

# Corporate Presentation

Updated for 2Q 2017 results

August 2017



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**CRISIL**

An S&P Global Company

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# Agenda

- **Executive summary**
- Operating and business environment
- Financial highlights
- Segment performance
- Thought Leadership
- Key risks and challenges

# Executive summary

- **CRISIL's revenues grew by 9% YoY to ₹ 407 cr for the three months ended June 30, 2017; PBT grew by 10% YoY to ₹ 99 cr in the same period**
  - **Ratings** grew at a moderate pace primarily driven by strong growth in large-corporate ratings, partially offset by decline in SME ratings due to significant reduction in the NSIC subsidy
  - **Research** continued to show strong growth with new clients wins in both domestic and global markets
  - **Advisory** witnessed strong growth driven by new business mandates and successful delivery of existing projects
- **During the quarter we also:**
  - Launched innovative analytics and offerings in the areas of ratings, financial research and data
  - Led independent opinions through high-impact thought leadership and outreach initiatives
    - Hosted multiple webinars on credit quality and a report on the three years of the Narendra Modi government
    - Worked with bodies such as World Economic Forum (WEF) and the US-India Business Council (USIBC), PFRDA and AMFI
  - Strengthened our CSR agenda: touched the milestone of reaching 1,00,000 women in Assam under CRISIL Foundation' flagship program on financial literacy, 'Mein Pragati'

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# Evolving macro and business environment...

## India



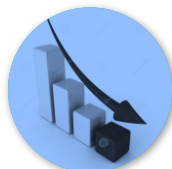
Government focused on raising 'trend' than 'cyclical' growth by repair and reform measures



Private consumption continues to drive growth



Capacity utilization and investments yet to pick up



Banking sector constrained due to high NPAs

## Global



Global economy in a better shape, but challenged by divergent monetary policies



Evolving regulatory landscape



Changing operating models across Investment banks



Technology: Disruption and opportunity

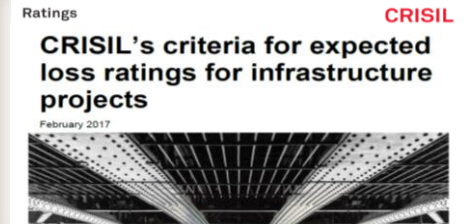
# CRISIL

An S&P Global Company

# ...is conducive for bringing innovation to the fore

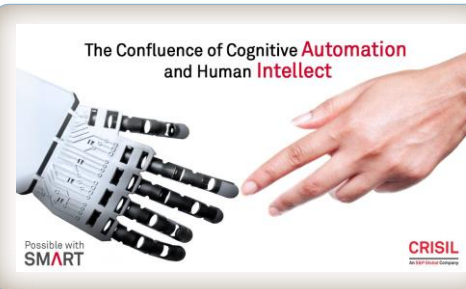
## Expected loss ratings for infrastructure projects

- Assigned India's first rating on the infrastructure EL scale
- The new framework aims to facilitate greater participation from long-term investors and lenders
- Complements conventional credit ratings that convey opinions on PD



## Simple Modular Analytics & Research Toolkit (SMART)

- Launched an innovative financial research platform for global buy- and sell-side firms
- Leverages cognitive automation to emulate analysts' tasks and optimize their decision making
- Assists with up to 80% of the activities performed by a research associate



## Quantix

- Unique integrated data and analytics platform to empower high quality, efficient decision-making
- Powered by our in-depth research capabilities and unmatched experience in analytics
- Powered by our rich and proprietary data in the Indian market



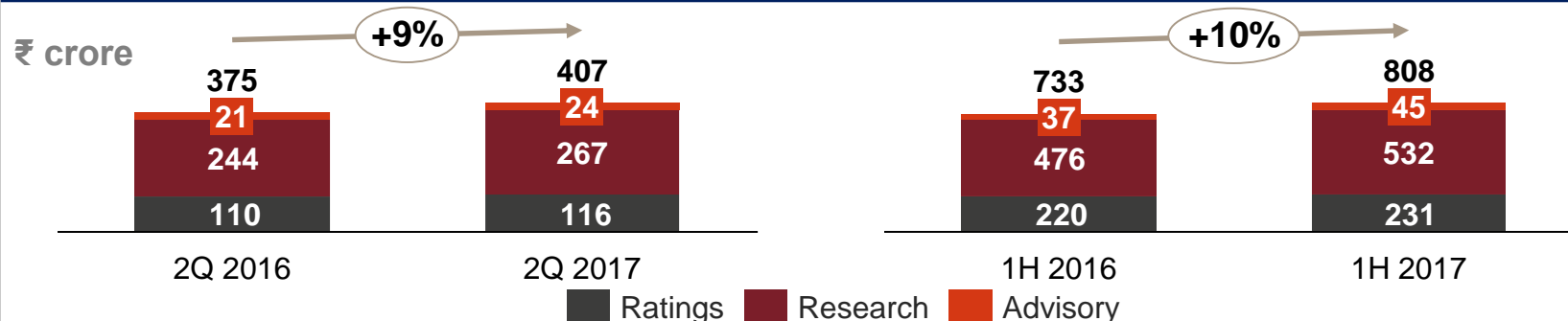
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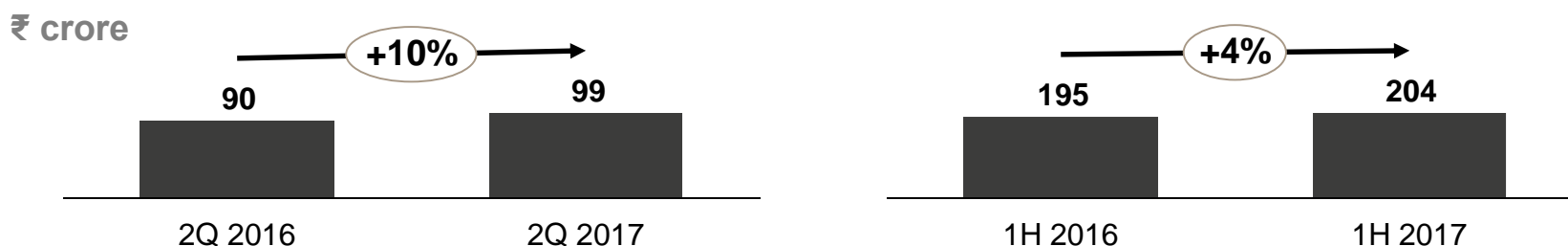


# Quarter revenues grew by 9%; PBT by 10%

## Segment operating revenues\*



## Profit before tax\*^



Note: Numbers rounded off

- 2Q revenues grew at a healthy pace of 9% to ₹407 cr while PBT increased by 10% YoY to ₹99 cr. This includes an adverse forex impact of ₹2.12 cr (₹14.01 cr for 1H 2017) compared to a gain of ₹4.71 cr (₹8.02 cr for 1H 2017) in the comparable period of the previous year
- Increase in revenues was supported by growth across all segments
- During the quarter, CRISIL purchased 8.9% stake in CARE ratings. This stake purchase is an investment in the excellent long term prospects of the credit rating sector in India

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  - ❖ Research
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# Ratings: 2Q 2017 Highlights

## Update

### Financial update

- Revenue grew by 6% YoY in 2Q 2017 to ₹ 116 cr driven by growth in large corporate segment
- Segment profit grew by 29% to ₹ 32 cr
- Sluggish credit offtake impacted bank loan issuance growth

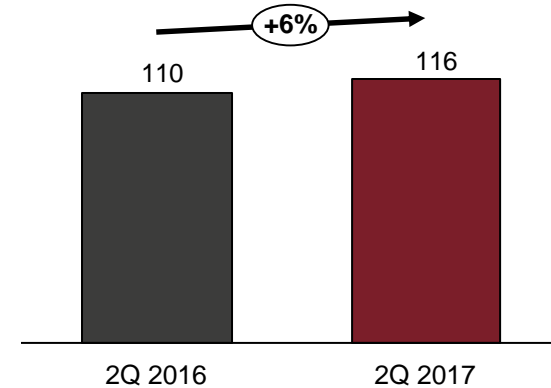
### Continued focus on driving innovation

- Launched a new credit rating system for infra projects and assigned India's first rating on new infra scale
- Build traction across new products EL/LGD through investor and regulator engagement

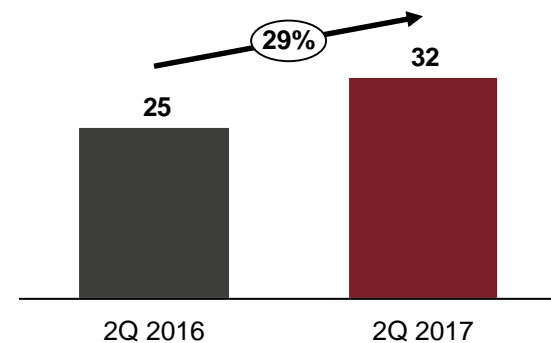
### Recognized as leader in analytical excellence

- First to assign a rating on a hybrid annuity project in India
- Published several opinion articles on topical matters such as 'turnaround in the credit profiles of road EPC companies', among others

### Revenue (₹ cr)



### Segment Profit (₹ cr)



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# Research: Q2 2017 Highlights

## Update

### Financial update

- Revenue grew by 9% YoY in Q2 2017 to ₹ 267 cr driven by Global Research and Analytics, and Coalition
- Risk & Analytics continued to benefit from opportunities in model validation, stress testing, regulatory change management, and \*FCC analytics
- Coalition's growth was driven by commercialization of new analytics
- The segment profit was impacted by adverse forex movement during the quarter

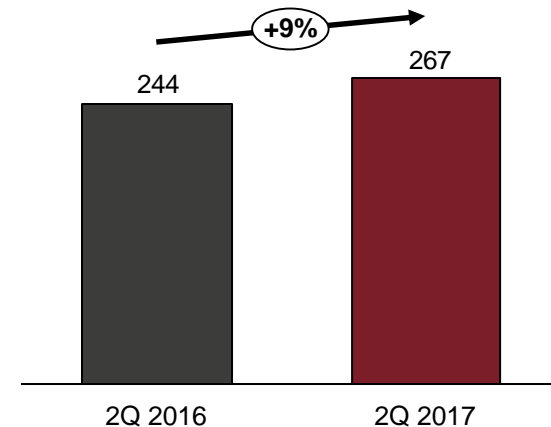
### Launched Analytics for critical decision making

- Quantix - an integrated data and analytics platform for the Indian market
- SMART - a financial research platform for global sell- and buy-side research firms

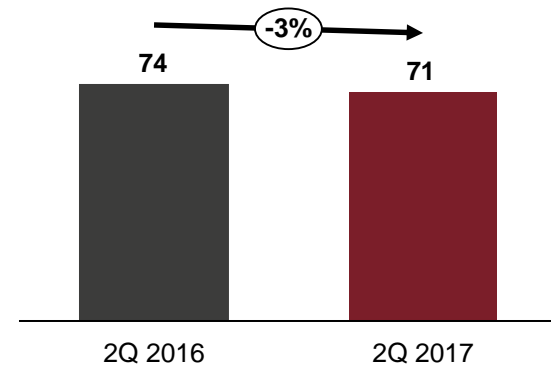
### Leading voice in the market

- Published joint reports with PFRDA and AMFI
- Hosted the 2nd edition of the "India Outlook Series" and client symposium in New York on 'Big Data - Getting beyond the hype'

### Revenue (₹ cr)



### Segment Profit (₹ cr)



\*Financial Crime and Compliance

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# Advisory: 2Q 2017 Highlights

## Update

### Financial update

- Revenue grew by 16% YoY in 2Q 2017 to ₹ 24 cr
- Strong growth was driven by new mandates and successful delivery of existing projects
- Investment in Risk Solutions have begun to pay off with overall segment profit improving to ₹ 3 cr for the quarter

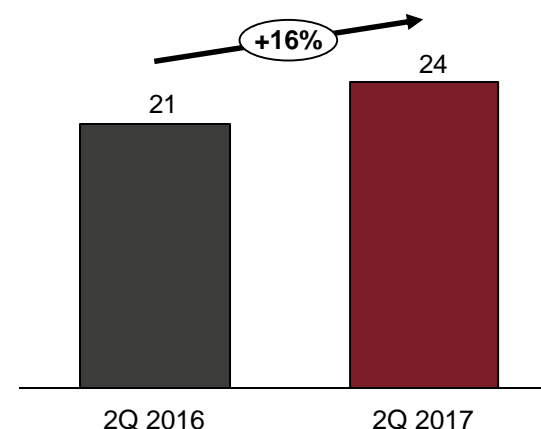
### Focus on new geographies and offerings

- In Risk Solutions, focus is on expanding in South-east Asia and Middle-east regions
- Good traction witnessed in Infra and Public Finance practice

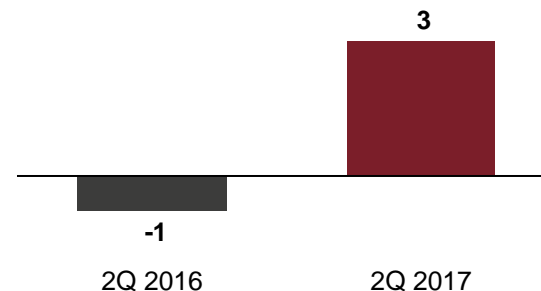
### Deepened stakeholder engagement

- Conducted webinars on 'IFRS9', 'InvIT' and 'SMART Railways Conclave'
- Knowledge partner for FICCI's 'Smart Railway Conference'

### Revenue (₹ cr)



### Segment Profit (₹ cr)



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# Leading provider of independent opinion

## Events



Ashu Suyash, MD & CEO, at CRISIL's India Outlook FY18 Resetting Growth Expectations



Dharmakirti Joshi, Chief Economist, CRISIL moderating a panel discussion on 'Innovation, Exploration & India's Growth Trajectory at Asia Index 2<sup>nd</sup> Annual Thought Leadership Seminar



CRISIL Infra Advisory's Senior Director and Practice Leader Vivek Sharma speaks at the "Recharging Discoms" Seminar



Ashu Suyash, MD & CEO, CRISIL with SEBI Chairman Ajay Tyagi and AMFI Chairman A. Balasubramaniam unveil the AMFI - CRISIL Mutual Funds Fact book

## Reports

Ratings  
Round-Up  
Fiscal 2017

Credit quality improves, but remains fragile



Financial security for India's elderly  
The imperatives  
April 2017



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# Key risks and challenges

- ❖ Uneven global economic growth
- ❖ Uncertain regulatory environment
- ❖ Adverse currency movements
- ❖ Reputation risk
- ❖ Intense price competition

# Thank you

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