

May 9, 2025

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Dear Sirs,

Sub.: **Analyst Call Transcript**

Pursuant to Regulation 30 read with Part A of Schedule III and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosing herewith transcripts of the Analyst Call held on Tuesday, May 6, 2025. The transcripts are also available on Company's website at <https://www.crisil.com/en/home/investors/analyst-hub.html>.

Kindly take this communication on record.

Yours faithfully,

For Crisil Limited

Minal Bhosale  
Company Secretary  
ACS 12999

# “Crisil Limited Analyst Conference Call”

May 06, 2025

**Management:**

Amish Mehta  
Managing Director & CEO, Crisil Limited

Gurpreet Chhatwal  
Chief Operating Officer, Crisil Limited

Dinesh Venkatasubramanian  
Chief Financial Officer, Crisil Limited

Sanjay Chakravarti  
President - Risk & Compliance, Crisil Limited

Subodh Rai  
Managing Director, Crisil Ratings Limited

Priti Arora  
President & Business Head, Crisil Intelligence

Duncan McCredie  
President & Business Head, Crisil Coalition Greenwich

**Moderator:**

Good afternoon everyone and a warm welcome to Crisil's Analyst Call 2025. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. Before we start, as a standard disclaimer from Crisil, we would like to state that certain forward-looking statements during our interaction today are based on a current understanding of the company profile and market conditions. These are subject to change based on changing policies of the company and macro environment.

The company does not undertake to update the forward-looking statements or other information contained in the presentation, whether as a result of new information, future events or otherwise. As a policy, company refrains from giving specific quantitative guidance on its future performance. Further, in the interest of fair disclosures to investors, operational details relating to specific business segments, consumer contracts will not be possible to be disclosed.

I would now like to introduce you to the speakers of the call today. Amish Mehta, Managing Director and CEO, Gurpreet Chhatwal, Chief Operating Officer, Dinesh Venkatasubramanian, Chief Financial Officer, Sanjay Chakravarti, President, Risk and Compliance, Subodh Rai, Managing Director, Crisil Ratings Limited, Priti Arora, President and Business Head, Crisil Intelligence, Duncan McCredie, President and Business Head, Crisil Coalition Greenwich Let me now hand over the call to Mr. Amish Mehta to commence the proceedings.

**Amish Mehta:**

Thank you. Hello everyone and a very warm welcome to each one of you. Trust, you are all doing well. I am pleased to share that during 2024 and in the first quarter of 2025, we have demonstrated resilience amongst macroeconomic uncertainty. Our customer-centric approach and domain-led solutions have enabled us to drive meaningful impact for our clients, aligning with our purpose of making markets function better. Our core values of integrity, partnership, discovery and excellence give us a winning edge in the market.

Let me start by looking at the analyst presentation on slide four. I would request all of you to refer to that slide. In January 2025, we rolled out a new brand identity, positioning our businesses under a cohesive brand identity, Crisil Ratings, Crisil Intelligence, formerly Market Intelligence and Analytics, Crisil Coalition Greenwich, formerly Global Benchmarking Analytics, and Crisil Integral IQ, formerly Global Research and Risk Solutions, offering consistent and more connected experience for clients around the world.

Our new brand identity reinforces our position as a global insights-driven analytics organization and conveys a more progressive vision for our future. Moving to slide five, Crisil continues to have a global presence with more than 4,600 employees. We leverage our talent to deliver value to our clients and have been recognized as a great place to work.

Crisil was featured and recognized in Chartis RiskTech 100 2025 list and won a medal in the Model Validation category and garnered recognition across seven Chartis Research Quadrant Ranking reports in 2025. This is in addition to some other recognition which is there on the slide. Let me move to slide seven and talk a little bit about the key trends in the macro and business environment. A few trends on the macro and the business side.

The global economy, which showed considerable resilience in 2024, is facing challenges with the ongoing tariff actions and the consequent impact on growth prospects. Higher tariffs could put great strain on consumer sentiments, business planning, and investments, as also impact global trade and fuel inflation.

S&P Global recently lowered the GDP growth forecast for most countries and raised inflation forecasts for the U.S. S&P expects to see a material slowdown in growth across various economies around the world.

Given this context, we believe the following will be the key trends in 2025. Globally, while the banks are maintaining their measured stance towards discretionary spends, we are seeing clients going ahead with transformation initiatives, with spends continuing in areas such as cloud data analytics, AIML automation requirement on the regulatory side, if they are to handle any.

Asset managers continue to face pressure on improving cost-to-income ratio and thus have increased willingness towards undertaking transformations. We see continued traction in the private markets due to sustained client activity, which creates opportunities for the services players. Evolving macro situation translates to greater client need for enhanced value and actionable insights, from benchmarking solutions to target opportunities and efficiencies, which is again an opportunity for one of our businesses.

However, elevated uncertainty may lead to tighter client budgets and delays in discretionary spending by global clients.

We are witnessing accelerated adoption of Gen-AI across industries, so most companies are still in the early stages of their journey. We continue to explore ways to enhance our client offerings and internal productivity through the use of Gen-AI and technology.

Coming to the domestic environment, India's GDP is expected to grow at 6.5% in Fiscal 2026, with a downward bias. Despite the buffer from monetary policy, healthy external markers, and strong corporate balance sheets, the downside risks to India's growth have risen due to potential trade impacts from slowing of major global economies.

India's medium-term growth trend is expected to remain healthy, driven largely by investments, efficiency, and expected deregulation.

Bank credit is likely to grow to 12%-13% just Fiscal, compared with 11-11.5% estimated for Fiscal 2025, given three tailwinds viz. the recent supportive regulatory measures, a boost to consumption from tax cuts, and softer interest rates. Deposit growth, though, merits a close watch.

Corporate bond issuances might see greater traction, driven by easing monetary policy, provided the impact of macro and geopolitical issues is minimal.

With this background, let me turn towards the performance update, which is on slide 9. Our businesses have demonstrated resilience in 2024 and delivered revenue growth and robust margins in the first quarter. Owing to our customer-centric approach and domain-led solutions, we continue to deliver impact to our clients. We continue to expand our client base across various businesses with strong client feedback.

Crisil Ratings maintained its leadership in corporate bond ratings, given investor preference for best-in-class ratings, and maintained healthy revenue growth during the quarter.

Crisil Global Analytical Center witnessed growth in delegation of surveillance from S&P Global Ratings and demand for support in new areas from S&P Global.

Crisil Integral IQ saw momentum in buy-side offerings and made progress in using Gen-AI for client solutions. Overall, curtailed discretionary spending and cost-cutting pressures by financial services clients impacted growth and revenue in the system.

Crisil Intelligence witnessed momentum in industry research, consulting, credit, and risk offerings. We integrated our Gen-AI capabilities into the credit assessment and credit solution, Credit+ ICON, which we offer to our clients.

Crisil Coalition Greenwich witnessed some momentum in corporate and investment banking, with scaling of product offerings and client engagement, strengthening demand from large commercial banks. Growth in the commercial and community banking space benefited from digital banking programs.

We are investing in new-age technologies, including Gen-AI, and in 2024, we successfully deployed a Gen-AI credit assessment solution for our global clients in one of our businesses.

Our franchise activities continued well during the quarter. We hosted the 9th edition of Crisil India Outlook Conclave theme, 'Unleashing Manufacturing: the Competitive Clearing Call', and released a report titled 'Safe Harbors and Windy Waters'. The Crisil Infrastructure Yearbook was launched at 5<sup>th</sup> edition of India Infrastructure Conclave 2025, titled 'Navigating India's Decarbonization Journey'.

Crisil Foundation continues to drive positive impact through initiatives aimed at building financial capabilities of underprivileged communities and promoting environment conservation. The flagship Mein Pragati initiative expanded its outreach to over a million people in Assam and Rajasthan. Crisil Foundation continues to be a leading implementation partner of the RBI's MoneyWise Centers of Financial Literacy (CFL) program through its 669 centers spread across multiple states.

Overall, we remain steadfast in our commitment towards our core purpose of making markets function better. We continue to develop core capabilities through domain-specific IP and strategic digital initiatives, delivering actionable insights, continuing to set the standards, and empowering clients to make mission-critical decisions with confidence. We continue to make significant investments in digital infrastructure, information security, and building a future-ready talent pool.

Let me now hand over to Dinesh to take you through the financial performance in detail.

**Dinesh V.:**

Thank you, Amish. I'm on Slide 11 of the presentation where we have the financial performance for the year 2024 as well as Quarter 1 of FY '25.

To start, I just wanted to reiterate that our segmental reporting continues to be the same. We have our Rating Services segment, which includes Crisil Ratings and GAC, which is our global analytical center where we do work for S&P. And the second segment is the Research, Analytics and Solutions segment, which includes our global businesses, Integral IQ, the rebranded name for Global Research and Risk Solutions, Coalition Greenwich, and Crisil Intelligence, which was earlier called Market Intelligence and Analytics.

Let me start with the financial results for financial year 2024. Overall revenue growth was a modest 3.8%, mainly due to the curtailed performance of the Research, Analytics and Solutions segment. Our services offerings in the global businesses were impacted by curtailed discretionary spends of global clients. Profit before tax, however, grew by almost 7% year-on-year.

In the fourth quarter of FY '23, you may recall, we had included a one-off gain of approximately INR 29 crores on account of the devaluation of the Argentinian Peso. If I were to exclude the impact of that, year-on-year, full year 2024 PBT growth will be about 10.5%. Profit after tax for the full year grew about 3.9% year-on-year. And again,

excluding the impact of the devaluation of the Argentine Peso in the fourth quarter of '23, growth would have been about 7.5%.

Coming to the first quarter of FY '25, we continue to see revenue growth. We have reported a 10.2% growth over the corresponding quarter of the previous year. We continue to focus on cost management and margin improvement across our businesses, and both PBT and PAT for the quarter have grown by approximately 16% on a year-on-year basis quarterly. We've also declared a first interim dividend of INR 8 as compared to INR 7 at the end of quarter one last year.

I will now request Subodh Rai, Managing Director of Crisil Ratings, to cover the Rating Services segment performance.

**Subodh Rai:**

Thanks, Dinesh, and good afternoon, everyone. Now, I shall be taking you through the segmental performance of Rating Services for calendar year 2024 and first quarter of 2025. I'm on Slide 13, and on this slide, we are talking about the key growth drivers for the credit rating industry in India.

First, let's talk about the bond issuances. We witnessed a growth of 12.5% on a Y-o-Y basis during the last calendar year. The decline in bond issuances in the first half of calendar year 2024 amidst hardening yields was more than offset by a healthy growth in the issuances in the second half. The pickup in the second half of calendar year 2024 was largely led by large and frequent bond issuers in the financial sector. The pickup was more pronounced in the month of July to October 2024. However, since last November, the growth in bond issuances turned muted in anticipation of rate cuts. Even in Q1 2025, we are yet to see a significant uptick as the bond issuances witnessed a rapid growth at 3.9% on Y-o-Y basis.

On a positive note, the Reserve Bank of India has cut key policy rates by 25 basis points for the second consecutive time in April 2025, amounting to a cumulative reduction of 50 bps in 2025. It has also changed its stance to accommodative from neutral, signaling rate cuts can continue. Easing inflation has further increased the space for the RBI to support growth through rate cuts. Crisil expects at least two more repo rate cuts of 25 bps each in the rest of fiscal 2026. The rate cuts are also reflected in the 10-year government securities (G-Sec) yield, which has softened to below 6.5% level. Declining G-sec yields can lead to a reduction in AAA and AA-rated corporate bond spreads, thereby reducing the overall corporate bond yields. Hence, we expect increased bond issuances in 2025, added by potential rate cuts, and softening bond yields. Having said that, continued geopolitical tensions and uncertain trade conditions led by U.S. tariff actions remains an overhang, as it may keep corporate spurs about investment, thereby delaying their borrowing plans.

On the other hand, the bank credit growth has declined on Y-o-Y basis to 11% as on February 2025 versus 16.6% as on February 2024, due to slowdown in services and

retail sector credit growth. The wholesale bank credit growth also slowed down to 9.8% as on February 2025 versus 15.2% as on February 2024. The growth in the services segment is impacted largely due to lesser credit extended by the banks to the NBFC sector. The slowdown is a result of RBI's tightening measures of raising the risk weight for bank loans to NBFCs. Furthermore, the large corporate credit growth also slowed to 5.2% as on February 2025 compared to 6.4% as on February 2024.

We expect a slight uptick in the bank credit growth by 100 to 200 bps on-year in fiscal 2026 with the growth supported by rollback of risk weights for NBFC, a boost to consumption from tax cuts, and softening of interest rates. With effect from April 1, 2025, the RBI has rolled back the increase in the risk weights for bank loans to NBFCs that was announced in November 2023. However, the growth in lending to NBFCs may still be lower than the levels seen in the past, as we expect banks to be more selective amidst asset quality headwinds in some segments catered by the NBFCs.

Moving on to Slide 14, here we have provided Rating Services segmental performance for calendar year 2024, as well as Q1 2025.

For calendar year 2024, the domestic ratings revenue benefited from the uptick in bond market in the second half, few large deals, and continued momentum in the mid-corporate space.

For Q1 2025, the growth is supported by positive momentum in both the surveillance fees as well as new ratings revenues. The growth in new rating revenues is aided by continued investor preference for Crisil Ratings.

We continued our focus on client engagement initiatives, and further strengthened our thought leadership position driven by our cutting-edge insights, opinion pieces and webinars.

The Global Analytical Center, GAC, division saw strong growth from new engagements and robust surveillance work delegation from S&P Global Rating Services. Overall, the Rating Services segment grew by about 32.5% Y-o-Y in Q1 2025.

I will now pass on the proceedings to my colleague, Priti Arora, who heads Crisil Intelligence. Thank you.

**Priti Arora:**

Thanks, Subodh. Good afternoon, everyone. I'm Priti, President and Business Head of Crisil Intelligence. Now, this vertical represents the India and Emerging Markets-focused non-ratings business of Crisil where we offer research, data analytics, distributions, and consulting.

Now, while economic growth is the main driver in our business, healthy loan growth, financialization of savings, and capital formation are also strong indicators and proxies.



So, if I go on the domestic front, as we can see on the Slide 16, the stronger balance sheets of banks and healthy flows to the capital market remain positive. Over time, the gross non-performing assets have declined, driven by two areas. One, the lower slippage, steady write-offs, and efficient recovery from the corporate loan book. And second, because of the shift to the retail portfolio over the years. The lower NPAs at 2.5% to 2.6% of advances means that the banks' balance sheets are adequately healthy to meet the current demand.

We also witnessed some pretty impressive growth in its mutual fund industry over the years, driven by increase in retail participation, higher portfolio counts, robust growth in investments through systematic investment plans, and ease in investing provided by various platforms. In fact, in fiscal 2024, the mutual fund AUM accounted for an all-time high of 18.2% of the GDP. Our AUM has been stable compared to the last quarter, as you can see on the slide, given the volatility in the market in recent months. The move towards passive and the alternate segments continues to progress well.

If I move on to Slide 17, what you can see here that in terms of the India's private sector, we're in a better position to invest compared to what it was a decade ago. India's corporate sector has been through a period of deleveraging, which combined with lower key commodity prices has contributed to better financial health. Corporate earnings clocked a CAGR of 12% over fiscal 2019 to 2025, supported by efforts to enhance operational efficiency and to manage costs. The material deleveraging, as you can see on the chart, and improved financial flexibility has been broad-based and facilitated by low capex, new issuances in equity markets, as well as slowing back of profits to retire debt.

So the industry is poised to explore both opportunities underpinned by these robust credit fundamentals, efforts by the government such as the PLI schemes, as well as the increasing capacity utilization. We are optimistic about the medium-term growth prospects of the Indian economy, driven by a combination of these factors. However, as Amish alluded earlier in the presentation, the key monetizableables continue to be on the global uncertainty. The new tariff structure imposed by the US, the possible retaliatory measures, and the trade deals by the affected countries are expected to realign global trade, leading to excess supply and volatile commodity prices, and potentially also reducing volume.

From a business performance standpoint, in the uncertain environment, the need for insights and analytics for our clients continues to stay very relevant. In the industry research, we observed a strong renewal rate, both for our traditional and emerging sector research. We have also been combining Gen-AI capabilities with cutting-edge analytics and our domain expertise for our products and solutions, such as Credit+. The consulting services also saw good growth in transport and clean energy areas, with

continued spends on infrastructure and renewables, while we continue to monitor the overall spends in an uncertain environment.

Let me now hand over to my colleague, Duncan, to provide an overview of the global front.

**Duncan McCredie:**

Thank you, Priti. Hello, I'm Duncan McCredie, President of Crisil Coalition Greenwich. I am going to outline the key trends in the global Corporate and Investment Banking sector through 2024, and a business update on Crisil Coalition Greenwich. I'll be referring to Slide 18 of the analyst presentation.

Global revenue pools in CIBs were up marginally in 2024, thanks to a return on activity in primary capital markets.

In IBD, deal activity began an upward trend in Q2 2024, and momentum continued to build through to Q4. The market saw a marked increase in large and cross-border M&A deals, and primary capital markets issuance saw strong activity with the backdrop of buoyant secondary markets.

Fixed income divisions of banks saw steady performance year-on-year, with increased volatility in Q4 around election events, driving a recovery after a slower start to the year.

Equities divisions saw strong performance year-on-year, led by buoyant markets in Americas and APAC.

Banking activity was relatively stable, with some decline in corporate appetite for lending and muted growth in transaction banking and trade finance.

Overall, returns on equity saw a positive trend, thanks in large part to the recovery in IBD.

Crisil Coalition Greenwich saw good momentum in corporate and investment banking, with scaling of product offerings and positive client engagement from large commercial banks, strengthening demand for our products.

We also saw good growth in commercial and community banking space in the US. As we look to maintain our growth trajectory, we continue to invest in our offerings in new and adjacent market segments, such as private credit and regional banks, amongst others.

Let me now hand over to Gurpreet to cover Integral IQ and the overall segment performance.

**Gurpreet Chhatwal:**

Thanks, Duncan. Good evening, everyone. I'm Gurpreet Chhatwal, and I'll take you through a brief business update on Crisil Integral IQ, as well as the segmental

performance for Research, Analytics, and Solutions for Q1 2025, as well as for CY 2024. This is on Slide 19.

Crisil Integral IQ's performance was muted in 2024 due to curtailed discretionary spending by many of our global customers. From a revenue and profitability perspective, the global banks had limited appetite for discretionary spends, which you saw on the slide which Duncan presented. The other reason for their muted spends was that both the US and the UK underwent an election in 2024 that brought in its share of policy uncertainty. Lastly, we saw in 2023 a failure of three regional US banks, namely SVB, Signature, and First Republic, which kept uncertainty levels high amongst the mid-sized banks in the first half of 2024. With these multitude of factors, many of our clients deferred spending and adopted a wait-and-watch stance.

On the other hand, we saw and we are currently witnessing continued growth and traction in areas such as private capital and the usage of GenAI, and data analytics.

We are also witnessing an increased traction in mid-sized banks for their offshoring solutions options to manage costs more effectively. Asset managers, especially next-year ones, are increasingly focused on their cost-to-income ratios and are exploring operational transformation and cost efficiency initiatives.

At Integral IQ, we are focusing on the growth areas as well as the growing customer segments with appropriate investments. In Q1 2025, we are witnessing positive traction in our discussion with our customers and continue to focus on strengthening our pipeline.

Now let me come to the segmental performance of the Research Analytics and Solutions segment for Q1 2025 as well as the last year.

In 2024, the segmental revenues were marginally lower than that of the previous year due to the impact on discretionary spending by global customers, as I highlighted, and conclusion of a few long-term projects. The segment margin in 2024 was higher by 2.4% compared to that of the previous year. A point to note is that 2023 margins included a one-off gain of INR 29.4 crores due to a sharp devaluation of Argentinian Peso.

As for Q1 2025 performance, the segmental revenues grew by approximately 2%. Segmental profit, on the other hand, witnessed a strong uptick in Q1 2025, growing approximately 16% on year, on the back of changing product mix and continued focus on margins.

Let me now hand over to Sanjay to cover the risks section.

**Sanjay Chakravarti:**

Thank you, Gurpreet. I'm looking at Slide Number 25 and would like to speak on certain points covered on this slide.

Let me start with macroeconomic and geopolitical risks. Given the current circumstances, we've kept this risk on active watch given global developments. However, at this stage, we have not seen any material direct impact on our businesses on account of geopolitical conditions.

The second one, which I would like to speak on, is foreign currency risk. Our global operations generate significant revenue in foreign currencies, thus leading to the risk of exchange rate fluctuation, which can negatively impact profitability. Crisil has a well-structured hedging policy to forward contracts to act as a buffer against any kind of FX volatility that might occur.

Finally, I would want to take a few minutes on people risk. We are a talent company and our people are our key assets. Hence, we always have a proactive approach towards people management and attrition. Having said that, our attrition rate has been stable compared to past trends and is in line with industry trends.

On the remaining risks listed on this slide, should you have any questions, we would be glad to address them during the question-and-answer session. With that, I will hand over the mic to Amish Mehta.

**Amish Mehta:**

Thanks Sanjay. As you heard all of us speak about the current global uncertainties, we continue to see opportunities for our businesses. Our focus on developing client solutions to navigate this environment and cover the white spaces position us well. Our strategy of having a portfolio of businesses has ensured that we are able to grow on a sustainable basis. And we continue to be excited about our strategy to drive growth across all our businesses while investing in new capabilities. Happy to take any questions that might be there. Thank you.

**Moderator:**

Thank you very much. We would now like to open the floor for questions. The first question is from the line of Rajiv Mehta, Group Vice President.

**Rajiv Mehta:**

Thank you for giving me the opportunity and congratulations on a strong operating performance in Q1 of CY '25? My first question is on GAC. Now, the kind of momentum that we have seen in GAC in the last 3-4 quarters, it broadly falls in line with the objective that we had revealed in the last April AGM that we want to take the engagement with S&P to a certain level in the next 4, 5 years. But if you can split the current direction that you are witnessing between rating support and non-rating support, so that we know how the growth is shaping up.

And even within rating support, is it purely driven by higher volumes or more value addition there? And in non-rating support, which are the areas and opportunities that we are targeting within the whole S&P curve?

**Amish Mehta:**

Thanks, Rajiv. Thanks for the question. I'll just request everybody who comes up just to also give the name of the organization, that you are representing, just to kind of help us understand. I think GAC, and I think you picked up well, that we had at the last AGM mentioned about the potential to grow business with S&P Global, which we perform as a part of GAC. I think the growth has been seen within GAC, we have seen across the portfolio, right, on surveillance delegations, the support that we do on digital transformation, and the entire work that we do for S&P Global Ratings.

So it is, I think, supporting them in their growth journey, also supporting on the technology transformation journey that they embark on. When we come to the non-S&P Global Ratings business that we have, I think the focus there is to play to our strengths, which is largely on the analytical side, research side, areas that we have been able to support them, program management, technology, of course, technology transformation, and data analytics. Areas which are core to Crisil, where we have been able to, you know, we can develop a center of expertise for supporting the other businesses of S&P Global. And work which we have -- which we have been able to do for them in the past business.

So that's been the nature of growth that we are looking at driving. And then those are the areas that we are trying to drive, you know, within the group of S&P Global.

**Rajiv Mehta:**

Okay. Sir, I belong to Yes Securities. Now, my second question is on the GR&RS erstwhile, and now, Crisil Integral IQ. So, sir, I mean, when I look at your commentary and your presentation also, you are still saying that clients are expanding in certain transformation areas. And so far, we haven't seen much of an impact of the geopolitical uncertainty as yet. So, I mean, if the macro were to turn around, say, positively, from maybe one, two, three quarters down the line, how are we positioning ourselves, maybe through investments being done in maybe sales or product offering, delivery capability.

So that when the scenario turns around, we are able to gain wallet share, win new business, win new clients. And we can fully participate, more than commensurately participate in the growth in the coming year, say?

**Amish Mehta:**

So, a couple of things I would say, Rajiv. I think we continue to focus on and looking at the growth segments. And I think both me and Gurpreet, we tried to touch upon some of them. I think it was in the, in the space of asset management, the space of big banks, right, regional banks, I think private market players, I think there are areas of opportunity that we see going forward. And I think we continue to build both our capabilities as well as sales teams to look at building a pipeline, building our presence across these markets to drive growth.

I think on the other aspect of Coalition Greenwich as well, I think we are looking at, again, growing regional banks, we are looking at growing the asset management side. So, we have identified areas of opportunity which can help drive growth. That is, and if

let's say, the growth turns positive like you mentioned on the global side. I think that will accelerate the journey and the momentum that we are trying to build for ourselves.

So, we continue to invest in building presence in offerings as well as on the sales side to make sure that we are able to harness the opportunity as and when it arrives.

**Moderator:** The next question is from the line of Balaji Subramanian from IIFL Securities.

**Balaji Subramanian:** My first question would be on the domestic rating revenue. So, you have mentioned that you have seen 27% growth in this quarter and a couple of quarters back also you did close to 30% growth. And if I look at these numbers, these are probably the best you have had in the last 12-13 years. So, what exactly is driving this kind of growth?

You did mention that you benefited in both initial rating and surveillance, but any color on what exactly is driving this kind of significant outperformance versus the rest of the industry and also versus your recent history, that would be very helpful. So, I will ask my second question after you address the first one.

**Amish Mehta:** So, maybe I will request Subodh to address your question. Subodh?

**Subodh Rai:** Thanks, Amish. So, as Amish has spoken, you know, there's a clear preference for best-in-class rating in the market and there is a benefit from that. And specifically speaking about recent quarters, we benefited from the uptick in the bond market that we saw in the second half. That was a positive for us. We also benefited from a few large deals that happened in the market. And if you look at mid-corporate space, we are seeing good momentum on the enhancement side. So, that has really helped us. And I think in the infrastructure segment also we are seeing good momentum. So, put together we have been able to top the number that you have seen on the screen.

**Balaji Subramanian:** Got it. But at least, I know maybe looking at one quarter's performance may not be the right way to look at your business. But at least at the industry level, the bond issuance growth was just 4%. So, while I do understand that the preference for your superior quality ratings and all stays. But any sense on how the revenue growth was so strong despite the fact that the macro economics were kind of just okay-ish?

**Amish Mehta:** I think, Balaji, I think it will be good to look at annual numbers rather than looking at quarterly numbers is what I would recommend. I will always suggest that to everybody. And end of the day, it depends upon the market. It depends upon fundraising plans of corporates. It depends upon activity in M&A. So, I think there are multiple things which play out when you look at the market and how Crisil's positioning on the analytical rigor, if you look at some of the benchmarks and compare. I think you will see where Crisil stands. And why would there be an investor preference for ratings from Crisil. I think these are some of the factors which have continued to auger well for us over a period of time. You can look at the benchmarks. And I think that is what we will continue to

drive through our work, through our analytical rigor, through our franchise, through our thought leadership and that's where you see the outcome which you are seeing.

**Balaji Subramanian:** Thank you. That is quite helpful, Amish. My second question would be on the overall discretionary spending outlook. So before the recent bout of uncertainty set in, at least in September and December quarters, we were seeing pretty strong results from the U.S. and global banks. And the expectation was that discretionary spending should probably pick up in two or three quarters.

And based on where we are today and amid the macro uncertainty, how have things stand out? Are we seeing any positive signs on discretionary spending or do you think it will get pushed out by a quarter or two?

**Amish Mehta:** Gurpreet, do you want to address that?

**Gurpreet Chhatwal:** Thanks, Amish. I think it's something which I would say that we are watching closely from, this is largely talking about the larger banks. But as I think Amish mentioned and I think we continue to focus on the growth areas in the whole spectrum, I think growth areas and the growth segments, I think private capital investment, GenAI, data analytics I think those are happening.

And we're seeing segments like midsize banks, segments like asset managers, both large and midsize continue to invest in options which will make them more efficient. I think those are investments which are happening. As we saw last year, we've seen this year. So as we mentioned, I think we're pivoting our strategy to ensure that we focus on those areas and general trend which we are also seeing is people are looking at both offshoring and automation. I think that that is also continuing.

So as I said, I think some of that for the large investment banks, I think that that is an area which we continue to watch. And when we see traction, we will inform on that. But we've pivoted our strategy to focus on the growth areas.

**Balaji Subramanian:** If I can ask a quick follow up on that, are we seeing any headwinds because of GCCs, especially scaling up in the last couple of years?

**Gurpreet Chhatwal:** I think it's both as I would say, I think we've seen GCC scaling up. I think GCCs make sense for relatively large institutions on the other side who can look at a relatively large number of, I would say, body of work to move on and then kind of make sense. But I think at the same time we're seeing GCCs also working with offshoring players to be able to fill up the demand. At the same time, people are looking at niche solutions, which many of us play.

So I think it is, I would say, it isn't one way solution. I think there is enough demand both for the GCCs as well as third party players like us.

- Balaji Subramanian:** Got it. That's it from my side. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Krishnan ASV from HDFC Securities. Please go ahead.
- Krishnan ASV:** Many thanks for taking my question. This is to do with Slide 17 of the presentation. And I just wanted to understand, given your vintage of having looked at India Inc. for a very long time, what does it take for India Inc. to start reinvesting and to revive the capex cycle? How much of that tailwind is discretionary according to you versus what necessarily needs to happen once they hit a certain capacity utilization?
- Subodh Rai:** Thanks for your question. You're right. We have given the debt protection metrics on Slide 17, which is fairly strong. We haven't seen this kind of debt metrics in the last several years. So if you look at balance sheet distance, I think clearly there's enough space to do the capex. But given the geopolitical uncertainty that is there in the market, it may be one reason why private sector capex is not really picking up the way it can.
- Operating debt is already high. So if you ask me, the condition is favorable, but I think geopolitical situation is something where people are expecting more clarity, more stability before you see a good uptake in private capex.
- Amish Mehta:** I think there are areas and I'm just going to add to what Subodh said, I think there are areas like renewables, there are areas like EV related within auto, the entire battery space. You look at, I think some of the electronics areas, I think there are investments happening. Of course, infrastructure, everything supporting infrastructure investment is happening. But for everything else, I think like Subodh mentioned, the current uncertainty in the environment with what will happen with tariffs, the direct impact, indirect impact, how that will play out. I think corporates are looking for clarity and certainty before they would end up committing to, I think, capex finance and going forward with their investment plans. I think that would be one of the triggers, if you were to ask me. Capacity utilization, I think we are hovering around that 75% mark. I think domestic demand remains robust in India. There are enough reasons why we believe domestic demand will continue. I think the key question will be the geopolitical uncertainty and what does that mean for some of the industries and the manufacturing requirements that might be there.
- Krishnan ASV:** Interesting you say this, because I'm just trying to wonder, a lot of these headwinds in terms of tariffs are things that have picked up in the last four months. And yet we have hovered around 70%, 75% of capacity utilization for a much longer period of time. It's been nearly 8, 10 quarters or 8 quarters at the very least that we are there. So what's been, I mean, from your conversations with India Inc., what's been holding them back all along? Leave aside the last four months, where I understand these are tariff uncertainties, etcetera, but even in the run-up to this, most corporates have hesitated.



So I was just trying to wonder, is there any insight that you have picked up from your conversations with India as to what is holding back private sector in capex?

**Amish Mehta:**

I mean, I can tell you last year, I mean, one of the key reasons was there were elections across the globe. Different economies, including India, US, some of the major economies were going to have elections. I think that was leading to people waiting and watching outcomes of those, what does it mean, change. I think over a period of time, we have continued to see various events globally. Before that, there was again the Ukraine, there were other events which are happening. I mean, you had the Middle East geopolitical crisis. So I think there have been events happening over a period of time, which has led to some of this uncertainty. The moment I think companies see stability in demand and also they see stability in the environment and policymaking. Our belief with the current balance sheet capability, which is sitting there, funding should not be a constraint. And I think you will see capex coming back.

**Priti Arora:**

Yes, and maybe to just add to what Amish said, we in fact did an analysis of 8 capex intensive sectors, which almost account for 70% of the annual industrial capex. And you're right, Krishna, that you mentioned that it indicates that the capacity utilization is indeed above the decadal averages and we see that across sectors like commercial vehicles, steel, cement, they're all being linked and are benefiting from the government infrastructure spending.

I think even if I see year on year, so for 24 to 25 and 26 projections, we were seeing that increase. I think we were at the point where like Amish mentioned, some of the uncertainty was settling in. But I think the tariff conversations and what we're seeing right now is delaying the cycle for at least the next couple of quarters as we see it.

But other indicators from a broad macro perspective, including capex and the deleveraging are definitely good momentum areas that we should continue to watch for, because they will definitely help uptime in the private capital.

**Krishnan ASV:**

Great. My second question is to do with the ratings business per se. I mean, this is also related to one of the earlier questions in terms of the -- where are the pockets where we are gaining market share? I mean, there's very clear tendency for corporates to move towards best in class. But where are these pockets that are emerging where you are seeing a migration towards Crisil? More importantly, given that a bulk of the market is migrating towards Crisil, shouldn't our ratings distribution now reflect, in some sense less of a skew towards AAA and AA?

**Subodh Rai:**

See, to your point, is there a migration to Crisil from other rating agencies, if I'm getting it right? See clearly, there's a preference for best in class ratings. And we do benefit from that. That's where business is concerned. Coming to you, say, the skew of AAA, AA. Skew is there because of the construct of the market because if you look at bond market, there's hardly any demand for a paper which is rated in say A to BB category,

etcetera. I mean, practically, the market closes below AA category. So you will always see some skew. Having said that, let me tell you that if I look at overall Crisil portfolio, a couple of years back there was a time when we had median rating if you look at it was in BB category. Now, actually it has shifted to BBB category. So there is, if you look at the portfolio of Crisil in terms of ratings, our current median rating is around BBB. So, skew for AA, AAA to some extent will remain because of the nature of bond market as there's no appetite for papers which is rated below AA. But if you look at the overall picture clearly in our portfolio, we are seeing dominance of investment grade ratings.

**Krishnan ASV:** Sure, thanks. Thank you.

**Moderator:** Thank you. The next question is from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

**Abhijeet Sakhare:** Hi, thank you. Good evening. My first question is on domestic ratings business. Would it be fair to say that over the last two, three years, it's sort of getting more and more towards bond ratings as against bank loan ratings? And if it's possible to give some more color around how's the demand on the bank loan rating side? Are there any structural shifts in terms of lower and lower demand for external ratings there?

**Subodh Rai:** So, I think, to your point in terms of bond market and bank loan market, I think both are growing. That's number one. So, we are seeing growth in both the markets. Now, if you come to the number of companies rated. Bond market side I mean, there's a fair bit of stability. We are seeing more and more companies accessing the bond market. Particularly in the infra space, we have seen a lot of movement. There are a lot of new players from the infrastructure sector who have come to the bond market.

If you look at bank loan, at the lowest end of bank loan where typically you have very, very small clients. We have seen that some of the banks have decided that at a really low end like INR 5 crores, INR 10 crores, they may not need a rating. And it's not a trend across the board, but in some cases we have seen.

But purely if you look at high level, if I look at industry's revenue, despite some erosion at the lowest end of the spectrum. In bank loan rating, industry's revenue is consistently growing. If you look at last year, it grew at double digit. And if you look at listed companies' revenue this year also, I'm talking about CY24, the growth has been pretty strong.

**Abhijeet Sakhare:** Subodh, just a follow up, if you could also comment on the pricing aspect of the entire industry as well, especially on the bond market side.

**Amish Mehta:** I think we don't comment on pricing of the players. I think this has remained more or less in line with what has been the trend. The market is competitive. And I think the pricing remains in line with what we have seen in the past.

**Abhijeet Sakhare:** Got it. And on the GAC piece, you indicated, Amish, that there are new areas which have opened up with S&P. If you could provide some more details as to which are these areas and what do you think is the growth runway for the next two to three years?

**Amish Mehta:** So here, see, I mean, I think, like I mentioned, we are looking at creating centers of expertise for some of the areas where Crisil, has got its strength. So on the analytical side, research, like I mentioned, data analytics support, technology transformation, program management, I think we are trying to create an opportunity. You are aware that S&P already has, right, their businesses also have support which happens from India. They've got teams in India.

So I think we are trying to find our competencies and where we can play to our strengths and trying to see how we can gain business from S&P on those strengths that Crisil has a right to win. I think that is where we are working on. We are trying to build that up. I think, how we are able to build that, what are the projects, what are the initiatives, I think that is what will determine the scale of the opportunity as we go forward. So I don't think we have any forward-looking statement in terms of what should be the target. I think, as you know, we have put an aspirational number for ourselves in the AGM for the revenue that we would want to pursue.

So I think that is what we would like to, you know, pursue from an intent perspective. How that plays out over a period of time, our ability to be able to demonstrate that value, I think that is going to be important.

**Abhijeet Sakhare:** Got it. Then the next one is on Gen AI. Still early days, but if you could comment on what does it mean in terms of business outcomes for Crisil as a company in terms of demand for these type of engagements and how does it impact your legacy or your pre-existing work in terms of demand for people and engagement levels there?

**Amish Mehta:** So I think Gen AI, see it has accelerated adoption. I mean, as I mentioned, across various industries, right, there are a lot of POCs which are being done. We see a lot of POCs being done across various companies and organizations, but we are yet to see widespread adoption of Gen AI in finance.

So I think as far as Crisil goes, we are looking at the evolution of Gen AI, large language models, both as an opportunity and in terms of how we can leverage that for efficiency and effectiveness. So we look at efficiency, we are looking at deploying AI to enhance the operational efficiency of our internal processes in the organization where we can, right, where we have the ability to look at areas where we can leverage Gen AI.

I think the second is from effectiveness to invest in AI offerings, which will help our clients either in their AI journeys themselves or in AI-led products. And I think I gave some examples or I think some of my colleagues spoke about some examples of how we are leveraging Gen AI.

So like in, we have incorporated Gen AI capabilities in our CREDIT+ ICON, which allows us to, which enables credit analysts to generate draft summaries of credit reports. This is based on financial data and analysis reports. In addition, we have put a natural language query feature, which has been added to one of our offerings, Fulkrum, which is a business intelligence platform. And I think some of these enhancements help to elevate the value of the proposition of our products. In some cases, it improves the user experience for data analytics. And, I also mentioned that on one of our global businesses, we are using Gen AI to create credit reports, which are then being used by our clients.

So I think, we're trying to see how we can leverage Gen AI across our products, incorporate that as a capability and enhance the capability of those products and offerings, and also leverage it as a tool, which we can then see the value of that for the workflows that we might be using, and how we can, try and leverage the value of Gen AI, both internal and external. So this is a technology which we are, which is evolving. And I think we are trying to see how we can embrace that to generate value for ourselves.

**Abhijeet Sakhare:**

And sorry for one more follow up on this question. Any areas where you think it's a potentially material risk in terms of demand for work from clients?

**Amish Mehta:**

I think, and I, if I remember right, I had spoken about this last year as well. I think one of the things which Crisil does, because of our domain expertise and our core capabilities, we operate in areas which are much more domain specific, right? There could be some parts of that, which could have the ability of Gen AI being leveraged, but it is not something that will completely, you know, I think take over the work that we are doing, unlike a lot of the other maybe process organizations which might be working on at scale.

I think in our case, there could be areas where we can actually leverage Gen AI, and that becomes an opportunity for us. Because, with the core expertise, if you're able to add Gen AI capability, you actually are creating a lot more opportunity for yourself as an organization to partner with clients, because that's the capability which they are looking at. I think that's how we are seeing the entire space.

There are areas, like I mentioned, that, like on data, I mean, a simple example, data extraction. You know, there are tools which are being looked at, there are LLM models which are there, but how do you use that LLM model for specific use cases on, let's say, credit, or areas that we operate in; I think that expertise, that ability, is what is the key differentiator for somebody like us.

**Abhijeet Sakhare:**

Got it. That's very helpful. And just the last one. In the past, you indicated that both your businesses have levers for margin improvement. Any fresh update on that comment, please?

- Amish Mehta:** Sorry, which businesses? I mean, okay, let me just say an overall intent that I will play out, that as an organization, as a leadership team, as a company, our strategy is to grow profitably. We will always focus on driving growth across all our businesses and continue to maintain and grow margins. I think that is the way we think about all our businesses, and we believe there is an opportunity to drive that across all our businesses. And that value could be, like, getting more customers, could be better premium pricing, right, being more efficient in our operations. It's a combination of all, but our intent is always to grow profitably.
- Abhijeet Sakhare:** Thanks so much.
- Moderator:** Thank you. The next question is from the line of Pritesh from Lucky Investments. Please go ahead.
- Pritesh:** Yes, sir. My question pertains to the India Ratings business. So, in the last 12 months, are there any pricing actions in the bank loan rating market and the bond rating market? And if you want to quantify or highlight it so that we get a better idea in terms of the volume and the pricing that grows?
- Amish Mehta:** I think, like I mentioned, that we continue to drive all our businesses to grow profitably, and that would include looking at better pricing, better premium pricing, better value to our clients. I think, each of our businesses will continue to evaluate opportunities and see how they can increase pricing from our clients.
- Pritesh:** Okay. Will it be possible for you to share the volume growth in the business?
- Amish Mehta:** So, we don't disclose the numbers, those numbers publicly.
- Pritesh:** Okay. My second question is, last 12 months have been a case where the risk rates were higher, and some of the financial institutions, had a stable rate regime. Financial institutions heading to bond markets for borrowing. With the lower risk rates now and falling interest rates, does the structure of the rating industry change a bit in terms of the growth direction, or there are any other levers where the structure remains intact?
- Subodh Rai:** First question about the change in risk rate. I'm assuming you're referring to NBFCs, where RBI has kind of reduced the risk rate?
- Pritesh:** Yes.
- Subodh Rai:** So, I think, if you look at overall industry level, as I said in my presentation, it can be one of the post-typicals for NBFCs. And we have to see how bank lending actually moves there, because NBFCs are facing asset quality challenges in certain segments. So, there may be some benefit, but whether it will go back to the previous level. It's something that we have to monitor.

As far as rate cuts are concerned, what we have seen traditionally is that whenever rate cut happens, we see greater activities in bond market. If you look at 10-year G-Sec, it is already below 6.5%. So, it may translate into, superior spread for AA and AAA papers, and that can be a kicker in the bond market. So, we have to see. And we are expecting more rate cuts, as I said earlier, that we're expecting 50 bps rate cut in fiscal 2026 here onwards. So, we do believe that there may be some positivity in the bond market.

**Pritesh:** Okay. So, between the last 12 months and the next 12 months, do you see the structure improving in terms of growth for the rating agency in a nutshell, or do you see the structure enabling a similar growth rate for the rating agency? So, it's a directional question without a number in mind.

**Amish Mehta:** I think there are a couple of things. One is, like, we mentioned the entire credit growth, the growth of the economy. I think the interest rate going down should facilitate, like Subodh mentioned, the bond market fundraising. However, again, fundraising will depend upon requirement and the activity level. So, I think it's very difficult to comment, which way things might play. I think if there is demand for fundraising and with the interest rate going down as the economy does well, geopolitical uncertainty stabilizes, I think we should see an environment which is positive. I mean, I think that's as simple as that.

**Pritesh:** Thank you.

**Moderator:** Thank you. The next question is from the line of Akhil Gulecha from Hornbill Capital. Please go ahead.

**Akhil Gulecha:** Hello, and good evening to everyone. My question is on the Research, Analytics and Solution division. So, we've had negative growth last year in 2024, and the first quarter as well, the growth has only been 2%. So, while I understand that there are tariffs and a lot of the discretionary spending is not in your hands directly, how do you see this division going ahead in 2025 or 2026? Do you see the challenges continuing? Do you see it turning around anytime soon? How are you seeing it?

**Amish Mehta:** I think, like I mentioned, so one is, we don't give a forward-looking view, but let me give you the color of the opportunities that we are seeing across our businesses in the Research segment. I think Priti, Duncan, and Gurpreet called out the areas of opportunity.

I think from an India perspective, both on the data and research side, I think we continue to see opportunity to drive growth from a demand from our clients and the work that we do. The challenge could be in case there is a slowdown in investments and if the growth slows down given the uncertainty, I think that could be a challenge. But the opportunity is in those, even in those times, the demand for data and research continues, and we

have seen that during COVID times. I think Crisil as an organization has the ability to leverage, some of these, I would say, events, even if there is a slowdown.

On the global side, Duncan spoke about benchmarking, and again, I would say that, you know, with the global uncertainty on the investment bank side, there is demand for benchmarking, right, I mean, banks want to know what's happening, what is the impact. I think demand for services in, you know, Global Benchmarking again continues in an environment which is volatile.

The third part of our business, which is the global Integral IQ, and I think, again, both me and Gurpreet shared the areas of growth that we are focusing on. This is a business where, yes, the discretionary spends or the slowdown might have an impact given the clients, right? I mean, and how they approach their spends on areas of work that we do. I think how that will play out and what could be an impact and how, you know, how are we able to focus on our growth areas and be able to build that pipeline to drive growth in that business; I think that could be something which we will continue to monitor and drive going forward.

So I think if you ask me, the focus of the businesses as a strategy, as an organization is to drive growth, look at the white spaces, look at areas of opportunity, focus, build pipeline. We have invested in sales teams, we are investing in building products and solutions, right, and I think that is what our focus as an organization is.

**Akhil Gulecha:**

Okay. Got it. Thank you so much. I'm sorry to repeat this again. I know a couple of analysts already spoke about this, but the growth in the India rating business is really sort of surprising because this 30% number, it's a number we've rarely seen in the history of the company, as well as the industry, as well as the competitors' numbers.

So something drastically must have changed because you've grown 30%, 20%, and then 32% again for three quarters now. So has the market share been that drastic that the other companies, that when the industry is growing 10%, 12%, you're going 30%? Something does not add up here.

**Amish Mehta:**

I think we should look at annual revenues is what I would say. If you look at last year, full year numbers, right? We look at the annual revenue and there is growth across both parts of Ratings Services segment. Like we mentioned, the Global Analytical Center, the work that we do for S&P Global is also part of that, of that portfolio and the work that happens, the rating, domestic rating side. We continue to see opportunity. I think we continue to drive growth across both those businesses. We continue to differentiate ourselves with the work that we do, the relationships that we have. I think that is what I would say. And I would also add, I mean, I think somebody mentioned earlier, is this the best? I would say the best is yet to come. I am a firm believer that I think we are going to continue driving the opportunity.

- Akhil Gulecha:** Okay. Understood. Thank you so much and best of luck.
- Moderator:** Thank you. The next question is from the line of Anuj Sharma from M3 Investment. Please go ahead.
- Anuj Sharma:** Yes, thank you so much. My question is on the new brand identity. Is this a classification only for branding or it will have a P&L and hence monitoring and target settings for each of these identities?
- Amish Mehta:** I think this is something which we have embarked, like I mentioned to demonstrate one enterprise, the value to our clients, the connectedness of the brands and the businesses, sorry, the interconnectedness of the businesses that we have to our clients and being able to tell the, you know, the story of Crisil and the story of our businesses in a very, very powerful way to our clients. That is what we will be leveraging the entire brand, the launch that we have done. So, this is about repositioning.
- Anuj Sharma:** Okay, but would we be having a P&L for each of these brands?
- Amish Mehta:** So, these businesses are anyway classified and those are classified in the segment. We monitor all the businesses. That is what I spoke of. So, each of us spoke about the businesses. So, we monitor these businesses very closely.
- Anuj Sharma:** Okay. My second question is, see, over a period of time, the organization has grown and complexities have increased. But if you look at the reporting structure, that seems it has not evolved basically and it's sort of leading to information asymmetry and opaqueness. And I think as the complexity increases, the opaqueness between the management and the shareholders will only increase. So, any roadmap the board or the management has to maybe remove the asymmetry between what the management and the shareholders see?
- Amish Mehta:** I think I would say any suggestions that you might have, please feel free to share with Dinesh our CFO. We will continue to look at it. I mean, I think our intent is to share as much information in our balance sheet.
- We try to cover in our management disclosures, right, even in our analyst call, in the analyst presentation that we do, keeping regard to the requirements that are there and also from a competitive landscape information that we are able to share. But we'll be happy to take any feedback.
- I think the intent is always to have a meaningful disclosure so that, you know, I think analysts and the stakeholders are able to understand what we do. That would be our intent. So, we'll be happy to take any feedback that you might have.



**Anuj Sharma:** Yes, no, just one point and then I'll ask a question. See, a credit rating agency should actually remove information asymmetry. And as I see, the asymmetries are only increasing. So, that's my point, but I'll take it offline.

My second question is, if I look at geographical breakup, the rest of the world seems to have done a little better at 16.8%. I don't know if that's a true representation again, but what is happening in the rest of the world? Can you just share some light over there?

**Amish Mehta:** So, you're talking about the revenue breakup by geography, right?

**Anuj Sharma:** That's right. That's right. Yes. And this is CY '24 over CY '23 in the annual report here?

**Amish Mehta:** So, I think, like I mentioned, I think, we have a portfolio of businesses that we operate in. And, right, I mean, some of our businesses are global with global clients. So, I think, depending on, you know, which business grows, I think that that is a reflection of the growth of some of the businesses that we might have. I think our strategy is to grow every business profitably. I think that is how we work.

**Anuj Sharma:** But some more details into what exactly is happening in the rest of world, which service, which segment is doing well, some light into that?

**Amish Mehta:** I think, like we mentioned, that the Coalition Greenwich business, which is, you know, is a business which has done well. I think that is one of the key drivers that you are seeing out there.

**Moderator:** Thank you. The next question is from the line of Rakesh Kumar from Valentis Advisors. Please go ahead.

**Rakesh Kumar:** Hi, sir. Thanks for taking the question. So, you know, I would like to get your opinion on the four pointers. So, that is, again, with respect to the corporate capex program. So, firstly, like, you know, what is your view on, you know, the corporate cash balance and short-term investments as a percentage of the total asset? So, how that is moving and thereby impact on the, you know, probable capex that we are looking at?

Second is the total loans under resolution in NCLT and NARCL or all the ARCs, basically, we can consider, where, you know, the interested corporate can bid for. And therefore, there is a, again, lower probability of the fresh capex.

Third point is basically the banking system LDR position and the ability of banks to lend for the corporate capex.

Fourth point is basically the RBI revised guideline on the STM investment book with respect to the inclusion of non-SLR in the investment, STM investment. So, these four pointers, you know, what is your opinion on all this, each of these four pointers with respect to capex? If we can throw some light?

**Amish Mehta:** If I understand correctly, you are talking about the external capex.

**Rakesh Kumar:** Yes, correct. So, corporate capex and related, our, rating revenue improvement. So, I was coming from that, perspective. So, like, the corporate capex, is there. But, you know, if you look at the cash balances and the short term investments, that number is pretty healthy right now as a percentage of their total corporate assets. So, because that number is, RBI publishes that number.

So, I was looking at that number and just trying to understand that would really corporate will, demand the loan because the income accruals are quite high right now?

**Subodh Rai:** Yes, I think two parts to it, I think on private capex, we have answered. I mean, it's a very complex play of multiple factors. If you look at balance sheet, clearly, it looks like they are ready. If you look at operating group, it looks like they are ready. But if you look at the overall business environment, given the geopolitical situation, tariff situation, it's slightly complex.

Just to your point, whether corporates have more cash and short-term loan today with them and whether they will take lesser loan, this is a possibility. Because if I already have cash and short-term loan and I'm going to do a capex probably rather than leveraging it fully, I may only part leverage.

We have also seen, most corporate talking about having lesser leverage, having cleaner balance sheet in terms of debt, having lesser debt. So to that extent the assumption you are stating seems appropriate to me that if I have a lot of cash, I have a lot of short term resources on my balance sheet, there's a possibility that I'll take lesser amount of debt.

**Rakesh Kumar:** Sure. And the second point with respect to the loans under resolution in NCLT, because interested parties and interested corporates can bid for that. And therefore, again there is a lower probability for the first capex?

**Subodh Rai:** What we have seen in the last couple of years, corporates are more inclined towards brownfield expansion, acquisition and taking assets from NCLT. That can be one of the reasons why we are seeing lesser capex. If such opportunities are available, I do believe that corporates are going to leverage those opportunities.

And will that affect, it all depends on opportunities. We have seen that happening in the steel sector, in the cement sector. We have seen a lot of acquisitions has happened. But it's not as if these opportunities are available across sectors. In select sectors, these opportunities are available and corporates are leveraging on it. So if such opportunities are available, I do believe that corporate will be exploring those opportunities as well.

**Rakesh Kumar:** No, but the thing is that -- the realization of the recovery rate for banks is so low that, corporates are buying the same kind of assets at much lower price, much lower price.

So that is why, the demand for the first debt that they would raise is much lower. So if you look at cumulatively that picture, so to that extent that demand comes down, demand for the debt from the corporate, whosoever is bidding for it?

**Subodh Rai:** So yes, I mean, that is always a possibility. Like I said, it all depends on the availability of assets. And what is the strategy of a particular corporate.

**Rakesh Kumar:** And third point with respect to the LDR position, because that is like, we are at the 17, 18 year high at 81% LDR. So how would, bank actually lend for the corporate capex, if it has to happen through the, through the loan not through the credit substitute?

**Management:** Amish, so I think if you look at the loan-to-deposit ratio or the credit-deposit ratio, that has gone up in the past two years because the deposit growth has trailed the credit growth. But if you look at the last three years or so, a couple of years back, the difference in growth was 500 basis points between the two. Last year it was 300 basis points, and now it is around 100 basis points and deposit growth, the gap between the deposit growth and credit growth.

If you look at the environment in the next year or so, the current fiscal, with the interest rates coming low and the liquidity situation also improving, if you look at till March, the liquidity situation was very tight in the system. RBI has infused liquidity, and if you look at their staff, it is more accommodative now, and they seem to be wanting to ensure that liquidity is there.

In that environment, we believe that the difference between deposit growth and credit growth will not be very substantial in the days ahead. The environment for deposit growth will become more benign. So in that context, we don't see the loan-to-deposit ratio go up too much from here on. And the difference between that credit growth and deposit growth will be more or less where it is. So that would mean that the 12% to 13% credit growth we are talking about, that banks should be able to achieve this fiscal.

**Rakesh Kumar:** And sir, the last pointer with respect to the revised guideline on the STM investment book, where non-SLR inclusion is possible. So would banks raise some kind of debt, Tier 2 capital or something like that, or maybe Tier 1 capital, and then lend to corporate if there is a demand for corporate capex? So is that possibility there, or is your opinion on the same?

**Management:** That possibility is always there, but the extent will be limited. You see how much Tier 2 a bank can borrow vis-a-vis deposits. That number is not very high. To some limited extent, it may be there.

**Rakesh Kumar:** Sure. Got it. Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Madhu Gupta from Quantum Asset Management. Please go ahead.

- Madhu Gupta:** I just have one question now. SEBI has come out with very strict guidelines where credit rating agencies have been asked to monitor the end usage of capital which is being raised by companies. They are also asking CRAs to analyze companies as to their track record while raising equity. So how do you think these kind of regulations, will they affect your business processes, and any impact of any growth rate going ahead because of these guidelines?
- Subodh Rai:** So first of all, let me state the facts. As of now, we have not received any particular guidelines from SEBI. These are the reports we have read. As far as the product you are referring to, this is MA product. The methodology for this product is established in consultation with SEBI when this product was introduced. And in case if there is any change in guidelines, methodology, etc., we will evaluate at that point of time.
- Madhu Gupta:** So right now, they are just taking feedback. I mean, there are no guidelines as such from SEBI as far as the domestic rating business. I mean, these guidelines are not for the domestic rating business. They are just getting feedback right now. That's what we need to say?
- Subodh Rai:** SEBI as a part of our process, not only for this product, across numerous things, they are always in consultation with rating agencies and the Association of Rating Agencies called AIRA. And a number of points, these are feedback. And as a rating agency, we always wait for final guidelines to comment on either on impact or if there is any change in methodology, etc.
- Madhu Gupta:** Got it. Thanks.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I will now hand the conference over to Mr. Amish Mehta to conclude session.
- Amish Mehta:** Thank you, everybody, for patient hearing and asking your questions. Like I mentioned, I think we continue to monitor the environment and I think our strategy is about driving growth profitably. If there is anything that you would want to ask or know, please feel free to reach out to Dinesh at CFO. We will be happy to address any queries that you might have. Thank you very much.
- Moderator:** Thank you, sir. That concludes the call for today. Thank you, everyone, for joining us. And you may now disconnect.