

February 14, 2018

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.: Presentation made at the Analyst Meet**

Pursuant to Regulation 30 read with para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed presentation made at the Analyst Meeting of the Company held today i.e. on February 14, 2018 in Mumbai.

Kindly take this communication on record.

Yours faithfully,  
For CRISIL Limited



Minal Bhosale  
Company Secretary  
ACS 12999

# CRISIL's 2017 Results

*Analyst Meet – February 14, 2018*



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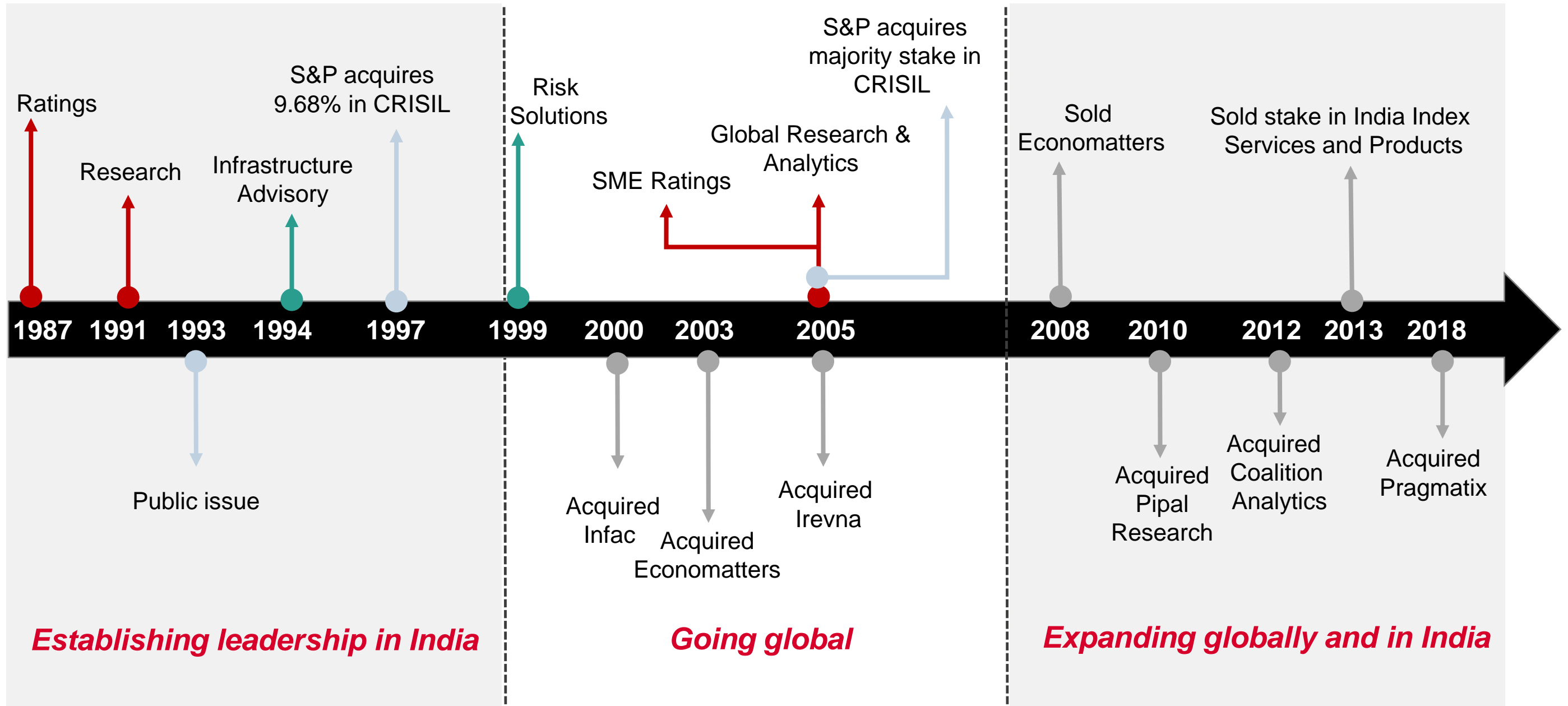
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# Agenda

- ❖ **Introduction**
- ❖ Financial highlights
- ❖ Segment performance
- ❖ Key risks and challenges
- ❖ Summary

# Over 30 years of innovation and excellence



- Business Divisions
- Risk and Infra Advisory – 100% subsidiary
- Mergers and Acquisitions

# Strong global footprint and delivery capability

## Locations



# Anchored in a position of strength



RATINGS

India's leading rating agency

Rating on **25,000+** large and mid-scale corporates and financial institutions; **110,000+** SME ratings assigned to date



RESEARCH

India's leading independent research house

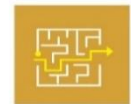
**90%** of India's banking industry by asset base are our clients



GLOBAL RESEARCH & ANALYTICS

World's top-ranked provider of high-end research and analytics services

Work with top **75** global financial institutions



RISK SOLUTIONS

India's eminent BFSI Risk Solutions provider

Solutions provider to **70** banks and financial institutions in India and emerging markets



INFRASTRUCTURE ADVISORY

Preferred infrastructure advisor to governments and multilaterals

Operates in India and over **5** other key emerging countries in Asia, Africa and the Middle east

# Evolving macro-economic environment



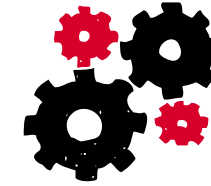
**India**



**Growth revival post structural reforms**



**Focus on infra and MSMEs**



**Emphasis on agriculture and rural income**



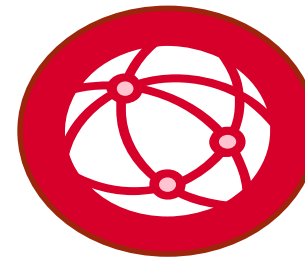
**NPAs and fiscal slippage a concern**



**Global**



**Synchronized global growth**



**Growing trade intensity**



**Expected interest rate tightening**



**Geopolitical risks**



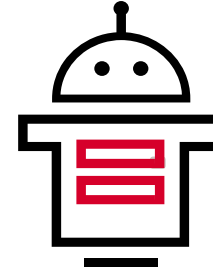
# Rapidly changing business landscape



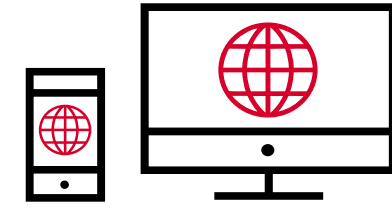
**Alternative data**



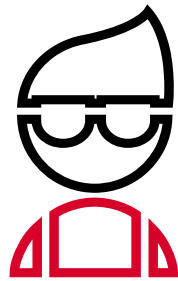
**Ecosystem  
enabling platforms**



**AI & machine  
decisioning**



**Evolving  
Payments and  
Currency**



**Millennial  
workforce & end  
users**



**Policy & evolving  
regulation**



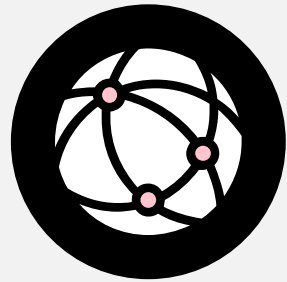
**Increasing cost  
optimization**



**Focus on  
sustainability**

# Our vision and go-forward strategy

*Vision: To be a leading agile and innovative, global analytics company*



**Enhance core offerings**



**Launch new products and advanced analytics**



**Deepen Customer centricity**

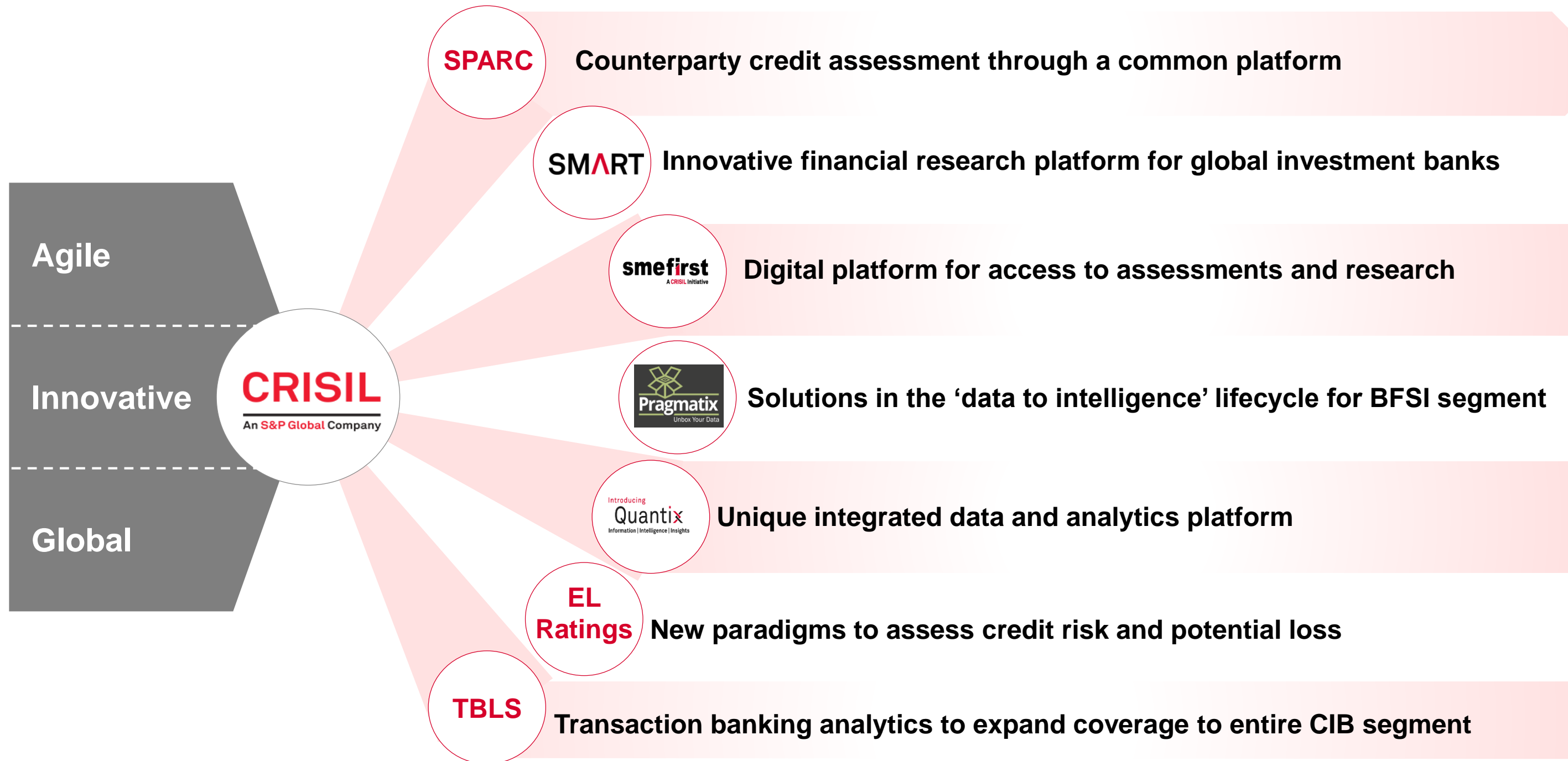


**Drive Excellence**

**Talent**

**Technology**

# Enhancing our core and adding new analytics and solutions



SMART: Simple, Modular, Analytics & Research Toolkit  
SPARC: Shared Platform for Assessing Risk of Counterparties  
EL: Expected Loss

TBLS: Transaction Banking and Lending Services

# Deepening customer centricity and franchise - India



CRISIL Infrastructure Advisory hosted the first **'CRISIL India Infrastructure Conclave'** in New



Ashu Suyash and SEBI Chairman Ajay Tyagi, along with other dignitaries inaugurated the **'AMFI-CRISIL Factbook'**



CRISIL Ratings hosted its second **'annual seminar on NBFC sector'** in Mumbai



CRISIL Research partnered with PFRDA as a knowledge partner for the **'Third Pension Conference'**



**India Outlook Fiscal 2018:** Resetting Growth Expectations

**ET** Banks may have to take 60% haircut on 12 largest NPAs: **Crisil**  
Economic Times - 26-Jun-2017  
According to **Crisil** direct markdown of loan assets than 70 per cent of all NPAs impact on their capital position

**The Indian EXPRESS** Arun Jaitley should focus on job creation in Budget: Rating agency ...  
The Indian Express - 27-Jan-2017  
Stating that employment has not been increasing in the last three years, **rating agency Crisil** today said creating jobs should be the top focus of the Finance Minister in his third budget to be presented on February 1. "The last three years have seen a slow but steady uptick in economic growth, but it is likely that this hasn't ...

**live mint** BS-III vehicles ban to cost auto companies nearly ₹3,000 crore: **Crisil**  
Livemint - 03-Apr-2017  
In a report, **Crisil Research** said makers taking a hit of up to Rs2 could be Rs460-480 crore. It said half their stock of BS-III vehicles

**BS Business Standard** Rs 48000 crore renewable projects in crisis due to tariff revision ...  
Business Standard - 28-Aug-2017  
As more states take the route of revision of tariffs for renewable energy projects as recent bids have gone ultra low, the sector could see a major shakeup with close to 7 GW under pressure. **Rating agency CRISIL** expects Rs 48,000 crore worth of project capacity under threat. Many discoms have openly voiced their ...

**CRISIL widely quoted** across prominent media



CRISIL Infrastructure advisory was the knowledge partner in **FICCI's Smart Railways Conclave**



# Deepening customer centricity and franchise - Global



Ashu Suyash, Managing Director & CEO, CRISIL participated in the fourth **Asia Summit** organised by **Milken Institute in Singapore**



CRISIL GR&A hosted a seminar on **'Disruption and Future of Research'** in New York.



CRISIL Infrastructure Advisory participates in FICCI's **Namaskar Africa 2017**, Ghana



CRISIL GR&A sponsored **GARP: 18th Annual Risk Management Convention** in New York



CRISIL GR&A hosted 'An exclusive briefing on **'Big Data' - Getting beyond the hype'** in London

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**efc**  
efinancialcareers

**Credit Suisse has hired another top equity derivatives MD from Bank of America**  
*EFinancial Careers, 02 Nov 2017 (Paul)*  
Credit Suisse ranked outside the top 50 equity derivatives revenues in the first half, according to <http://bit.ly/2iD8jBW>


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**Bloomberg**

**JPMorgan Is Focus of LME's Battle for Market**  
*Bloomberg, 01 Nov 2017 (Jack Farhy)*  
For JPMorgan, the new fee is likely a bit higher than the third-largest in commodities in the first half, according to <http://bit.ly/2z8K0SV>

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**WSJ**

**Deutsche, Barclays Feel the Investment Bank Burn**  
*The Wall Street Journal, 26 Oct 2017 (Max Colchester and Jenny Strasburg)*  
Deutsche Bank and Barclays are the world's sixth- and seventh-largest investment banks by revenue, according to data by [Coalition](http://on.wsj.com/2z7CIIH).  
<http://on.wsj.com/2z7CIIH>

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**FINANCIAL NEWS**

**The calls for bank break-ups are getting louder**  
*Financial News, 23 Oct 2017 (David Wighton)*  
Both Credit Suisse and Barclays are struggling in Europe, where their investment banks were 10th and 12th in terms of revenue in the first half according to [Coalition](http://bit.ly/2i0tTIS).  
<http://bit.ly/2i0tTIS>

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CRISIL Coalition **quoted in international financial media** over 470 times during the year



CRISIL and S&P jointly hosted a discussion forum on **MiFID II and the changes in Research Consumption Practices** in London



# Corporate Social Responsibility: Core to CRISIL

## Mein Pragati



Empowering socially and economically disadvantaged sections of society by strengthening their financial capabilities

## Moneywise Centres for Financial Literacy



Collaborating with the RBI and nationalized banks to improve financial inclusion in remote blocks across Haryana and Maharashtra

## CRISIL RE



Enabling environment conservation, financial literacy and inclusive education in cities

- Empowered 1,50,000 women under “Mein Pragati”
- Inaugurated 20 centers under RBI’s financial literacy program

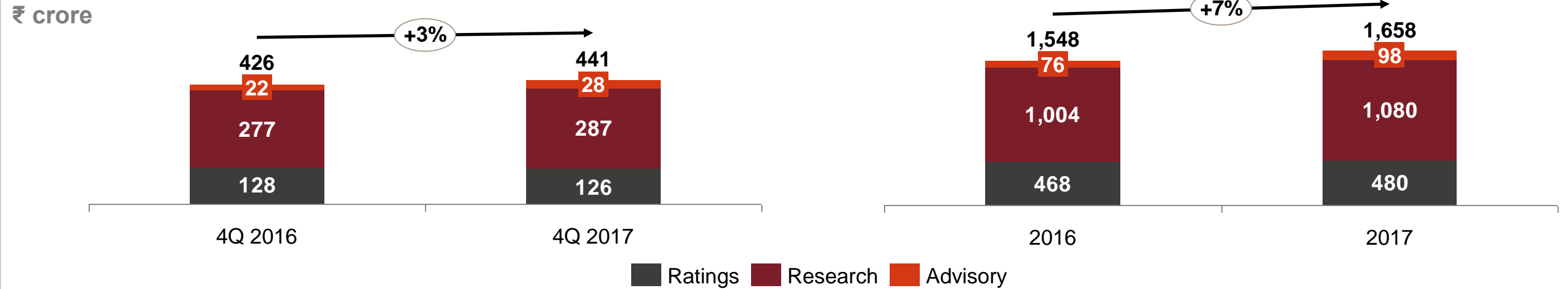


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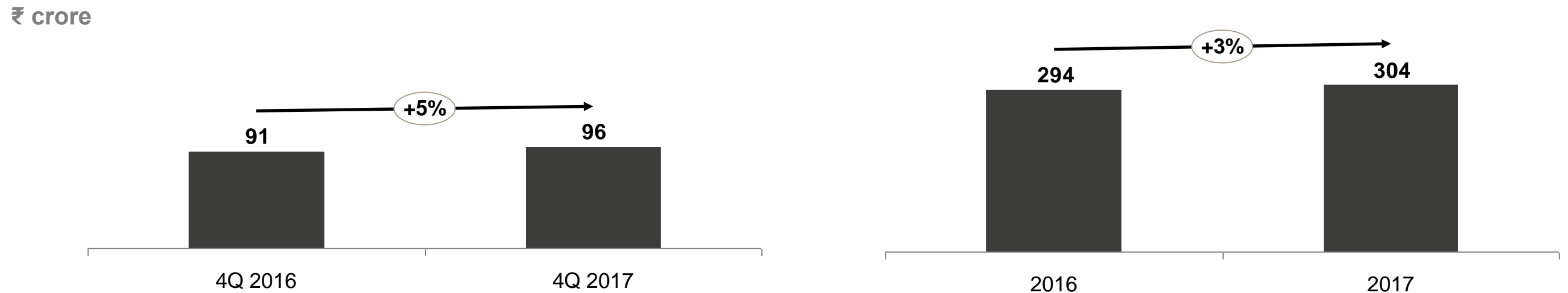
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# 2017 revenues grew by 7%; PAT by 3%

## Segment operating revenues



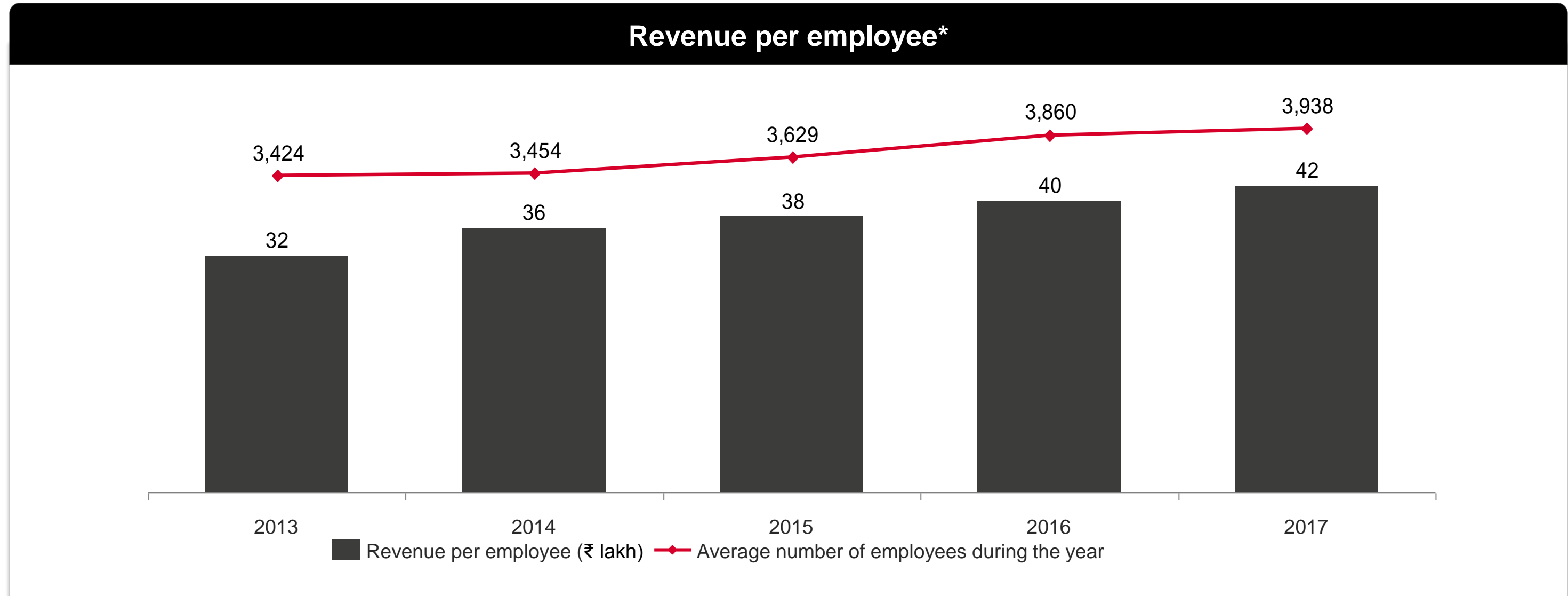
## Profit after tax<sup>^</sup>



Note: Numbers rounded off

<sup>^</sup>The performance for the year was affected by an adverse currency impact of ₹15.7 crore, compared with a gain of ₹ 9.4 crore in 2016

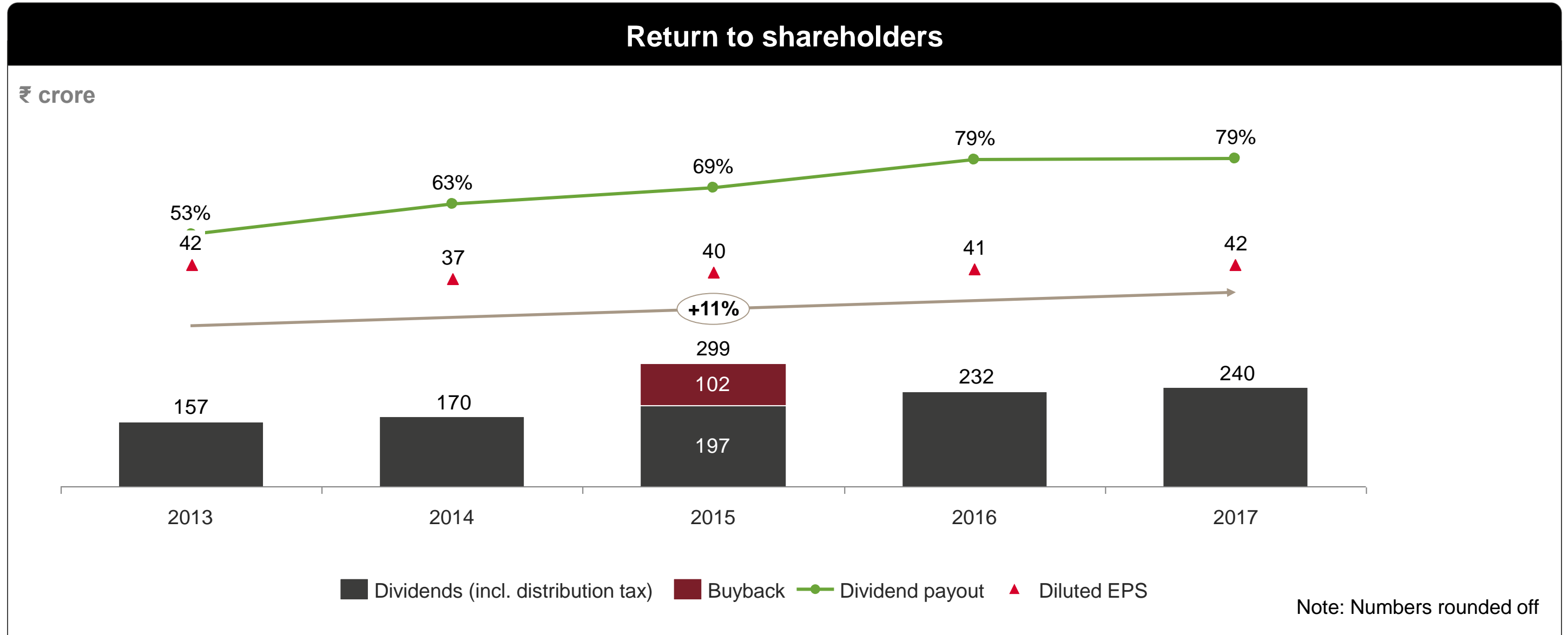
# Revenue per employee continues to rise



\*Based on segment revenue

Note – 2016 and 2017 data is IND AS adjusted

# Strong track record of returning cash to shareholders



Note – 2016 and 2017 data is IND AS adjusted



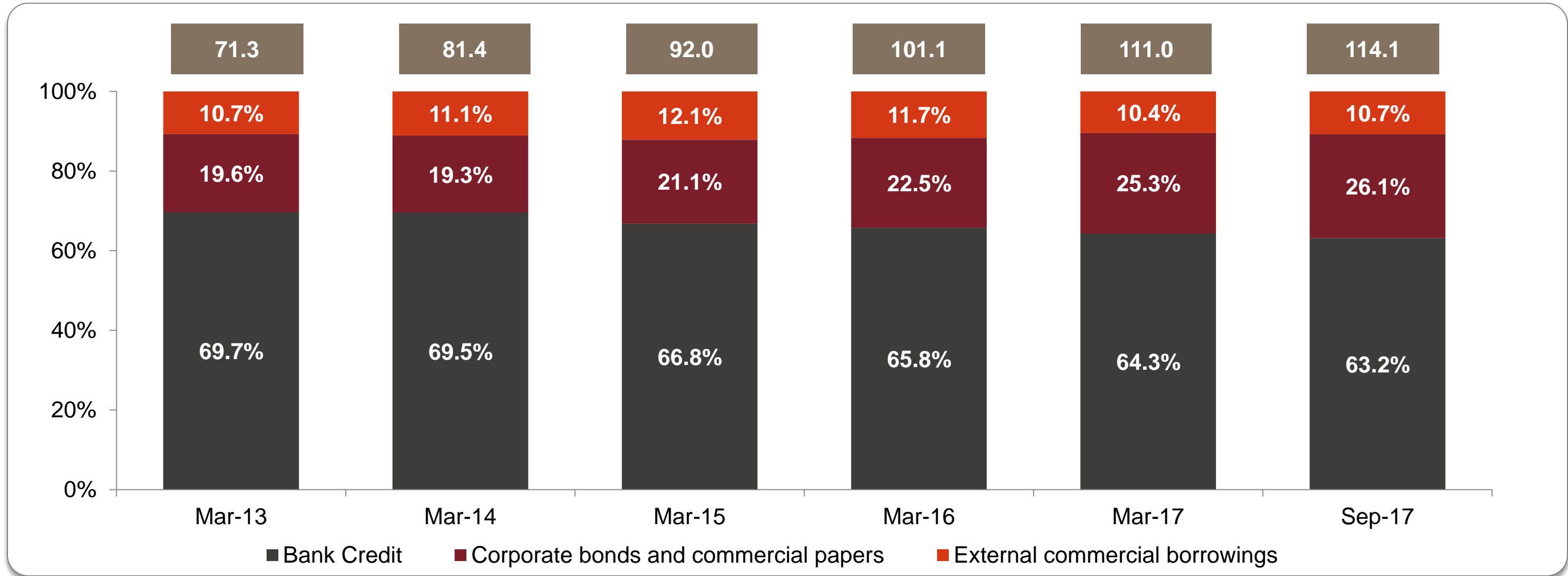
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- ❖ **Segment performance**
  - **Ratings**
  - Research
  - Advisory
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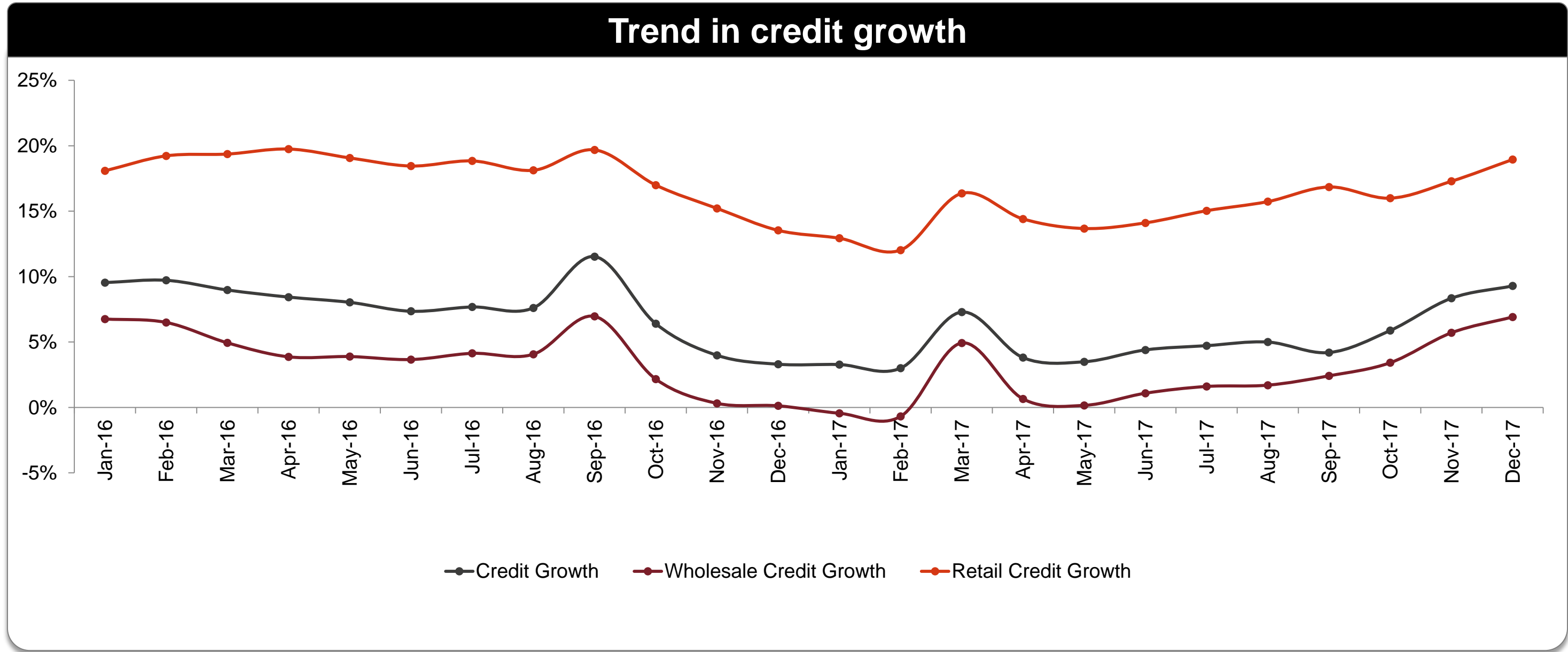
# Corporate bonds contribute a fourth of the outstanding funding to the corporate sector



Represents total outstanding stock in Rs lakh crore

Source: RBI; SEBI; Ministry of Finance

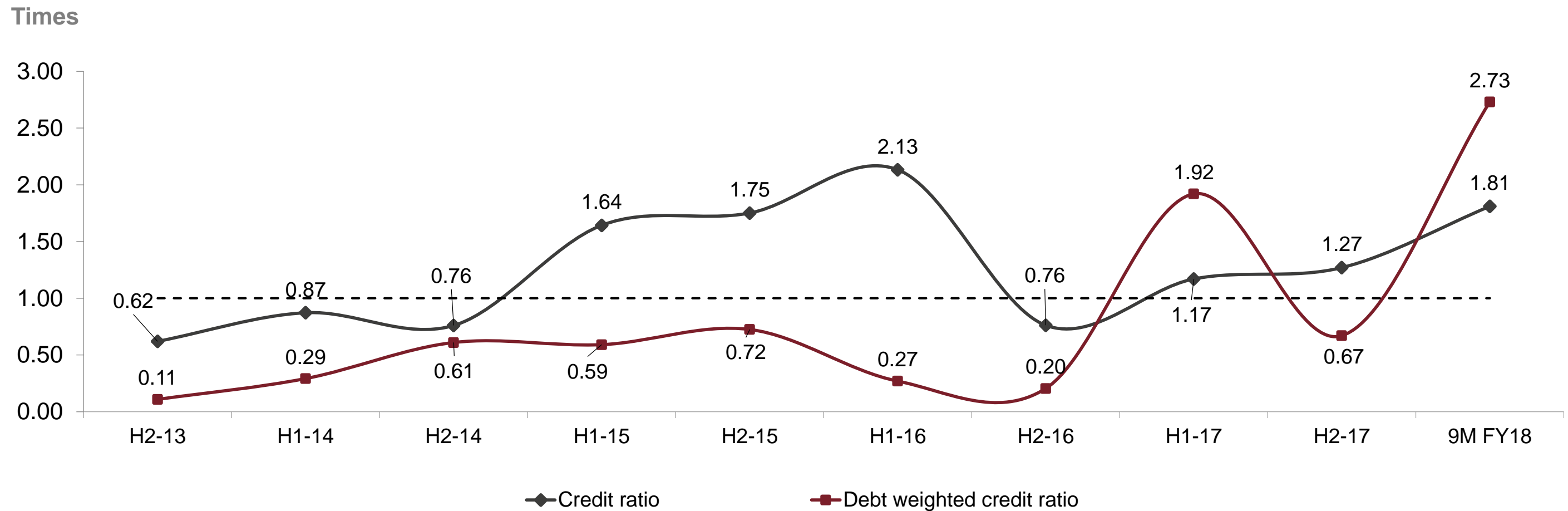
# Wholesale credit on its way to recovery



Source: RBI, CRISIL Research

# Underpinned by improving credit ratios

## Semi-annual trends in the credit ratio\* and the debt-weighted credit ratio^



Source: CRISIL

\*Credit ratio is the ratio of upgrades to downgrades recorded during a period.

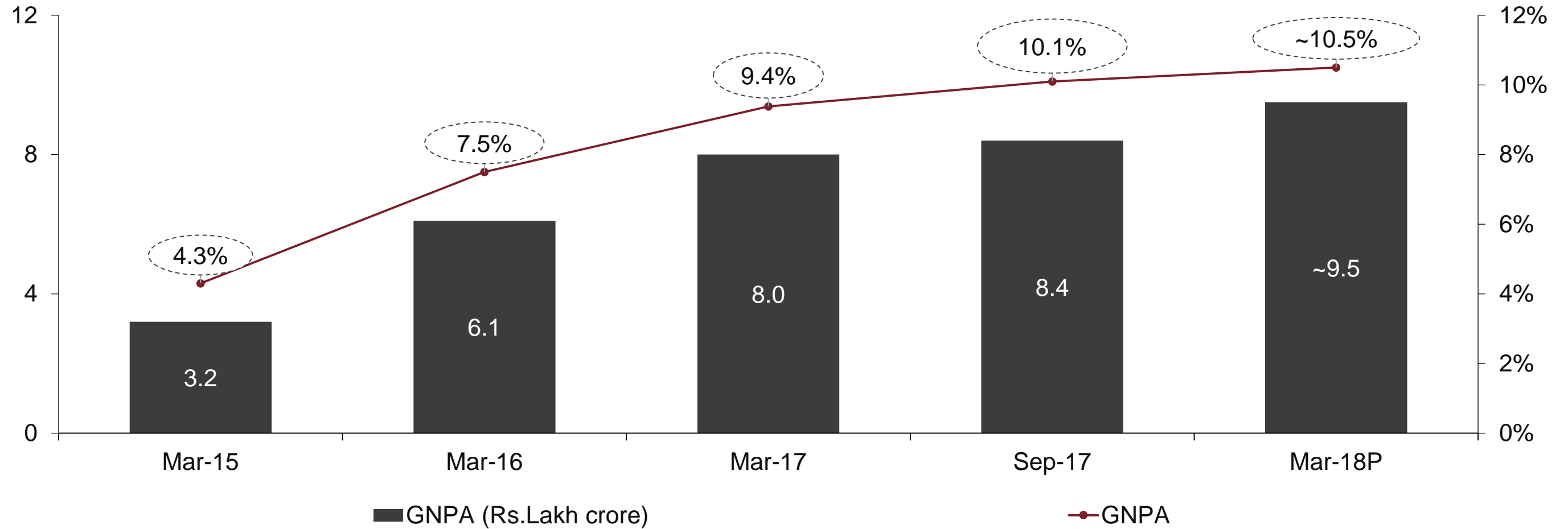
^Debt-weighted credit ratio is the ratio of total debt on the balance sheets of firms upgraded versus firms downgraded, excludes financial sector players.



# However, stress in the banking industry remains

## GNPA to reach 10.5% by Mar 18

Rs. Lakh crore



# Recent announcements augur well for the bond and credit markets

- Move from 'AA' to 'A' grade ratings for investments by insurance companies, pension and provident funds will improve access to capital market for larger number of companies
- Push for one-fourth of large corporates financing needs from the bond market will provide opportunities and deepen bond market
- Reform measures with respect to stamp duty regime on financial securities transactions across the country will improve operational convenience to issuers
- Government focus on infrastructure, especially in the road sector bodes well for structured credit opportunities
- RBI recent revised guidelines for resolution of stressed assets puts in place a transparent and structured process

# Ratings: 2017 Highlights

## Financial update

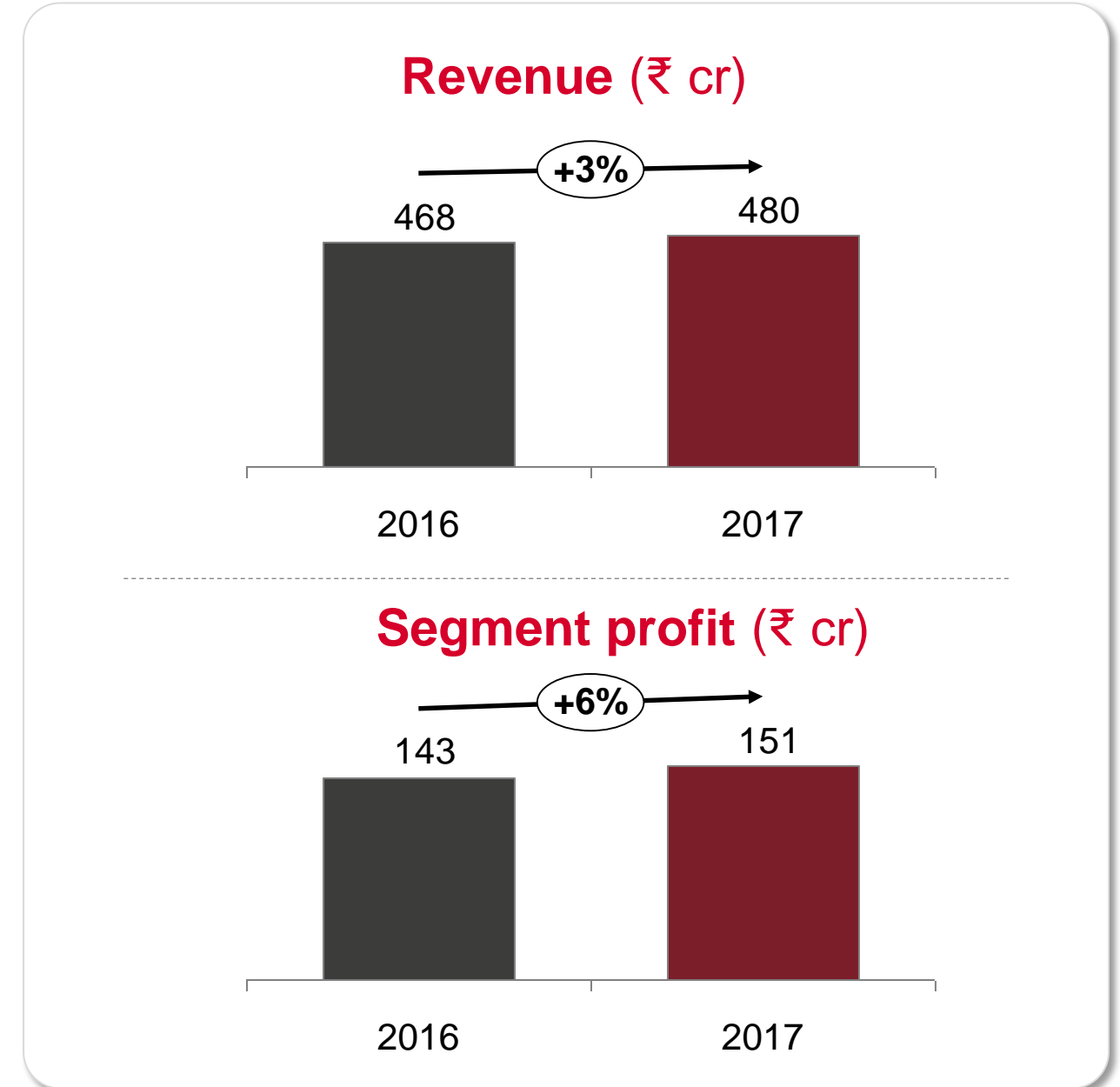
- Growth in revenues driven by debt offerings by large corporate segment offset by muted performance in bank loan ratings and SME segments
- Segment profitability reflects improved efficiencies

## Enhance core offerings

- Large number of client additions
- Initiated independent credit evaluation for stressed assets
- First to assign a rating on a hybrid annuity project in India

## Launch new products and analytics

- New credit rating scale for infra projects and assigned India's first rating on new infra scale
- smefirst.com – an online portal for addressing all SME needs



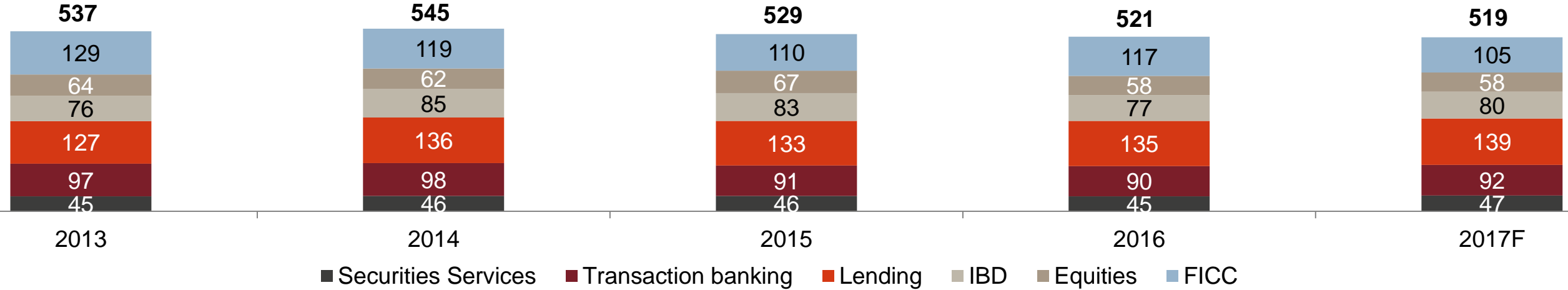
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# Global: Continued demand for differentiated investment research in the global markets

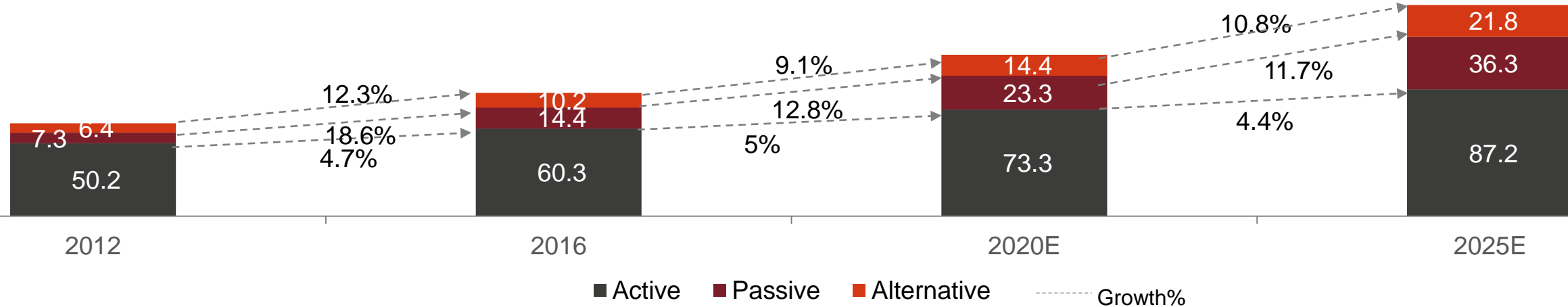
## Bottoming out of CIB revenue pools

\$ Billion



## Higher growth in passive and alternative assets under management

\$ Billion



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

CIB: Corporate and Investment Banking IBD: Investment Banking Division



# Global: Regulatory landscape stabilizing, major world economies witnessing initial signs of synchronized, sustained growth

## Key regulations

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

**Global Regulatory Prescription:** Basel III, IV

**Accounting regulations:** US GAAP, IFRS

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

## Key regulation





**MiFID-II**  
(Markets in Financial Instruments Directive)

- Impacts buy-side and sell-side
- Analytics expected to play an increasingly bigger 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: 2017 Highlights

## Financial update

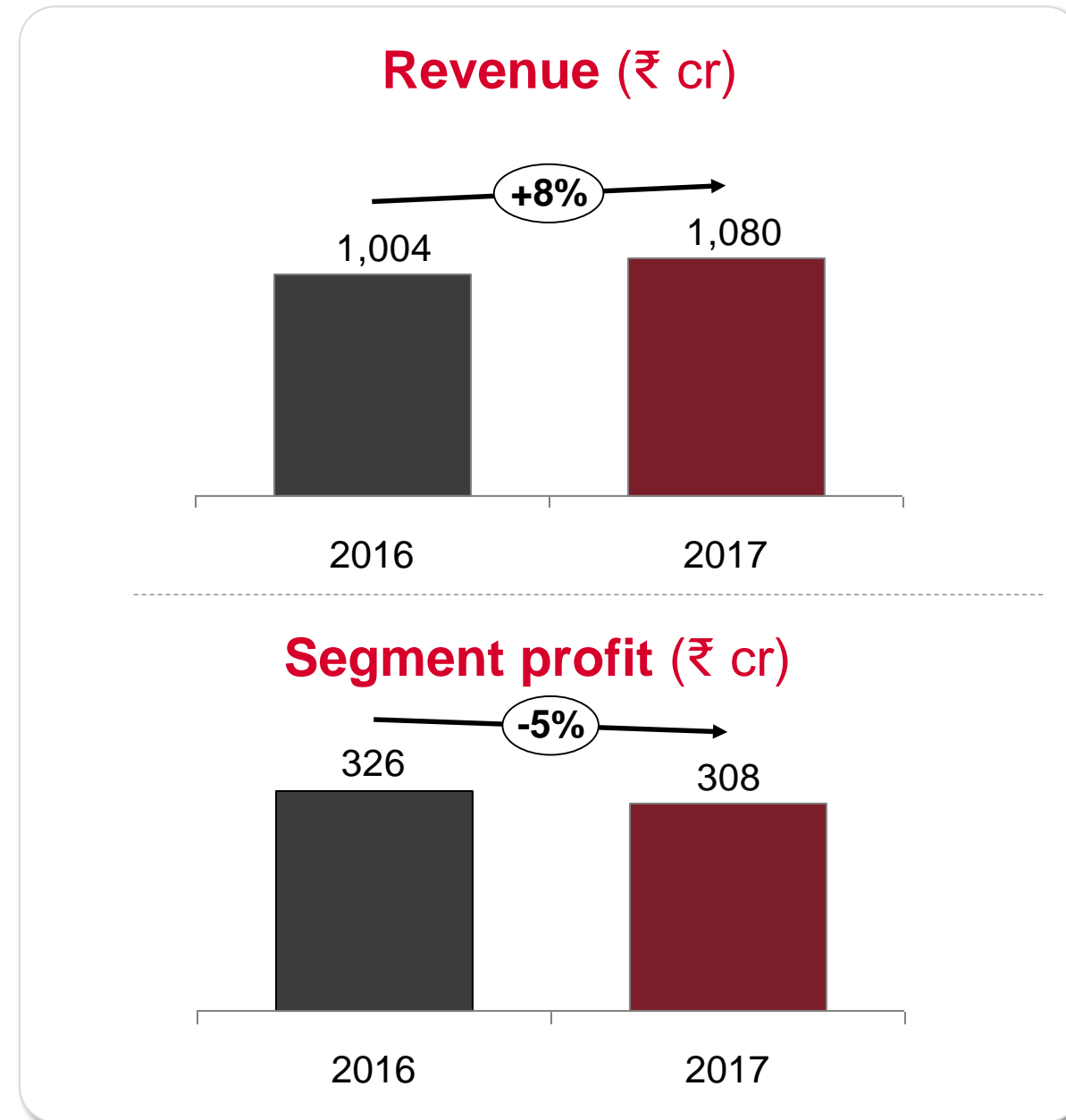
- Revenue grew with new client additions across India and Global Research
- Opportunities tapped in model risk management, change management, FRTB and FCC
- Margins reflect impact of forex and investments

## Enhance core offerings

- In India, enhanced India Research delivery platform – “Cutting Edge” and launched ULIP rankings
- Globally, continued expansion across Coalition analytics; risk and research offerings

## Launch new products and analytics

- Quantix
- SMART (Simple, Modular, Analytics & Research Toolkit)
- TBLS (Transaction Banking & Lending Services)
- SPARC (Shared Platform for Assessing Risk of Counterparties)



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

## Markets



### Risk Solutions

- Asset quality decline with rising NPAs
- Leverage Big Data analytics for decisioning

### Infrastructure Advisory

- Ambitious and visionary programs by the Indian government in the infrastructure space
- Opportunities in select emerging markets like Africa and South-East Asia

## Regulators



- Changing regulations with introduction of IFRS9, IndAS and BASEL III
- Recapitalization of banks by the government

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

## Customers



- Emphasis on financial inclusion and deeper market penetration
- Emergence of payment and small banks

- Competitive co-operative federalism -> opportunities at the state and city levels
- Changing multilateral landscape

# Advisory: 2017 Highlights

## Financial update

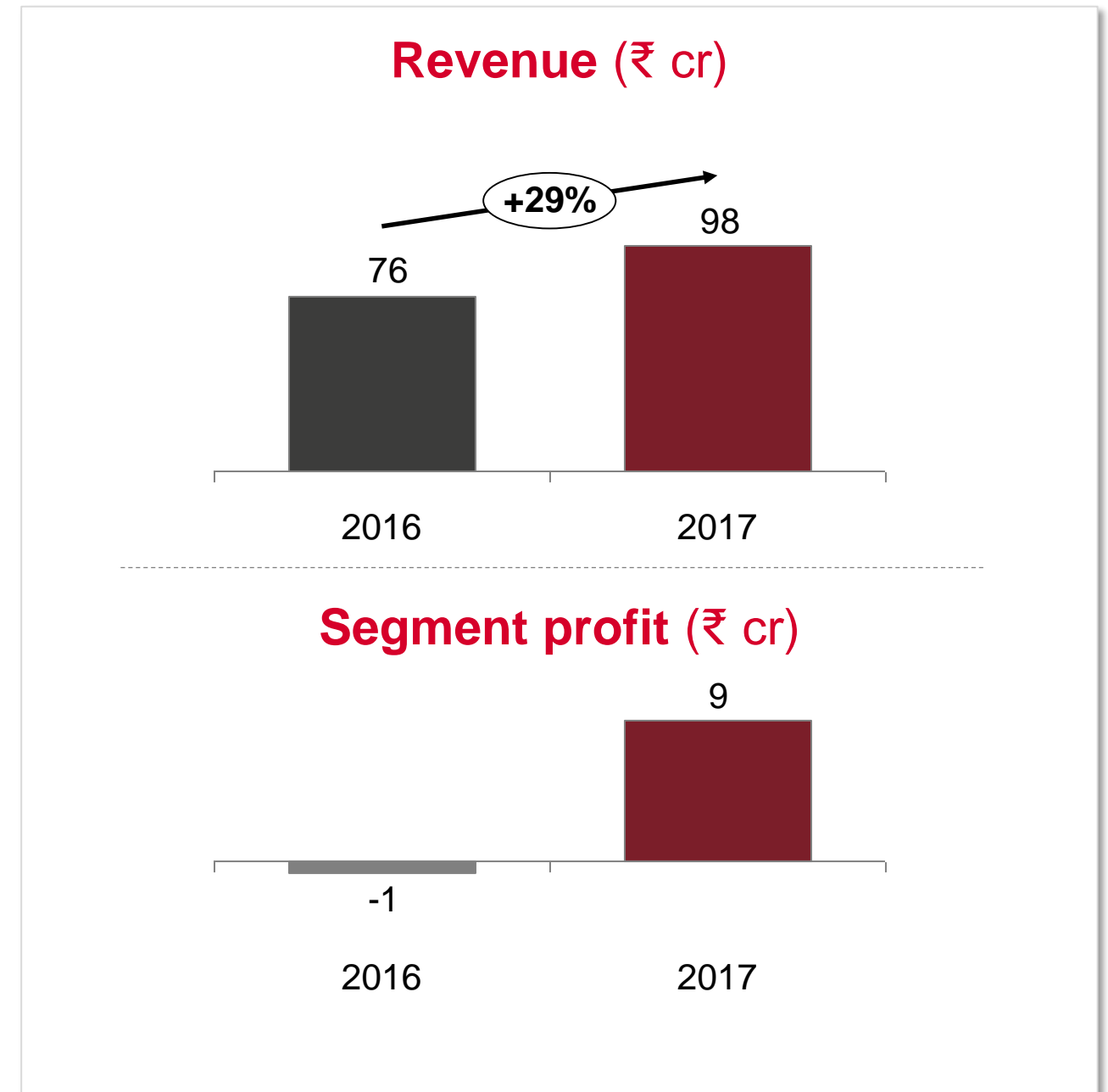
- Robust revenue growth with key wins across risk solutions and infrastructure advisory
- Segment profitability reflects improving product mix and monetization of investments

## Enhance core offerings

- Re-development of key products within Risk Solutions
- Won prestigious mandates from multilateral agencies, city municipalities (AMRUT, Smart cities, Value capture finance etc.)

## Launch new products and analytics

- IFRS9 offering
- InfraInvex – “first-of-its-kind investability index”



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# Key risks and challenges

- Uncertain regulatory environment
- Reputation risk
- Disruptive technology
- Adverse currency movement
- Intense price competition
- Cyber risk



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# In summary

- Policy developments for bond market and credit growth on a positive trajectory
- Infrastructure and SME push by the Indian government
- Global economic recovery
- Focus on regulatory adherence continues by global financial institutions
- CRISIL is well placed to become a leading agile and innovative global analytics company
- Committed to its mission of making markets function better

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# Thank you