS9, IndAS and BASEL III</th>
<th>New funding mechanisms for infrastructure projects – broadening the landscape for infrastructure financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Emerging opportunity driven by regulatory changes and risk environment</td>
<td>• Increasing role of multilateral funding</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customers</th>
<th>Shift towards digital, driven by productivity, automation and better client experience</th>
<th>Competitive co-operative federalism -&gt; opportunities at the state and city levels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Blurring of lines between Data and analytics/insights provider, single vendor approach</td>
<td>• Shift from policy formulation to implementation and monitoring</td>
</tr>
</tbody>
</table>
Advisory – 3Q 2018 highlights

Enhance the core
• Pragmatix saw healthy growth by winning new mandates from existing clients
• Infrastructure advisory won prestigious mandates from multilaterals and government entities, including in the energy sector
• The segment profit was impacted due to increased provisions and investments during the quarter

New products and initiatives
• Focus on new product development and leveraging partnerships

Thought leadership
• Organized webinars on ‘Evolution of early warning system for lenders’ and ‘Risk-based pricing - Framework and impact of IND-AS 109’
• Participated in events such as International Coal Conference, Rail India Conference & Expo, and ‘Mineral Exploration and Sustainability’ organised by FICCI

Note: Advisory segment includes Pragmatix Services Pvt. Ltd. (Pragmatix); Q3 2017 financials exclude Pragmatix numbers

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Leading provider of independent opinion

Events

CRISIL participated in the ‘FIBAC 2018’ jointly organized by FICCI & IBA

CRISIL Research participated as a knowledge partner in ‘AMFI Mutual Fund Summit 2018’

CRISIL GR&A exhibited at the ACAMS 17th Annual AML & Financial Crime Conference in Las Vegas

CRISIL Infrastructure Advisory participated in the conference on ‘Rail India Conference & Expo’, organized by Messe Frankfurt

CRISIL GR&A hosted a roundtable in New York titled titled: Monitoring credit risk and research portfolios as the credit cycle changes.

CRISIL Ratings participated as a knowledge partner in ‘National conference on New Corporate Insolvency Regime’ organised by ASSOCHAM

Reports

Indiana: Asian Bond Newsletter

Digital evolution

AML alert classification & clearing solution platform

FIBAC: Financial Institution Benchmarking & Calibration; ACAMS: Association of Certified Anti-Money Laundering Specialists; AMFI: Association of Mutual Funds in India
About CRISIL

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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.

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