Q3 2020 Analyst presentation

October 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

<table>
<thead>
<tr>
<th><strong>#Agile</strong> to market needs</th>
<th><strong>33,000+</strong> Ratings for large and mid-scale corporates and Financial institutions</th>
<th><strong>$1.88 Trillion</strong> of Indian debt securities valued by us</th>
<th>Graded and assessed Over <strong>150,000</strong> micro, small and medium enterprises (MSMEs) in India</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>90% of India’s banking industry by asset base are our clients</strong></td>
<td>Our Risk Models widely used to assess <strong>100+</strong> sectors in India and Emerging markets</td>
<td><strong>300+</strong> Global banks and asset managers are our customers</td>
<td></td>
</tr>
<tr>
<td><strong>Coalition Index referenced in over 100+ investor relations presentations by leading global banks</strong></td>
<td><strong>3,700+</strong> employees</td>
<td>Presence across <strong>10+ countries and 15+ locations</strong></td>
<td></td>
</tr>
<tr>
<td><strong>₹ 3,700+</strong></td>
<td><strong>₹ 1.88 Trillion</strong></td>
<td><strong>₹ 3,700+</strong></td>
<td></td>
</tr>
</tbody>
</table>
Agenda

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Economies across the globe to witness severe recession

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP (y-o-y %)</td>
<td>7.0</td>
<td>6.1</td>
<td>4.2</td>
<td>-9.0</td>
</tr>
<tr>
<td>Investments (y-o-y %)</td>
<td>7.2</td>
<td>9.8</td>
<td>-2.8</td>
<td>-15.6</td>
</tr>
<tr>
<td>10 year G-sec yield (%, March)</td>
<td>7.6</td>
<td>7.5</td>
<td>6.2</td>
<td>6.3</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>74</td>
</tr>
<tr>
<td>CPI Inflation (%)</td>
<td>3.6</td>
<td>3.4</td>
<td>4.8</td>
<td>5.6</td>
</tr>
<tr>
<td>Gross NPA (%)</td>
<td>11.6</td>
<td>9.4</td>
<td>8.5</td>
<td>11.5</td>
</tr>
<tr>
<td>Repo Rate (%, March-end)</td>
<td>6.00</td>
<td>6.25</td>
<td>4.40</td>
<td>3.75</td>
</tr>
<tr>
<td>Bank Credit Growth (%)</td>
<td>7.4</td>
<td>11.0</td>
<td>6.0</td>
<td>0-1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>CY2017</th>
<th>CY2018</th>
<th>CY2019</th>
<th>CY2020 f</th>
</tr>
</thead>
<tbody>
<tr>
<td>World GDP (y-o-y %)</td>
<td>3.8</td>
<td>3.6</td>
<td>2.8</td>
<td>-4.1</td>
</tr>
<tr>
<td>United States of America (y-o-y %)</td>
<td>2.3</td>
<td>2.9</td>
<td>2.2</td>
<td>-4.0</td>
</tr>
<tr>
<td>Eurozone (Euro Area-19) (y-o-y %)</td>
<td>2.5</td>
<td>1.9</td>
<td>1.3</td>
<td>-7.4</td>
</tr>
<tr>
<td>China GDP (y-o-y %)</td>
<td>6.9</td>
<td>6.6</td>
<td>6.1</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Note: f=forecast; #Revised estimate
Source: NSO, RBI, CRISIL, S&P Global Economics and Oxford Economics
Pandemic has intensified trends that were already underway

- Economic downturn
- Heightened risk averseness
- Increased market volatility
- Financial and credit stress

- Digital transformation
- Focus on social and sustainable practices
- Emergence and need for assessment of new risks
- Remote working and distributed model
Q3 2020 income from operations at ₹485.0 cr.; PAT at ₹90.2 cr.

Income from Operations#

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q3 2019</th>
<th>Q3 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>435.9</td>
<td>485.0</td>
</tr>
</tbody>
</table>

+11.3%  

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>9M 2019</th>
<th>9M 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>1,267.4</td>
<td>1,384.6</td>
</tr>
</tbody>
</table>

+9.2%  

# Excluding Greenwich Associates, consolidated income from operations for Q3 2020 was higher by 0.3% y-o-y and for 9M 2020, it was higher by 1.0% y-o-y

Profit After Tax@

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>Q3 2019</th>
<th>Q3 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>105.1</td>
<td>90.2</td>
</tr>
</tbody>
</table>

-14.2%  

<table>
<thead>
<tr>
<th>₹ crore</th>
<th>9M 2019</th>
<th>9M 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ crore</td>
<td>248.6</td>
<td>244.7</td>
</tr>
</tbody>
</table>

-1.6%  

@ Excluding Greenwich Associates, PAT for Q3 2020 was higher 5.1% y-o-y and for 9M 2020, it was higher by 18.5% y-o-y

Note: Numbers rounded off to first decimal
Continued proactive response to Covid-19 pandemic

Maintained ‘People first’ and tech driven approach

People
- Launched ‘CRISIL Care’ for doctor consultations, hospitalisation
- Continued employee support through medical expert sessions and wellness sessions
- Digital learning courses/ webinars on pertinent themes

Operations
- Full continuity of business as the pandemic unfolded
- Periodic assessment of WFH status for all locations
- Continued high stakeholder connect

Technology and Information Security
- 99%+ workforce continues to work remotely
- Remote support for hardware, software and query resolution
- Continuous assessment of info sec measures & mechanisms

Leading independent voice

Customer engagement
- High impact research papers, analysis and thought papers on emerging trends

Thought leadership
- High impact webinars on key global and Indian themes
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Capital markets issuers declined materially by 21% during the quarter, while systemic credit growth remains subdued.

### Bond Issuance Quantum (₹ billion)

<table>
<thead>
<tr>
<th>Period</th>
<th>Bond Issuance Quantum</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2018</td>
<td>5,750</td>
</tr>
<tr>
<td>CY 2019</td>
<td>7,152</td>
</tr>
<tr>
<td>Jul-Sep '19</td>
<td>1,482</td>
</tr>
<tr>
<td>Jul-Sep '20</td>
<td>1,579</td>
</tr>
</tbody>
</table>

### Credit Growth (%)

- **NBFC crisis**
  - 10.6%
- **Covid-19**
  - 6.0%
  - 4.2%

Source: RBI, SEBI, Ministry of Finance, Prime Database, CRISIL
Ratings: Q3 2020 highlights

Financials

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>137.1</td>
<td>142.8</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>51.9</td>
<td>61.2</td>
</tr>
<tr>
<td>Margin</td>
<td>37.9%</td>
<td>42.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>9M 2020</th>
<th>9M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>414.4</td>
<td>403.3</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>168.7</td>
<td>156.9</td>
</tr>
<tr>
<td>Margin</td>
<td>40.7%</td>
<td>38.9%</td>
</tr>
</tbody>
</table>

Business update

- Despite the weak environment, subdued business sentiment and sharp decline in capital markets issuers by 21% during the quarter, CRISIL Ratings strengthened its leading position in the corporate bond market
- GAC increased its coverage for S&P Global Ratings, including support for key initiatives such as ESG evaluations, and inferencing impact of Covid-19
- Overall, given the slackness, the segment de-grew 4% during the third quarter

Innovation and franchise

- Published over 25 press releases on topical matters and hosted nine webinars on key sectors such as Steel, Cement, Fertilisers, Real Estate, Pharmaceuticals, Renewables, Telecom, Gold Jewellery Retailers, and Hospital sector
- CRISIL Ratings introduced monthly e-newsletter – ‘CRISIL Analytica’ to provide value added services to more than 30,000 stakeholders in the form of timely and relevant content

Note: Numbers rounded off to first decimal
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Indian MF AUM subdued, banking costs increase due to provisions; Globally, CIB RoE under pressure

**Indian MF AUM**
- 2015: ₹1,341 billion
- 2016: ₹1,693 billion
- 2017: ₹2,237 billion
- 2018: ₹2,366 billion
- 2019: ₹2,687 billion
- Apr-Jun 2020: ₹2,477 billion

**Indian Banks’ Credit Costs (%)**
- FY2015: 3.6%
- FY2016: 3.7%

**Global CIB revenue pools**
- 2016: $530 billion
- 2017: $532 billion
- 2018: $535 billion
- 2019: $524 billion
- 2020F: $553 billion

**CIB Return on Equity (%)**
- 2016: 12.4%
- 2017: 11.2%
- 2018: 10.9%
- 2019: 10.8%

*Source: Coalition Proprietary data; ROE calculated based on Coalition Index Universe*
Research: Q3 2020 highlights

### Financials

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>315.8</td>
<td>258.7</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>35.5</td>
<td>60.3</td>
</tr>
<tr>
<td>Margin</td>
<td>11.2%</td>
<td>23.3%</td>
</tr>
</tbody>
</table>

- Excluding Greenwich, the Research segment revenue grew by 3.5% during the quarter ended September 2020.

### Business update

- Growth in the Research segment was led by Global Research & Analytics business, which saw strong demand for risk and transformation services; Fundamental research saw a tepid performance because of anticipated sell-side restructuring.
- Coalition saw delays in client conversions given the impact of the pandemic across global financial services. The business continues to invest in new products and analytics to meet the needs of new clients.
- The integration of Greenwich is on track and focus is on client renewals and new mandates.

### Innovation and franchise

- CRISIL Research partnered with a large bank for hosting "SME Knowledge Series" – an exclusive series of eight sectoral webinars for SME clients of the bank; hosted a webinar on Agriculture sector titled "Silver lining in the dark clouds.”
- Published white papers in varied areas such as stress testing, climate risk, ESG, capital adequacy, credit risk and low-default portfolios.

### Business update

- Growth in the Research segment was led by Global Research & Analytics business, which saw strong demand for risk and transformation services; Fundamental research saw a tepid performance because of anticipated sell-side restructuring.
- Coalition saw delays in client conversions given the impact of the pandemic across global financial services. The business continues to invest in new products and analytics to meet the needs of new clients.
- The integration of Greenwich is on track and focus is on client renewals and new mandates.

### Table 1: Particulars (₹ cr)

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>9M 2020</th>
<th>9M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>875.9</td>
<td>755.6</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>137.9</td>
<td>171.8</td>
</tr>
<tr>
<td>Margin</td>
<td>15.7%</td>
<td>23%</td>
</tr>
</tbody>
</table>

**Note:**
1. Numbers rounded off to first decimal

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Advisory: Q3 2020 highlights

Financials

<table>
<thead>
<tr>
<th>Particulars (₹ cr)</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>32.1</td>
<td>34.3</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>2.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Margin</td>
<td>8.1%</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

Business update

- Growth in the Advisory segment was muted given across-the-board reduction in infrastructure spends
- Few risk platform implementation delays as banks in India deferred milestones, given the impact of Covid-19
- Demand for our risk assessment models and early warning signals remains strong
- Overall, the segment saw 6.4% de-growth during the quarter

Innovation and franchise

- Hosted multiple webinars during the quarter. Some of key ones are mentioned below:
  - PPP project screening tool (PST)
  - Project Finance and PPP Financial Modelling
  - Contract Development and Management for Urban and Climate PPP Projects

Note: Numbers rounded off to first decimal
PPP: Public Private Partnership
Risks

- Prolonged impact of Covid-19 pandemic
- Global recession and sharp slowdown in India
- Uncertain regulatory environment
- Information security and cyber-related risks
- Adverse currency movement
- Intense competition
- Reputation risk
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CRISIL Ratings hosted a webinar on Hospitals titled, “Pandemic hiccups for hospitals”.

CRISIL GR&A and Greenwich Associates (now a part of CRISIL), co-hosted a credit risk roundtable on Target Operating Model for Credit Risk Management.
Our CSR efforts continue to drive sustained social impact

Financial capability building through Mein Pragati and MoneyWise CFL
- Provided last-mile financial inclusion services in over 1,150 villages in Assam and Rajasthan through 850+ Sakhis – our trained community cadre
  - 200 new Sakhis on-boarded in Assam
  - Facilitated behaviour shift from cash to digital - over 1,700 digital transactions
- Gram Sahay helpline set up during Q2 continues to support rural communities
  - 50,000+ calls, 5,000+ linkage applications facilitated to banking and govt schemes

Promoting environment conservation and larger social consciousness amongst CRISIL employees
- Completed largest plantation project along with partners
  - 25,000 trees planter in Mumbai Metropolitan Region
  - 6,000 mangrove plantations in Sundarbans Delta, a UNESCO world heritage site
- Overall 8 virtual knowledge sessions held with regards to environment protection and social leadership – with ~599 employees participating
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.

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