Q1 2020 Analyst presentation

April 2020
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Agenda

1. CRISIL Overview
2. Business Environment
3. Financial Performance
4. Segment Performance
5. Thought Leadership
6. Corporate Social Responsibility
CRISIL, a leading global analytics company

#Agile
to market needs

Unleashing
#Innovation

Defining
#Global best standards

Empowering decision-making
with cutting-edge
#Analytics

1,000,000+ Customers

33,000+ ratings

3,500+ employees

$1.88 Trillion of Indian debt securities valued by us

Rated over 150,000 micro, small and medium enterprises (MSMEs) in India

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

17 of the top 20 global investment banks are customers

Work with 41 of the top 50 global asset managers

9 countries direct presence

#Agile

#Innovation

#Global best standards

#Analytics
**Covid-19 pandemic impact leads to a global recession and a very deep slowdown for India**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP (y-o-y %)</td>
<td>7.0</td>
<td>6.1</td>
<td>5.0*</td>
<td>1.8</td>
</tr>
<tr>
<td>Investments (y-o-y %)</td>
<td>7.2</td>
<td>9.8</td>
<td>1.0*</td>
<td></td>
</tr>
<tr>
<td>10 year G-sec yield (% March)</td>
<td>7.6</td>
<td>7.5</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Fiscal deficit (% of GDP)</td>
<td>3.5</td>
<td>3.4</td>
<td>3.8#</td>
<td></td>
</tr>
<tr>
<td>Exchange rate (Re/$, March avg.)</td>
<td>65.0</td>
<td>69.5</td>
<td>74.4</td>
<td></td>
</tr>
<tr>
<td>CPI Inflation (%)</td>
<td>3.6</td>
<td>3.4</td>
<td>4.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Gross NPA (%)</td>
<td>11.6</td>
<td>9.4</td>
<td>~9.5**</td>
<td>11-11.5%</td>
</tr>
<tr>
<td>Repo Rate (% March-end)</td>
<td>6.00</td>
<td>6.25</td>
<td>5.15</td>
<td>4.40</td>
</tr>
<tr>
<td>Bank Credit Growth (%)</td>
<td>7.4</td>
<td>11.0</td>
<td>~6.0**</td>
<td>1-3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>CY2017</th>
<th>CY2018</th>
<th>CY2019</th>
<th>CY2020F</th>
</tr>
</thead>
<tbody>
<tr>
<td>World GDP (y-o-y %)</td>
<td>3.8</td>
<td>3.6</td>
<td>2.9</td>
<td>-2.4</td>
</tr>
<tr>
<td>United States of America (y-o-y %)</td>
<td>2.3</td>
<td>2.9</td>
<td>2.3</td>
<td>-5.2</td>
</tr>
<tr>
<td>Eurozone (Euro Area-19) (y-o-y %)</td>
<td>2.5</td>
<td>1.9</td>
<td>1.2</td>
<td>-7.3</td>
</tr>
<tr>
<td>China GDP (y-o-y %)</td>
<td>6.9</td>
<td>6.6</td>
<td>6.1</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Note:** F=forecast; # Budget estimate; * NSO provisional estimate; ** Estimate

Source: NSO, RBI, CRISIL, S&P Global Economics and Oxford Economics
Business environment

- Risk-off due to Covid
- Increased market volatility
- Emergence of new risks
- Digital transformation
- Supply chain disruptions
- Declining commodity prices
- ESG as an investment criteria
- Financial and credit stress
Agenda

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5. Thought Leadership
6. Corporate Social Responsibility
Q1 2020 results

**Total Income**

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>422.9</td>
<td>462.6</td>
</tr>
</tbody>
</table>

+9.4%

**Income from operations**

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>415.8</td>
<td>427.8</td>
</tr>
</tbody>
</table>

+2.9%

**Profit After Tax**

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>76.6</td>
<td>88.1</td>
</tr>
</tbody>
</table>

+15.0%

CRISIL completed the acquisition of Greenwich Associates LLC (Greenwich) on February 26, 2020. For the quarter ended March 31, 2020, excluding Greenwich, Total Income grew by 7.1% and PAT rose by 26.8%.

Note:

1. Numbers rounded off
2. The financials include pro rata performance of Greenwich Associates LLC
Proactive response to Covid-19 pandemic

**Co-ordinated and timely response**

**People**
- Proactive work from home initiated for all employees
- Dedicated Covid-19 24/7 medical helpline
- Digital learning courses/webinars on pertinent themes
- Professional and confidential counselling offered to employees

**Operations**
- Seamless and high quality client delivery
- Continued high productivity and efficiency levels
- Strong client connect being maintained virtually

**Technology and Information Security**
- 99%+ workforce tech-enabled within weeks
- Scaled up Zoom and WebEx to enhance connectivity
- Virtual Desktop Interface/ VPN and Citrix enablement
- Effective risk monitoring for timely detection and responsiveness

**Step up in engagement with our clients and policymakers**

**Customer engagement**
- High impact research papers, credit alerts and thought papers for clients including C-suite, senior stakeholders, and industry members
- Exclusive webpage on impact of COVID-19 garnered good response

**Thought leadership**
- Multiple exclusive webinars on Covid-19 impact conducted for banking executives
- Hosted Ratings Round Up (RRU) webinar on ‘Fiscal 2020 : Credit quality trends and the road ahead’, 2000+ attendees
- Strong coverage on Covid-19 related Research & Ratings publications
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6. Corporate Social Responsibility
Fewer number of issuances in the bond market; Overall credit growth declines further impacted by wholesale credit

**Bond Issuances (₹ billion)**

<table>
<thead>
<tr>
<th></th>
<th>CY 2018</th>
<th>CY 2019</th>
<th>YTD 2019</th>
<th>YTD 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>5,750</td>
<td>6,998</td>
<td>1,620</td>
<td>1,902</td>
</tr>
</tbody>
</table>

**Credit Growth**

- **Credit Growth**: 17.0%
- **Wholesale Credit Growth**: 7.3%
- **Retail Credit Growth**: 3.5%

Source: RBI, SEBI, Ministry of Finance, Prime Database, CRISIL

YTD Bond data is for Jan – 17th March
Ratings: Q1 2020 highlights

Financials

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>133.2</td>
<td>129.6</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>57.6</td>
<td>47.5</td>
</tr>
<tr>
<td>Margin</td>
<td>43%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Business update

- The Ratings business maintained its growth momentum posting 14.6% y-o-y growth in revenue, driven by investor preference for best-in-class ratings, concerted effort towards new client acquisition, and continued traction in securitisation transaction ratings
- Segmental growth was offset by de-growth in the SME business given the impact of Covid-19
- The quarter also saw new corporate groups becoming clients, and wins for independent credit evaluation offerings
- Global Analytical Center (GAC) continued to play a key role in surveillance and data transformation activities for key stakeholder S&P Global Ratings
- The segment margin further improved driven by strong performance of the Ratings business

Innovation and franchise

- CRISIL continued to provide sharp analytics through its 14 articles and 7 credit alerts published during the quarter
- CRISIL published timely alerts on Covid-19 along with its credit implications and provided deep insights to our clients, markets and regulators
- Hosted webinar on 'Fiscal 2020 : Credit quality trends and the road ahead'

Note: Numbers rounded off
Agenda

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Research and analytics remains relevant as AuM grows; impact of Covid-19 to play out over next few quarters

CIB: Corporate and Investment Banking; AuM: Assets Under Management (*AUM taken as quarterly average AUM for last quarter of every calendar year); AIF: Alternate Investment Fund (Includes Category I, II and III investments made)
Source: SEBI, AMFI, CRISIL, Coalition, PwC AWM Research Centre analysis, Industry Sources
Research: Q1 2020 highlights

**Financials**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>264.4</td>
<td>245.4</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>55.7</td>
<td>63.1</td>
</tr>
<tr>
<td>Margin</td>
<td>21%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Note: Excluding GA, the research segment registered revenue growth of 3.8%, with a segmental profit growth of 3.3% and Q1 2020 margin of 25.6%

**Business update**

- Research segment grew its revenue 7.7% following a recovery in the Global Research & Analytics (GR&A) business; Model and traded risk offerings saw good traction with new project wins
- CRISIL completed the acquisition of Greenwich Associates LLC (GA) on February 26, 2020. Financials include pro-rata performance of GA
- Coalition continued to see growth for its industry-leading client and competitor benchmarking analytics by expanding client relationships across the US, Asia and Europe
- Growth in the India Research business was supported by the launch of new reports in industry research and an investment research module on Quantix, an integrated data and analytics platform

**Innovation and franchise**

- Published 11 high impacts reports on topical matter such as Covid-19 - ‘The Covid - 19 Fallout’, Union budget – ‘A quiver of arrows’

Note:
1. Numbers rounded off
2. The financials include pro rata performance of Greenwich Associates LLC
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Advisory: Q1 2020 highlights

### Financials

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>30.2</td>
<td>40.8</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>0.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Margin</td>
<td>2%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Business update
- New client wins across Infrastructure Advisory and Risk Solutions
- Covid-19 led delays in decision making and closure of contracts impacted segment performance
- Demand for risk assessment models and credit monitoring solutions remains strong

### Innovation and franchise
- CRISIL participated as knowledge partners in 3rd World Utility Summit on theme ‘Utility next for electricity utilities’
- CRISIL also participated in 'Conference on Future Fuels for Transportation', organized by FICCI and the 'Wings India 2020 - Global Aviation Summit', organized by the Ministry of Civil Aviation (MoCA), Airport Authority of India (AAI) and FICCI

Note: Numbers rounded off
Risks

- Covid-19 pandemic
- Global recession and sharp slowdown in India
- Uncertain regulatory environment
- Information security and cyber-related risks
- Adverse currency movement
- Intense price competition
- Reputation risk
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5. Franchise and thought Leadership
6. Corporate Social Responsibility
Leading provider of independent opinion and research
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6. Corporate Social Responsibility
Giving back to the community

The 10K meals project

- CRISIL’s state-of-the-art kitchen in Mumbai prepares over 10,000 meals per day for the underserved while adhering to safety and health protocols
- Free meals distributed to migrant labourers and daily wage earners stranded due to the lockdown

Support to ‘Sakhis’ under ‘Mein Pragati’

- Tech-based helpline support to the Mein Pragati and MoneyWise beneficiaries in Assam, Rajasthan, Maharashtra and Haryana
- Focus on ensuring well-being and health, and provide timely, relevant updates on relief measures under Covid-19 package
About CRISIL

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 through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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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