Q1 2021 Analyst Presentation

April 2021
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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 is a leading global analytics company driven by its mission of making markets function better.

- **Ratings**
- **Benchmarking Insights**
- **Research Services**
- **Risk Solutions**
- **Market Insights & Analytics**

Empowering decision-making with cutting-edge **Analytics**

- **#Global footprint**
- **#Innovation** to drive growth
- **#Agile** to market needs
Agenda

1. CRISIL Overview
2. Business Environment
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6. Corporate Social Responsibility
**India**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021F</th>
<th>FY2022F</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (y-o-y %)</td>
<td>6.5</td>
<td>4.0</td>
<td>-8.0*</td>
<td>11.0</td>
</tr>
<tr>
<td>10 year G-sec yield (%, March)</td>
<td>7.5</td>
<td>6.2</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Fiscal deficit (% of GDP)</td>
<td>3.4</td>
<td>4.6</td>
<td>9.5</td>
<td>6.8#</td>
</tr>
<tr>
<td>Exchange rate (Re/$, March avg.)</td>
<td>69.5</td>
<td>74.4</td>
<td>72.8</td>
<td>75.0</td>
</tr>
<tr>
<td>CPI Inflation (%)</td>
<td>3.4</td>
<td>4.8</td>
<td>6.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Gross NPA (%)</td>
<td>9.1</td>
<td>8.2</td>
<td>8.5-9.0@</td>
<td>10.5-11</td>
</tr>
<tr>
<td>Repo Rate (%, March-end)</td>
<td>6.25</td>
<td>5.15</td>
<td>4.00</td>
<td>4.25</td>
</tr>
<tr>
<td>Gross Bank Credit Growth (%)</td>
<td>11.0</td>
<td>6.0</td>
<td>5.0</td>
<td>9-10</td>
</tr>
</tbody>
</table>

**Global**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>CY2018</th>
<th>CY2019</th>
<th>CY2020F</th>
<th>CY2021F</th>
</tr>
</thead>
<tbody>
<tr>
<td>World GDP (y-o-y %)</td>
<td>3.6</td>
<td>2.9</td>
<td>-3.5</td>
<td>5.5</td>
</tr>
<tr>
<td>United States of America (y-o-y %)</td>
<td>2.9</td>
<td>2.3</td>
<td>-3.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Eurozone (Euro Area-19) (y-o-y %)</td>
<td>1.9</td>
<td>1.2</td>
<td>-6.8</td>
<td>4.2</td>
</tr>
<tr>
<td>China GDP (y-o-y %)</td>
<td>6.6</td>
<td>6.1</td>
<td>2.3</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Covid-19 pandemic has led to a global recession in 2020, but expectations of good recovery this year

Note: F=forecast; # Budget estimate; * NSO advance estimate; ** Estimate
Source: NSO, RBI, CRISIL, S&P Global Economics and Oxford Economics
© including restructured accounts forecast would be 11.0-11.5%

FY represents the financial year (Apr-Mar period)
CY represents the calendar year (Jan-Dec period)
Key business trends

- Economic revival
- Buoyant capital markets
- Financial and credit stress
- AI/ML adoption
- Accelerated digital transformation
- Emphasis on social and sustainable practices
- Increasing focus on non-financial risk
- Remote working and distributed model
Agenda

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5. Thought Leadership
6. Corporate Social Responsibility
Q1 2021 results: Income from Operations up 15.8%

### Total Income

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 458.2</td>
<td>₹ 508.7</td>
<td></td>
</tr>
</tbody>
</table>

+11.0%

### Income from operations

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 427.8</td>
<td>₹ 495.2</td>
<td></td>
</tr>
</tbody>
</table>

+15.8%

### Profit Before Tax

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 116.8</td>
<td>₹ 110.5</td>
<td></td>
</tr>
</tbody>
</table>

-5.4%

### Profit After Tax

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 88.1</td>
<td>₹ 83.5</td>
<td></td>
</tr>
</tbody>
</table>

-5.2%

**Note:**

1. Numbers rounded off
2. Q1 2021 include full quarter financials of Greenwich Associates LLC, acquired in February 2020, as against one month’s numbers considered in the same quarter of the previous year.
Awards and Recognition

Scenario Expansion Manager (SEM) platform for Stress Testing has been awarded the Risk Markets Technology Awards 2021 by Risk.net under the ‘Best Modelling Innovation’ category.

Awarded the ASSOCHAM Diversity and Inclusion Excellence Award.

CII HR Excellence Award.

ASSOCHAM 2nd D&I Excellence Awards - 2020
Reaching Beyond.
A proud moment for us!!
Agenda

1. CRISIL Overview
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4. Segment Performance - Ratings
5. Thought Leadership
6. Corporate Social Responsibility
Fewer issuances in bond market; bank credit growth remains muted especially for the corporate segment

**Bond Issuances (₹ billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Issuance Quantum</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY2019</td>
<td>7,152</td>
</tr>
<tr>
<td>CY2020</td>
<td>7,796</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>2,269</td>
</tr>
<tr>
<td>Q1 2021</td>
<td>1,859</td>
</tr>
</tbody>
</table>

**# of Issuers**

<table>
<thead>
<tr>
<th>Year</th>
<th># of Issuers</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY2019</td>
<td>547</td>
</tr>
<tr>
<td>CY2020</td>
<td>459</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>234</td>
</tr>
<tr>
<td>Q1 2021</td>
<td>137</td>
</tr>
</tbody>
</table>

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

**Credit Growth**

- Credit Growth: 9.6%
- Wholesale Credit Growth: 6.6%
- Retail Credit Growth: 4.2%

CY represents the calendar year (Jan-Dec period);
Ratings: Q1 2021 highlights

Financials

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<th>Q1 2020</th>
<th>Q1 2021</th>
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<tr>
<td>Income from Operations</td>
<td>133.2</td>
<td>148.9</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>57.6</td>
<td>70.3</td>
</tr>
<tr>
<td>Margin</td>
<td>43.2%</td>
<td>47.2%</td>
</tr>
</tbody>
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Business update

- During the quarter, Ratings segment registered strong revenue growth of 11.8% driven by strong surveillance fees, new client additions and Global Analytical Center (GAC) deepening coverage across practices including ESG
- Growth in the Ratings business was despite:
  - Lower debt issuers by ~41% and issuances (in quantum) by ~18% during the quarter on a y-o-y basis
  - Banking credit growth expected at ~5% yoy as of March 2021 versus a 6% growth a year back owing to muted growth in corporate credit as capex plans were delayed
  - Uneven recovery in domestic economic activity
- GAC grew by deepening coverage across practices, stepped up support for ESG offerings and automation initiatives

Innovation and franchise

- Published over 30 press releases and hosted multiple webinars on key sectors such as Automobile, Media, NBFC, Retail, Steel
- Hosted 6th edition of Bond Market Seminar with the theme ‘Bonds that build a nation’ and unveiled the CRISIL Yearbook on the Indian Debt Market 2021

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Note: Numbers rounded off
Agenda

1. CRISIL Overview
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4. Segment Performance - Research
5. Thought Leadership
6. Corporate Social Responsibility
Indian MF AUM continues to attract inflows; Global CIBs benefited from trading revenues, however pressure continues

**India mutual fund AUM**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>₹ ‘000 crore</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Average AUM for the Quarter; Source: AMFI*

**India - Gross NPA (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21E*</th>
<th>FY22P</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>9.1%</td>
<td>8.2%</td>
<td>8.5-9.0%</td>
<td>10.5-11%</td>
</tr>
</tbody>
</table>

*Source: RBI, CRISIL estimates
* including restructured accounts forecast would be 11.0-11.5%*

**Global CIB revenue pools**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020E</th>
<th>2021F</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ billion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Coalition Proprietary data

*Note: Revenues Pools analysis includes revenues from all Institutional Clients and Corporates with annual sales turnover more than USD 1.5 bn; Above analysis is in Coalition Standard Taxonomy*

**CIB Return on Equity (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>11.2%</td>
<td>10.9%</td>
<td>10.8%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

*Source: Coalition Proprietary Analytics; ROE is based on Coalition Index Universe and is calculated as operating profit post-tax divided by Capital*
Evolving regulations present opportunities

**USA: Maturing**
- CCAR
- DFAST
- FRTB
- IBOR
- CECL
- UMR (Phase V and VI)

**Europe: Tightening**
- EBA/PRA Stress Testing
- BASEL III
- FRTB
- TRIM
- IBOR
- UMR (Phase V and VI)

**Asia: Nascent**
- IFRS9
- IBOR
- Stress Testing

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CCAR: Comprehensive Capital Analysis and Review  
DFAST: Dodd-Frank Act Stress Tests  
CECL: Current Expect Credit Loss  
EBA: European Banking Authority  
MiFID: Markets in Financial Instruments Directive  
UMR: Uncleared Margin Rules  
PRA: Prudential Regulation Authority  
TRIM: Targeted Review of Internal Models  
IFRS: International Financial Reporting Standards  
IBOR: Interbank Lending Rate  
FRTB: Fundamental Review of Trade Book
Research: Q1 2021 highlights

Financials

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>264.4</td>
<td>312.2</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>55.7</td>
<td>53.2</td>
</tr>
<tr>
<td>Margin</td>
<td>21.1%</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

Business update

- Research segment posted healthy revenue growth of 18.1% driven by Global Research and Risk Solutions (GRRS) and Greenwich
- GRRS growth was due to existing and new mandates across transformation, change and regulatory offerings and increased demand from buy-side for research in the areas such as distressed and private debt
- Performance of CIB industry continued to normalise, but higher costs and increased capital requirement impacted spends. Nonetheless, Coalition Greenwich saw client wins in the US, Asia-Pacific and Europe and good traction for Greenwich’s Voice-of-Client analytics
- India Research saw increased demand for data, research and analytics underpinned by uptick in capital market and industrial activity. New products - AIF benchmarks, wealth tracker also supported performance
- Adverse foreign exchange movement impacted segment margins

Innovation and franchise

- India Research successfully hosted the 5th edition of India Outlook Seminar engaging with over 700 clients from 400+ organisations
- SEM (Scenario Expansion Manager), our stress testing platform, won the Risk Markets Technology 2021 award for the ‘Best Modelling Innovation
- Coalition Greenwich released over 15 reports, including Coalition Index reports and thought leadership research; webinar on financial market structure trends
- India Research hosted webinars on Cement and Automobile sectors

Note:
1. Numbers rounded off
2. Q1 2021 include full quarter financials of Greenwich Associates LLC, acquired in February 2020, as against one month’s numbers considered in the same quarter of the previous year
3. CIB – Corporate & Investment Banking
1. CRISIL Overview
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Advisory: Q1 2021 highlights

Financials

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>30.2</td>
<td>34.0</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>0.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Margin</td>
<td>2.3%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Business update

- The segment saw revenue and margin growth driven by infrastructure and credit risk mandates
- Infrastructure advisory saw increased demand across government- and multilateral-supported programs
- BIRS saw improved traction from credit management and risk-monitoring solutions

Innovation and franchise

- Participated in the S&P Global Platts 8th Asian Refining Virtual Summit on ‘Energy Transition and strive for net zero’
- Co-hosted webinar on the topic ‘Mending the property tax’

Note: Numbers rounded off
Risks

- Prolonged impact of Covid-19 pandemic and delay in economic revival
- Evolving regulatory environment
- Information security and cyber-related risks
- Adverse currency movement
- Intense competition
- Reputation risk
Agenda

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5. Franchise and thought Leadership
6. Corporate Social Responsibility
A ‘TRUSTED’ voice in Media

India's economy to grow 11% in FY22: CRISIL
CRISIL has projected India's economic growth to 11% in the next fiscal year against expected contraction of 4%

Outstanding corporate bonds could rise to ₹65-70L cr by March 2025

Budget 2021

CRISIL states 4 reasons why economic growth was weak, pegs India GDP at 11% in 2022

Media

Reports

Flagship events

Innovations will create bonds that build a nation

DeRisk

Dawn of the digital

Going for growth

Price lift for steelmakers

5th edition of India Outlook Seminar titled 'Is the investment cycle rebound round the corner'

6th edition of CRISIL's Flagship Bond Market Seminar with the theme 'Bonds that build a nation'
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CSR initiatives continue to drive last-mile impact

Contributing to CRISIL’s ESG focus by driving inclusive growth and conserving environment through afforestation projects

Financial capability building of rural women in Assam, Rajasthan, Haryana and Maharashtra

- Over 32,000 beneficiaries trained, 59,000+ linkages facilitated to formal banking products and social welfare schemes.
- Mein Pragati in Assam and Rajasthan continued to provide last-mile financial inclusion services through 860+ active and trained Sakhis in over 1,300+ villages.
- Over 600 Sakhis formally certified under GramShakti; 50 certified GramShakti cadre from Haryana to start work as BC Bank Sakhis.
- Continued to work with RBI on money wise centers for financial literacy with the pilot for 25 centers across Haryana, Maharashtra and Rajasthan getting extended.

Promoting environment conservation, disaster relief and larger social consciousness among employees

- MoU signed with IAHV (International Association for Human Values) to construct two check dams in Pune and Mumbai; expected to provide 5 lakh litres of water storage capacity.
- Under Disaster Relief India Flood Disaster Response 2019, formally handed over eight renovated and restored schools across Maharashtra, Karnataka and Kerala.
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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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