

April 19, 2023

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

Listing Department  
BSE Limited  
P J Towers  
Dalal Street  
Mumbai 400 001

Dear Sirs,

**Sub.: Analyst Call**

We are enclosing herewith our corporate presentation updated with Q1 2023 results which will be used during our Analyst Call on Wednesday, April 19, 2023. This presentation will be published on the Company's website - [www.crisil.com](http://www.crisil.com) shortly.

Kindly take this communication on record.

Yours faithfully,

For CRISIL Limited

Minal Bhosale

Company Secretary

ACS 12999

**CRISIL Limited**

Corporate Identity Number: L67120MH1987PLC042363

# ELEVATING IMPACT

Onwards and Upwards

CRISIL analyst presentation

April 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



8. Risks



# CRISIL overview

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

## Ratings

### Ratings

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

3<sup>rd</sup> year in a row



Category: Model Validation









**National CSR Award, 2020**

Category 'Corporate Awards for Excellence in CSR'





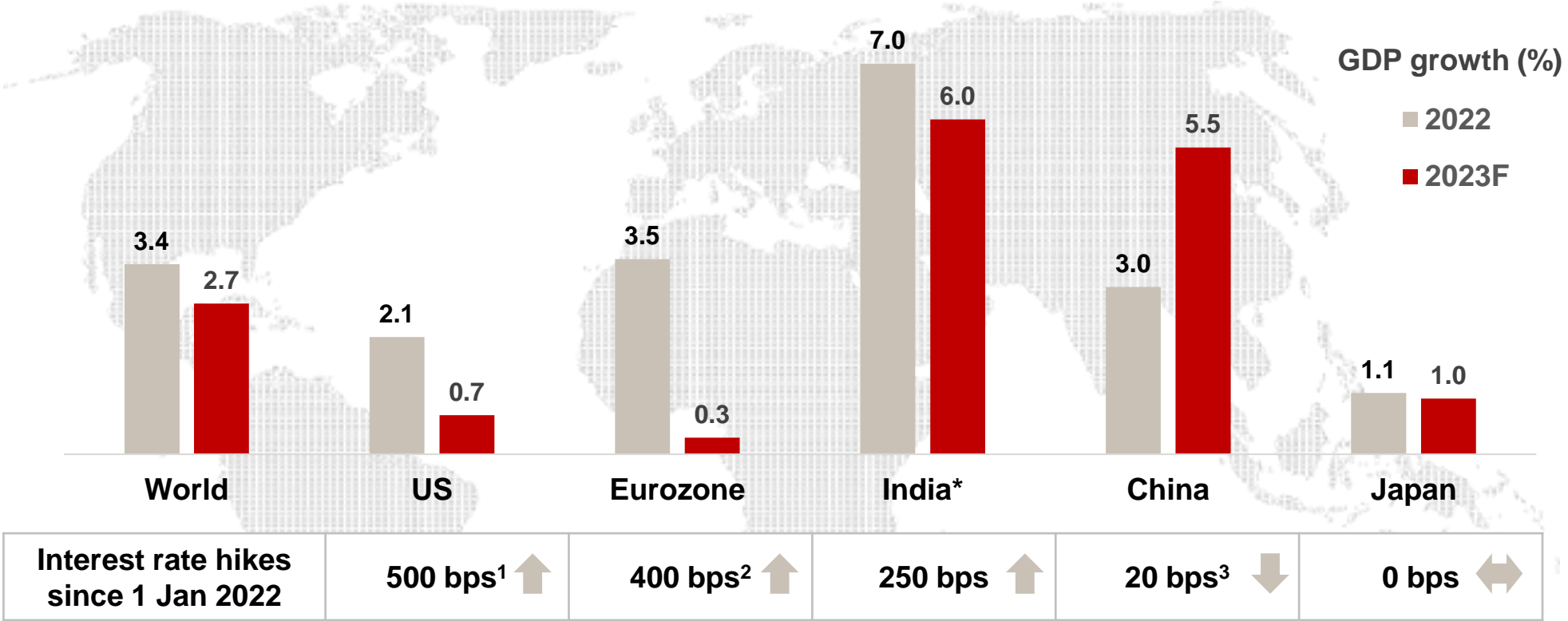
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# Macroeconomic environment

Continued global uncertainties, lag effect of past rate hikes, and inflation to have a bearing on trends this year



1 US Federal Funds rate  
 2 EU Refinancing rate  
 3 China Loan prime rate

\* GDP Growth rates for FY'23E and FY'24F

Source: S&P Global, CRISIL, World Bank



# Key trends amid uncertain market environment

## Global



Financial system fragility



Continued spends for regulatory requirements, risk management and business transformation; shift to passives



Increasing need to integrate non-traditional risks viz. new financial technologies, cyber risk, and climate risk



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











Healthy corporate balance sheets and robust banking system



Government capex continues to support investment drive

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# Robust performance despite challenging environment

**20.2%** ↑

Q1 2023

**20.3%** ↑

2022

**Income from operations**

**19.8%** ↑

Q1 2023

**30.7%** ↑

2022

**PAT**

## Highlights of Q1 2023 business performance

- Ratings Services delivered revenue growth supported by higher corporate bond issuances (both, by quantum and number of issuers), and robust bank credit growth, which drove bank loan ratings
- Research, Analytics and Solutions segment saw traction for risk solutions, benchmarking, sustainability, and infrastructure consulting
- Continued investment in technology infrastructure and talent
- Interim dividend of ₹ 7 declared
- Completed acquisition of Peter Lee Associates
- CRISIL Foundation celebrated completion of 10 years and launched livelihood projects for 'Mein Pragati' sakhis in Rajasthan
- Hosted the 7<sup>th</sup> edition of CRISIL's India Outlook Seminar, titled 'Rider in the storm'. India Outlook Report 2023 released at the event

# Elevating customer centricity

## Enhanced client engagement across businesses

**Maintained market-leading position in the Ratings business**, driven by investor preference for our best-in-class ratings

**Generated new insights for clients** in corporate and investment banking (CIB), with combined data sets from Coalition-Greenwich

**Expanded wallet share** with top clients in global CIBs and asset managers, and domestic financial institutions

**Strengthened credit monitoring practices for global banks** by benchmarking and streamlining processes

# Elevating tech agility and talent



Ramped up **digital and foundational infrastructure** with sharp focus on cloud and infosec



Rolled out **Q<sup>2</sup>**, the integrated Qualitative and Quantitative benchmarking analytics



**Fulkrum**: Launched the updated version of the next-gen big data analytics and reporting platform



Launched **Phoenix**, a scalable and self-catering platform for faster, more efficient data processing



Developed new capabilities for non-financial data in **Quantix** and enhanced **Alphatrax**



Driving a shared sense of purpose, encouraging all employees to create impact through meaningful work and make a difference











Developing a **future-ready workforce** through cross-team collaborations on strategic projects



Elevating representation through **diversity, equity and inclusion** – **39.5%** women hires and **9** diversity themed events and training sessions

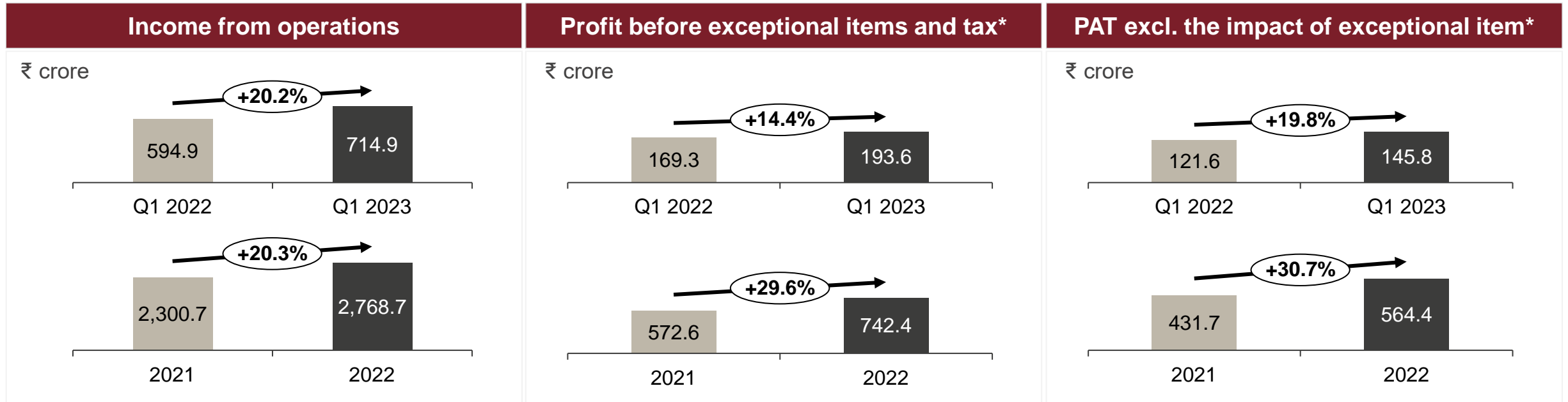
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# Continued healthy performance for full year 2022 & Q1 2023











\* Excludes impact of exceptional item (sale of asset in 2021)

- Interim dividend of ₹ 7 per share declared in Q1 2023
- Appreciation in the Indian rupee and the British pound versus the US dollar had an adverse foreign exchange impact in the first quarter of 2023, compared with a gain in the corresponding quarter of the previous year
- Movement in the US dollar versus the Rupee and the British pound supported profitability in the year ended December 31, 2022, which includes ₹ 30.1 crore from revaluation of subsidiary loan

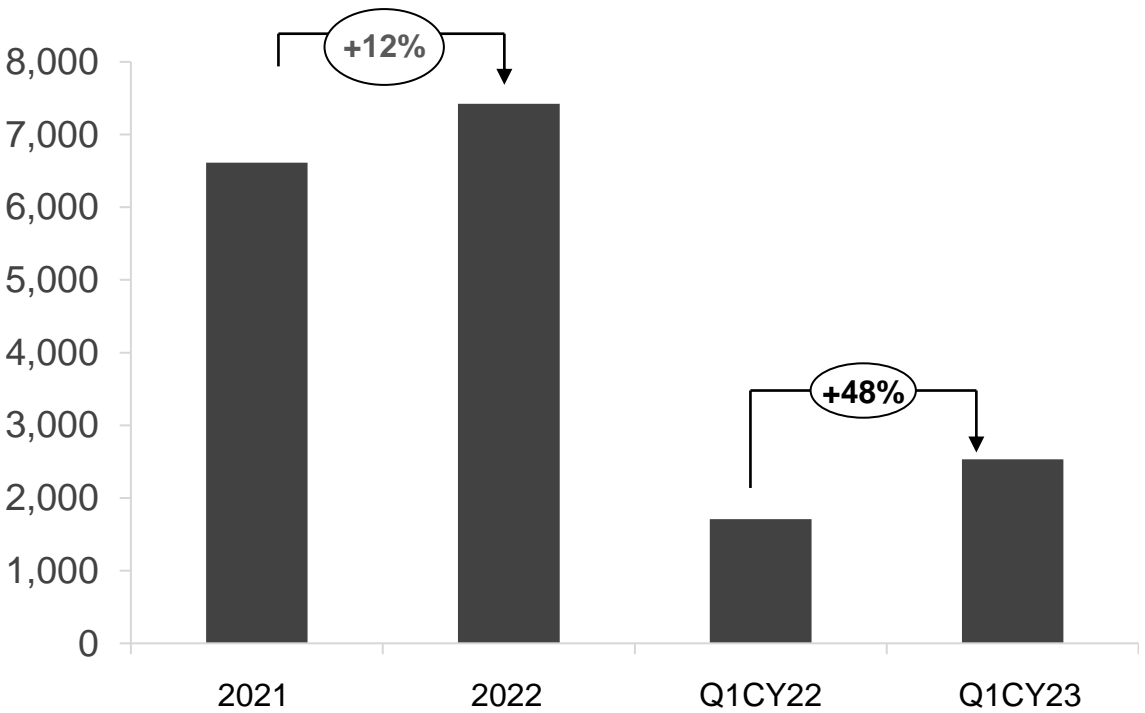
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# Corporate bond issuances grew in the first quarter of 2023; Wholesale bank credit continues to grow at a healthy pace

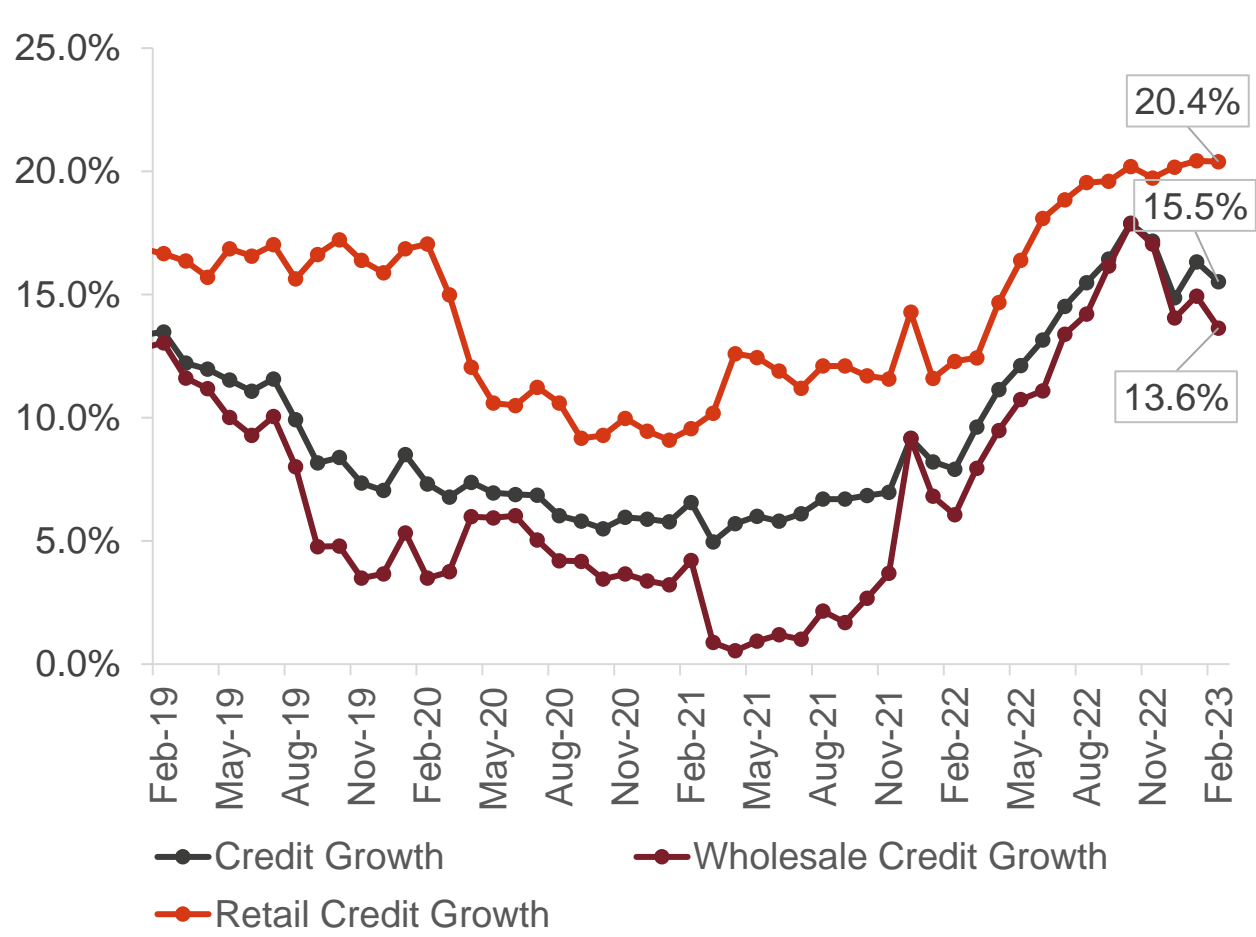
Bond issuance quantum (₹ billion)



No of Issuers	2021	2022	Q1CY22	Q1CY23
	~520	~700	~260	~280

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

Credit growth (%)



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# Our differentiated analytical rigour

Long-run one-year default rates (average for 10 years ended FY2022)

Rating category	CRISIL Ratings	OCRA1	OCRA2	OCRA3	OCRA4 <sup>@</sup>
AAA	0.01%	0.6%	0.2%	0.19%	0.48%
AA	0.06%	0.4%	0.1%	0.16%	0.98%
A	0.15%	0.6%	0.3%	0.80%	1.65%
BBB	0.65%	1.4%	1.7%	2.46%	2.42%

Source: Data from disclosures by CRAs on “Long run average default rates” for FY2021-22 as per SEBI circular dated June 13, 2019

<sup>@</sup>OCRA4 has disclosed average default rates only for last 5 financial years. It has also disclosed default rates separately for structured and non-structured instruments, which is contrary to the circular. The data presented here is for non structured instruments.

OCRA: Other Credit Rating Agency

# Ratings Services performance highlights



## Financials

Particulars (₹ cr)	Q1 2022	Q1 2023	Growth
Income from operations	160.7	186.5	<b>16.1%</b>
Segment profit	77.6	89.7	<b>15.6%</b>
Margin	<b>48.3%</b>	<b>48.1%</b>	

Particulars (₹ cr)	2021	2022	Growth
Income from operations	592.4	663.4	<b>12.0%</b>
Segment profit	253.8	278.6	<b>9.8%</b>
Margin	<b>42.8%</b>	<b>42.0%</b>	











## Business update

- During the quarter, CRISIL Ratings achieved a revenue growth of 16.9% on-year
- CRISIL Ratings performance was supported by higher corporate bond issuances (both, by quantum and number of issuers) during the quarter
- While bank credit growth softened relatively compared with the previous quarter, it continues to be robust, driving bank loan ratings
- Global Analytical Centre (GAC) saw robust surveillance work delegation from S&P Global Ratings Services
- Overall, Ratings Services segment grew 16.1% on-year in the quarter

Note: Numbers rounded off to first decimal

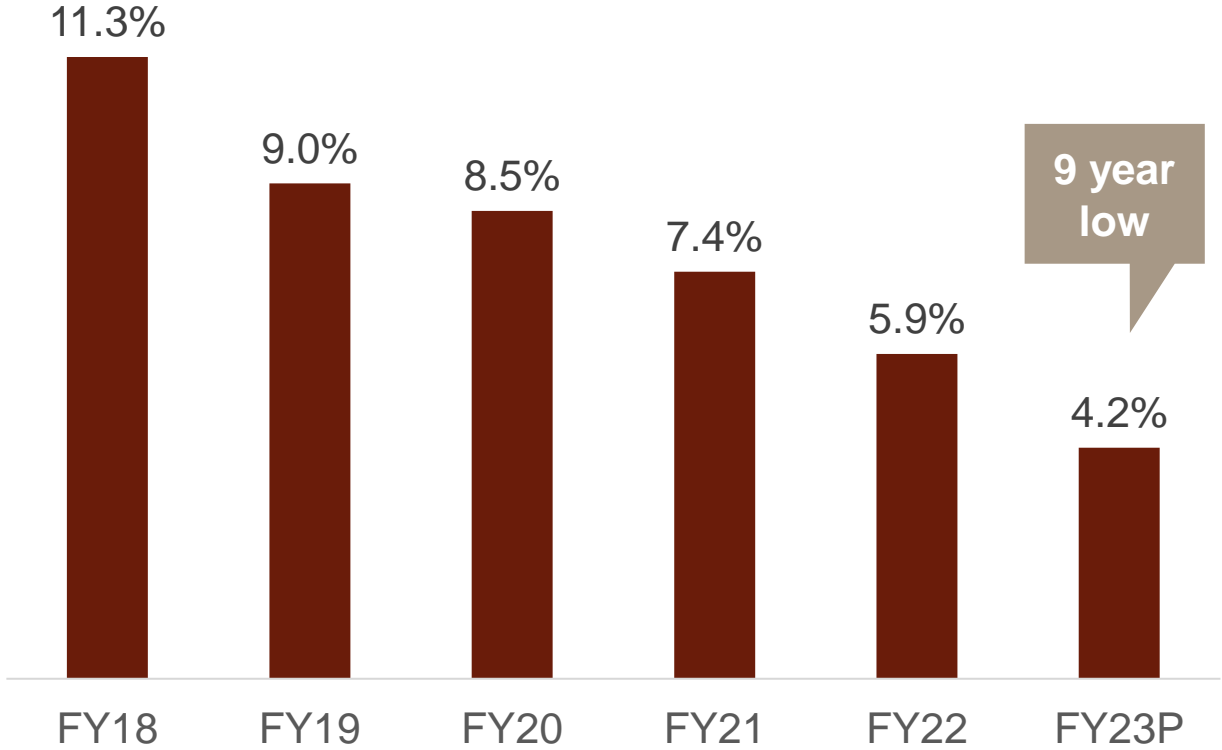
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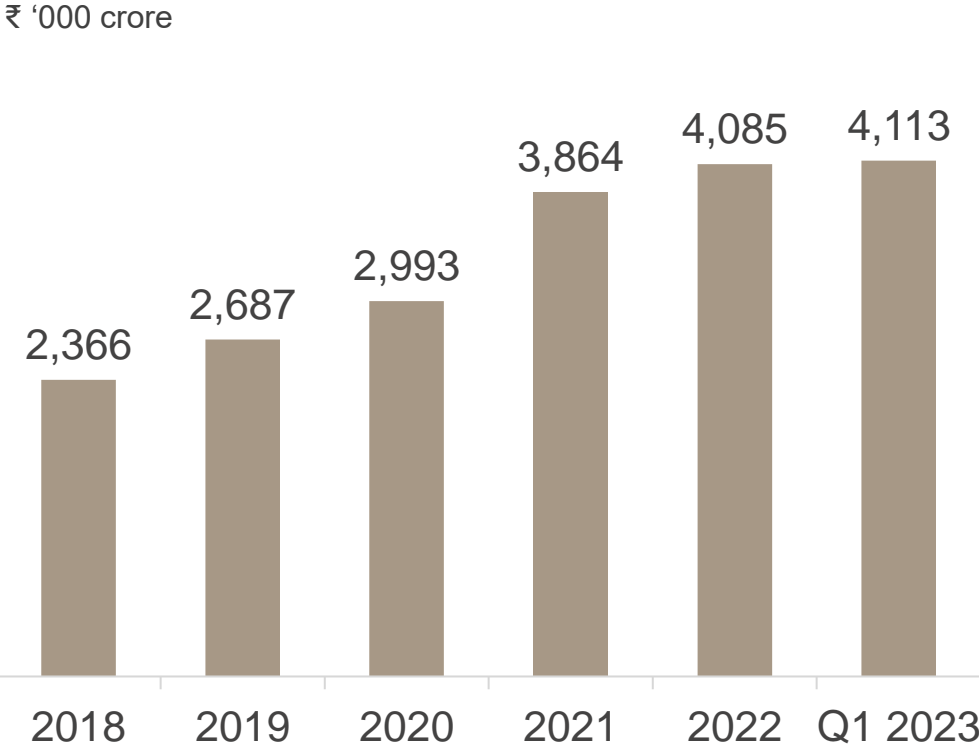
# Financial sector's growth to be driven by stability in the banking sector and momentum in financialisation

### Banking sector gross NPAs



Source: CRISIL

### India mutual funds AUM\*



\*Average AUM for the Quarter; Source: AMFI

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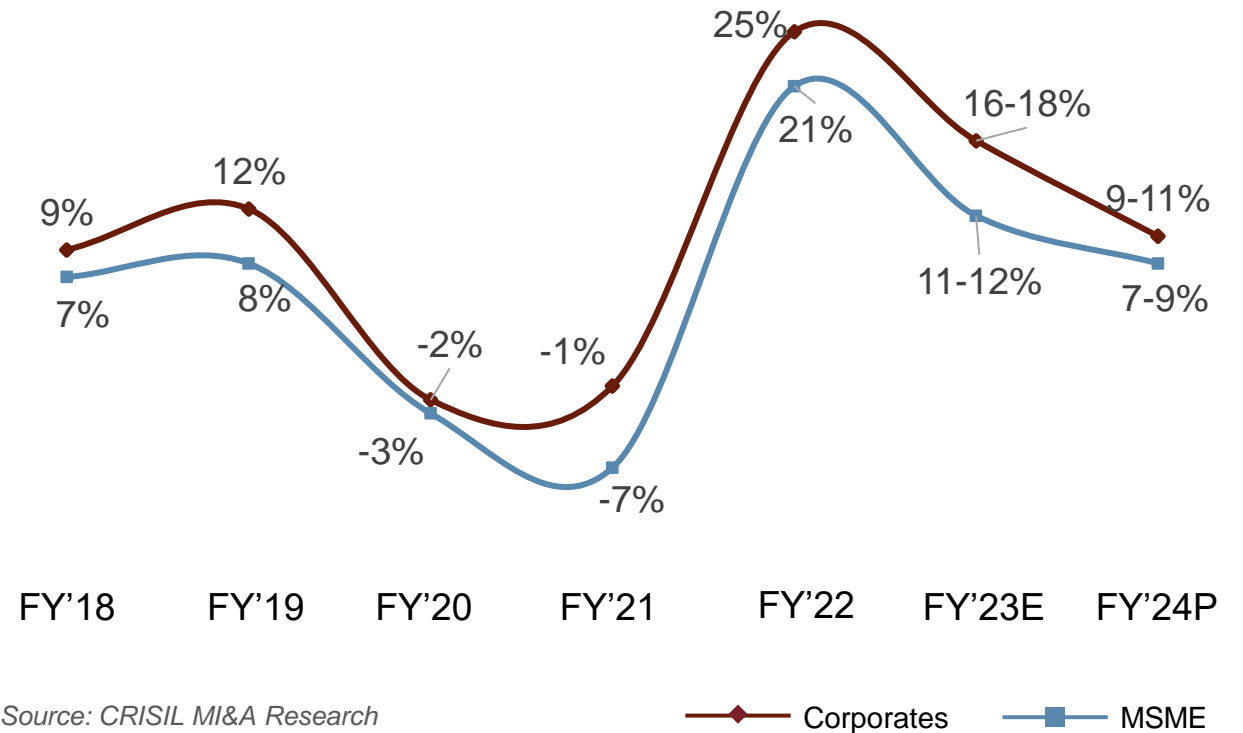
# Government spending, Production-Linked Incentive scheme to drive corporate and MSME growth

Sectoral growth of government capex investments

Sector	FY'18 - FY'22 CAGR	FY'23 E	FY'24 P
Infrastructure	7%	18-22%	12-15%
Roads	14%	13-15%	12-15%
Railways	17%	33-36%	12-14%
Urban infrastructure	21%	15-17%	20-25%
Industrials	7%	18-20%	12-16%

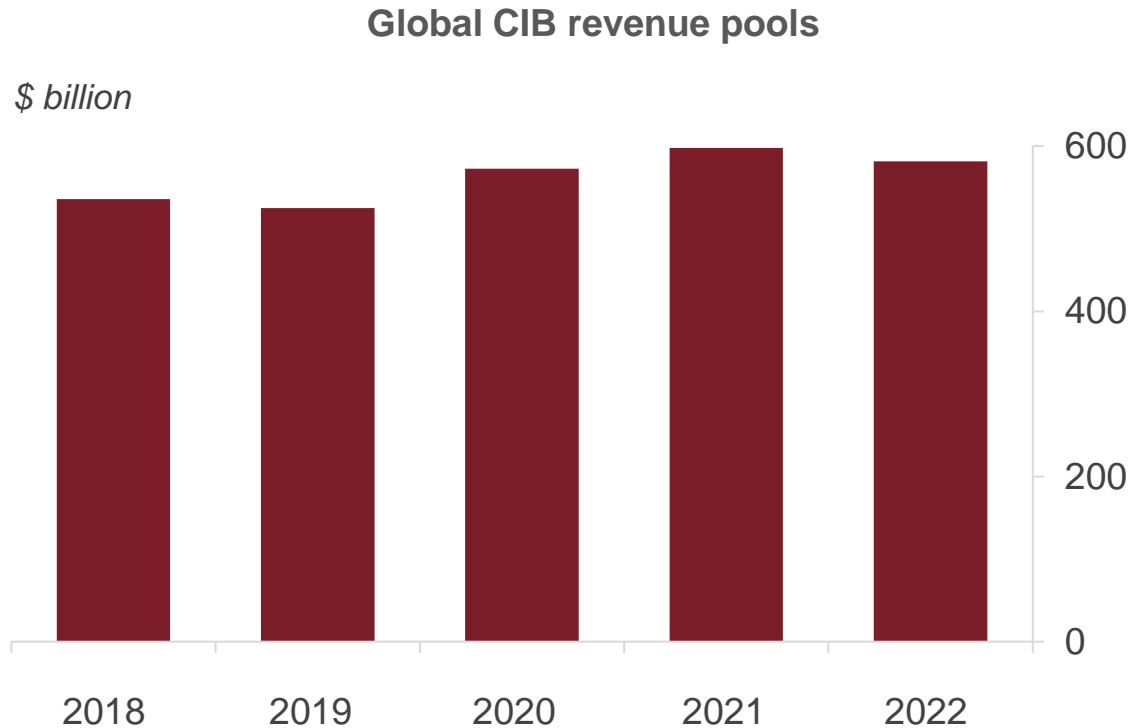
Source: CRISIL MI&A Research

Corporate and MSME revenue growth



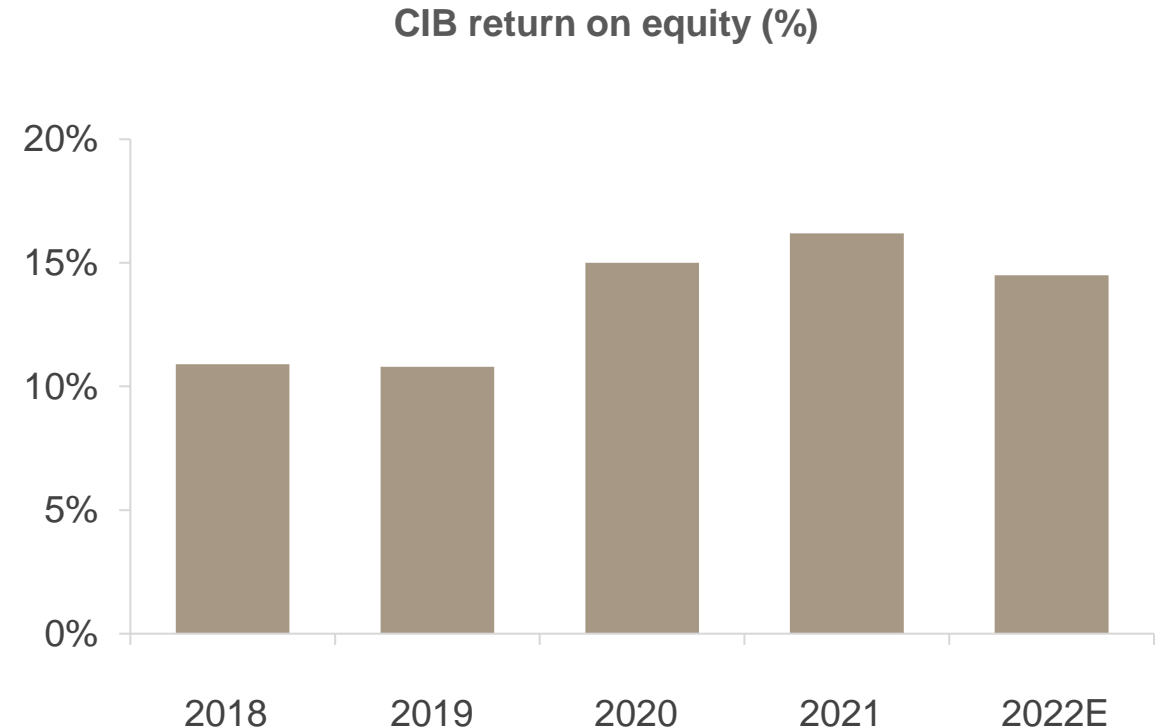
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# CIB revenues and profitability impacted by fall in capital market activity, but remain above pre-pandemic levels



Revenues Pools analysis includes revenues from all Institutional Clients and Corporates with annual sales turnover > \$ 1.5bn; FY22 is as per preliminary estimates. Above analysis is as per Coalition Standard Taxonomy

Source: Coalition Proprietary Analytics; Coalition Greenwich Proprietary data



ROE is calculated as operating profit post-tax (tax rate = 30%) divided by Capital; Capital is average of RWA based capital and Exposure based capital. RWA is calculated under Basel 3; LRD is calculated under BCBS 2014; Coalition Index Universe

Source: Coalition Proprietary Analytics; Coalition Greenwich Proprietary data

# 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)	Q1 2022	Q1 2023	Growth
Income from operations	434.3	528.4	<b>21.7%</b>
Segment profit	99.9	109.3	<b>9.4%</b>
Margin	<b>23.0%</b>	<b>20.7%</b>	

Particulars (₹ cr)	2021	2022	Growth
Income from operations	1708.3	2105.3	<b>23.2%</b>
Segment profit	339.6	457.1	<b>34.6%</b>
Margin	<b>19.9%</b>	<b>21.7%</b>	











## Business update

- Research, Analytics & Solutions segment continued its strong performance delivering 21.7% growth on-year in the quarter
- Global Research & Risk Solutions (GR&RS) witnessed momentum across research, credit risk and market risk solutions. The business also added new logos during the quarter
- Global Benchmarking Analytics (GBA) continues to strengthen its client engagement driven by need for granular, actionable analytics and intelligence among clients
- Given the current environment in the global financial sector, we expect increased regulatory oversight and cost pressures across our financial services clients
- Market Intelligence & Analytics (MI&A) saw traction for its proprietary credit risk solution, and momentum in sustainability, research and consulting offerings

Note: Numbers rounded off to first decimal

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# Delivering social impact through CSR initiatives

The CRISIL Board and leadership team visited Rajasthan to understand the operations and impact created by our flagship programme, Mein Pragati. CRISIL Foundation celebrated completion of 10 years.

## Building financial capability of rural women and communities











- Mein Pragati continues to drive outreach and impact through 3,600+ trained sakhis in 3,800+ villages of Assam and Rajasthan
- 118 new centres formally operationalized as part of expansion of RBIs CFL project
- GramShakti Convocation Ceremony to formally certify 99 Sakhis in Rajasthan
- Livelihoods pilot with Jaipur Rugs Foundation launched with 35 women weavers

## Promoting environment conservation and larger social consciousness among employees



- Environment conservation initiatives continued through on-ground partners – beach and wetland clean-up drives in Mumbai
- Continued engagement with CRISILites through various initiatives like plantations and virtual volunteering opportunities

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# Risks



Geopolitical and market environment



Evolving regulatory landscape



Information and cyber security risks



Currency movement



Reputation risk



People cost inflation

### **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.

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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