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CRISIL overview

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

### Ratings

**Ratings**
India’s premier ratings agency having rated 35,000+ large and medium-scale entities

**Global Analytical Centre**
Research and analytics partner for S&P Global

### Research, Analytics & Solutions

**Global Research & Risk Solutions**
Leading provider of risk, data analytics, ESG and climate risk integration, and bespoke research services to world’s leading banks, asset managers and other financial institutions

**Global Benchmarking Analytics**
Foremost provider of strategic benchmarking, analytics and insights to 300+ clients in global financial services

**Market Intelligence & Analytics**
India’s leading provider of research, consulting (infrastructure, energy, public finance and sustainability), risk, data & analytics, and training solutions
Serving 90% of India’s banking industry by asset base
Global presence

4,700+ employees globally - 40+ nationalities across 12 countries; ~39% women employees

Certified ‘Great Place to Work’ in India
3rd year in a row

National CSR Award, 2020
Category ‘Corporate Awards for Excellence in CSR’
1. CRISIL overview

2. Business environment

3. Performance update

4. Financials

5. Segment performance

6. Thought leadership

7. Corporate social responsibility

8. Risks
Macroeconomic environment

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

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP growth (%)</th>
<th>World</th>
<th>US</th>
<th>Eurozone</th>
<th>India*</th>
<th>China</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>3.4</td>
<td>2.1</td>
<td>3.5</td>
<td>6.0</td>
<td>3.0</td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>2023F</td>
<td>2.7</td>
<td>0.7</td>
<td>0.3</td>
<td>7.0</td>
<td>3.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Interest rate hikes since 1 Jan 2022**

- 500 bps\(^1\) ➤
- 400 bps\(^2\) ➤
- 250 bps ➤
- 20 bps\(^3\) ➣
- 0 bps ↔

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

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

Source: S&P Global, CRISIL, World Bank
Key trends amid uncertain market environment

**Global**
- Financial system fragility
- Continued spends for regulatory requirements, risk management and business transformation; shift to passives
- Heightened activity in alternatives and deployment of private capital
- Emergence of data and technology ecosystems in financial services
- Growing focus on sustainability and energy transition

**India**
- Healthy corporate balance sheets and robust banking system
- Government capex continues to support investment drive
- Increasing need to integrate non-traditional risks viz. new financial technologies, cyber risk, and climate risk
Agenda

1. CRISIL overview
2. Business environment
3. Performance update
4. Financials
5. Segment performance
6. Thought leadership
7. Corporate social responsibility
8. Risks
Robust performance despite challenging environment

Highlights of Q1 2023 business performance

- Ratings Services delivered revenue growth supported by higher corporate bond issuances (both, by quantum and number of issuers), and robust bank credit growth, which drove bank loan ratings

- Research, Analytics and Solutions segment saw traction for risk solutions, benchmarking, sustainability, and infrastructure consulting

- Continued investment in technology infrastructure and talent

- Interim dividend of ₹ 7 declared

- Completed acquisition of Peter Lee Associates

- CRISIL Foundation celebrated completion of 10 years and launched livelihood projects for ‘Mein Pragati’ sakhis in Rajasthan

- Hosted the 7th edition of CRISIL’s India Outlook Seminar, titled ‘Rider in the storm’. India Outlook Report 2023 released at the event
Maintained market-leading position in the Ratings business, driven by investor preference for our best-in-class ratings.

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

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

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

Enhanced client engagement across businesses.
Elevating tech agility and talent

- Ramped up digital and foundational infrastructure with sharp focus on cloud and infosec
- Rolled out Q², the integrated Qualitative and Quantitative benchmarking analytics
- **Fulkrum**: Launched the updated version of the next-gen big data analytics and reporting platform
- Launched **Phoenix**, a scalable and self-catering platform for faster, more efficient data processing
- Developed new capabilities for non-financial data in **Quantix** and enhanced **Alphatrax**

- Driving a shared sense of purpose, encouraging all employees to create impact through meaningful work and make a difference
- Developing a **future-ready workforce** through cross-team collaborations on strategic projects
- Elevating representation through **diversity, equity and inclusion** – 39.5% women hires and 9 diversity themed events and training sessions
Agenda

1. CRISIL overview
2. Business environment
3. Performance update
4. Financials
5. Segment performance
6. Thought leadership
7. Corporate social responsibility
8. Risks
Continued healthy performance for full year 2022 & Q1 2023

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

Note: Numbers rounded off to first decimal;

<table>
<thead>
<tr>
<th>Income from operations</th>
<th>Profit before exceptional items and tax*</th>
<th>PAT excl. the impact of exceptional item*</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>₹ crore</td>
<td>₹ crore</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>Q1 2023</td>
<td>Q1 2022</td>
</tr>
<tr>
<td>594.9</td>
<td>714.9</td>
<td>169.3</td>
</tr>
<tr>
<td>+20.2%</td>
<td>+14.4%</td>
<td>+19.8%</td>
</tr>
<tr>
<td>2,300.7</td>
<td>2,768.7</td>
<td>572.6</td>
</tr>
<tr>
<td>+20.3%</td>
<td>+29.6%</td>
<td>+30.7%</td>
</tr>
<tr>
<td>2021</td>
<td>2022</td>
<td>2021</td>
</tr>
</tbody>
</table>

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

1. CRISIL overview
2. Business environment
3. Performance update
4. Financials
5. Segment performance – Ratings Services
6. Thought leadership
7. Corporate social responsibility
8. Risks
Corporate bond issuances grew in the first quarter of 2023; Wholesale bank credit continues to grow at a healthy pace

### Bond issuance quantum (₹ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>Q1CY22</th>
<th>Q1CY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuers</td>
<td>~520</td>
<td>~700</td>
<td>~260</td>
<td>~280</td>
</tr>
</tbody>
</table>

Source: Prime Database, RBI

*Data may get revised by Prime Database*
Our differentiated analytical rigour

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

<table>
<thead>
<tr>
<th>Rating category</th>
<th>CRISIL Ratings</th>
<th>OCRA1</th>
<th>OCRA2</th>
<th>OCRA3</th>
<th>OCRA4®</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>0.01%</td>
<td>0.6%</td>
<td>0.2%</td>
<td>0.19%</td>
<td>0.48%</td>
</tr>
<tr>
<td>AA</td>
<td>0.06%</td>
<td>0.4%</td>
<td>0.1%</td>
<td>0.16%</td>
<td>0.98%</td>
</tr>
<tr>
<td>A</td>
<td>0.15%</td>
<td>0.6%</td>
<td>0.3%</td>
<td>0.80%</td>
<td>1.65%</td>
</tr>
<tr>
<td>BBB</td>
<td>0.65%</td>
<td>1.4%</td>
<td>1.7%</td>
<td>2.46%</td>
<td>2.42%</td>
</tr>
</tbody>
</table>

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

@OCRA4 has disclosed average default rates only for last 5 financial years. It has also disclosed default rates separately for structured and non-structured instruments, which is contrary to the circular. The data presented here is for non structured instruments.
During the quarter, CRISIL Ratings achieved a revenue growth of 16.9% on-year.

CRISIL Ratings performance was supported by higher corporate bond issuances (both, by quantum and number of issuers) during the quarter.

While bank credit growth softened relatively compared with the previous quarter, it continues to be robust, driving bank loan ratings.

Global Analytical Centre (GAC) saw robust surveillance work delegation from S&P Global Ratings Services.

Overall, Ratings Services segment grew 16.1% on-year in the quarter.

Note: Numbers rounded off to first decimal

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>Q1 2022</th>
<th>Q1 2023</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>160.7</td>
<td>186.5</td>
<td>16.1%</td>
</tr>
<tr>
<td>Segment profit</td>
<td>77.6</td>
<td>89.7</td>
<td>15.6%</td>
</tr>
<tr>
<td>Margin</td>
<td>48.3%</td>
<td>48.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>2021</th>
<th>2022</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>592.4</td>
<td>663.4</td>
<td>12.0%</td>
</tr>
<tr>
<td>Segment profit</td>
<td>253.8</td>
<td>278.6</td>
<td>9.8%</td>
</tr>
<tr>
<td>Margin</td>
<td>42.8%</td>
<td>42.0%</td>
<td></td>
</tr>
</tbody>
</table>
Financial sector’s growth to be driven by stability in the banking sector and momentum in financialisation

Banking sector gross NPAs

<table>
<thead>
<tr>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23P</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.3%</td>
<td>9.0%</td>
<td>8.5%</td>
<td>7.4%</td>
<td>5.9%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Source: CRISIL

9 year low

India mutual funds AUM*

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 2,366</td>
<td>₹ 2,687</td>
<td>₹ 2,993</td>
<td>₹ 3,864</td>
<td>₹ 4,085</td>
<td>₹ 4,113</td>
</tr>
</tbody>
</table>

*Average AUM for the Quarter; Source: AMFI
Government spending, Production-Linked Incentive scheme to drive corporate and MSME growth

### Sectoral growth of government capex investments

<table>
<thead>
<tr>
<th>Sector</th>
<th>FY'18 - FY'22 CAGR</th>
<th>FY’23 E</th>
<th>FY’24 P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>7%</td>
<td>18-22%</td>
<td>12-15%</td>
</tr>
<tr>
<td>Roads</td>
<td>14%</td>
<td>13-15%</td>
<td>12-15%</td>
</tr>
<tr>
<td>Railways</td>
<td>17%</td>
<td>33-36%</td>
<td>12-14%</td>
</tr>
<tr>
<td>Urban infrastructure</td>
<td>21%</td>
<td>15-17%</td>
<td>20-25%</td>
</tr>
<tr>
<td>Industrials</td>
<td>7%</td>
<td>18-20%</td>
<td>12-16%</td>
</tr>
</tbody>
</table>

**Source:** CRISIL MI&A Research

### Corporate and MSME revenue growth

[Graph showing revenue growth for Corporates and MSME from FY'18 to FY'24P]

**Source:** CRISIL MI&A Research
CIB revenues and profitability impacted by fall in capital market activity, but remain above pre-pandemic levels

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

Source: Coalition Proprietary Analytics; Coalition Greenwich Proprietary data

CIB return on equity (%)

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

Source: Coalition Proprietary Analytics; Coalition Greenwich Proprietary data
Opportunities in an evolving global market

**Regulations**
Regulatory mandates following heightened scrutiny across global banks leading to opportunities in non-discretionary spends across clients (e.g., FRTB, stress testing)

**Market infrastructure spend**
Platform simplification and integration to optimize business operations, workflows and infrastructure spend to drive growth for core risk, technology and managed services

**Sustainability**
Increased demand for sustainability leading to opportunities across ESG services, climate risk assessment and modelling

**Digitalisation**
Demand for analytics and data strategy, governance and quality across banks and financial institutions

ESG: Environmental, social and governance
FRTB: Fundamental Review of the Trading Book
## Research, Analytics & Solutions performance highlights

### Financials

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>Q1 2022</th>
<th>Q1 2023</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>434.3</td>
<td>528.4</td>
<td>21.7%</td>
</tr>
<tr>
<td>Segment profit</td>
<td>99.9</td>
<td>109.3</td>
<td>9.4%</td>
</tr>
<tr>
<td>Margin</td>
<td>23.0%</td>
<td>20.7%</td>
<td></td>
</tr>
</tbody>
</table>

### Business update

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

Note: Numbers rounded off to first decimal
1. CRISIL overview
2. Business environment
3. Performance update
4. Financials
5. Segment performance
6. Thought leadership
7. Corporate social responsibility
8. Risks
Thought leadership

Media Coverage

- Electric vehicles and charging infrastructure in India
- US Treasuries’ rollercoaster ride strains bond market functioning
- Thought leadership: Navigating Bank Crises

Outreach – webinars, events and reports

- CRISIL’s 7th edition of India Outlook Seminar
- Credit Risk Modelling Event in NY, USA
- B-EPIC Climate risk workshop (GR&RS)
- CRISIL Meet the Expert – ESG Series

Source: *Financial Times; #American Banker*
Agenda

1. CRISIL overview
2. Business environment
3. Performance update
4. Financials
5. Segment performance
6. Thought leadership
7. Corporate social responsibility
8. Risks
Delivering social impact through CSR initiatives

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

Building financial capability of rural women and communities

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

Promoting environment conservation and larger social consciousness among employees

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

- Geopolitical and market environment
- Evolving regulatory landscape
- Information and cyber security risks
- Currency movement
- Reputation risk
- People cost inflation
About CRISIL Limited
CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.
It is India’s foremost provider of ratings, data, research, analytics and solutions, with a strong track record of growth, culture of innovation and global footprint.
It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers.
It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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