

CRISIL Limited
33rd Annual General Meeting

Friday, August 28, 2020

4:00 PM to 5:17 PM IST

Corporate Participant

John Berisford

Chairman

Ashu Suyash

Managing Director & CEO

M. Damodaran

Independent Director

Vinita Bali

Independent Director

Girish Paranjpe

Independent Director

Shyamala Gopinath

Independent Director

Ewout Steenbergen

Director

Martin Fraenkel

Director

Amish Mehta

Chief Operating Officer

Sanjay Chakravarti

Chief Financial Officer

Minal Bhosale

Company Secretary

Minal Bhosale

Company Secretary

Good afternoon ladies and gentlemen. A warm welcome to the 33rd Annual General Meeting of CRISIL. I am Minal Bhosale, Company Secretary of CRISIL joining from Mumbai. This AGM is being held through video conference and other audio visual means, in view of the COVID 19 pandemic and related restrictions. We do miss the opportunity to meet our shareholders in person this year.

The proceeding of this meeting is therefore being webcasted live for all our shareholders through the NSDL e-voting system. I do hope that each one of you and your families joining us today, are safe and keeping good health during this time. Shareholders had been offered the facility to pre-register themselves as speakers for the meeting. The audio and video of such speaker shareholders will be enabled as they are invited to speak. For smooth conduct of the meeting, all other participants will be placed on mute. Shareholders who have not been able to pre-register themselves for speaking, can post questions through the chat mode. Should members face any technical issue during the meeting, they are requested to contact the NSDL Help Desk number mentioned in the notice of the AGM, for support.

The following documents are available for inspection by members at the NSDL website under the tab AGM documents - Register of directors and key managerial personnel and their shareholding, register of contracts in which directors are interested, auditors' reports and certificates from statutory auditors stating that employee stock option schemes of CRISIL have been implemented in accordance with compliance requirements. The proceedings of the AGM are being recorded for compliance purposes. Without any delay, I hand over to Mr. John Berisford, Chairman of the Board of Directors of CRISIL Limited, for conducting the AGM proceedings. Over to you, sir.

John Berisford

Chairman

Thank you Minal. Good evening members. I'm John Berisford, Chairman of the Board of Directors of CRISIL, joining from Connecticut, USA. On behalf of the Company and my colleagues on the Board, I welcome you to the 33rd Annual General Meeting of CRISIL Limited. I do hope that you and your families are safe and healthy. The time is 4 pm, and I am informed that the necessary quorum is present. The meeting is therefore called to order.

I would like to now introduce my colleagues on the Board, who too are joining virtually for the meeting.

Ms. Ashu Suyash, MD and CEO is joining from Mumbai.

Mr. M. Damodaran, Independent Director and Chairman of the Audit Committee is joining from Delhi.

Ms. Vinita Bali, Independent Director and Chairperson of the Nomination and Remuneration and Corporate Social Responsibility Committees is joining from Bangalore.

Mr. Girish Paranjpe, Independent Director and Chairman of the Stakeholders' Relationship and Risk Management Committees is joining from Pune.

Ms. Shyamala Gopinath, Independent Director is joining from Mumbai.

Mr. Ewout Steenberghe, Non-Executive Director is joining from Italy.

Mr. Martin Fraenkel, Non-Executive Director is joining from Switzerland.

Additionally, the authorized representatives of the Statutory Auditors and the Secretarial Auditor are also present at this meeting, virtually. All efforts reasonable under the circumstances have been made by the Company to enable members to participate and vote on the items being considered in the meeting.

Resolutions for authorized representatives have been received for more than 4.87 crore (Four crore and eighty seven lakh) shares, which is approximately 67.19% of the Company's equity capital. The Notice convening this meeting has already been circulated to you and be taken as read. The Auditor's Report and Secretarial Audit Report do not have qualifications. Accordingly, these are not required to be read at the meeting.

Now I would like to share with you, key highlights of the Company's performance during 2019. In 2019, your company made good progress across its businesses and was able to enhance market leadership. The ratings business saw strong growth as issuers and investors leaned towards best-in-class analytical quality. India research expanded its data capability and coverage and created new offerings for mutual funds. Coalition's business grew by deepening existing relationships, winning new clients and through partnerships. However, overall growth was offset, as cost pressures faced by global CIB industry and regulatory changes, impacted the Global Research and Analytics business.

During the year, your company took steps to strengthen its position as the leading global analytics company with the acquisition of Greenwich Associates LLC. Collaboration between S&P Global and CRISIL continues to increase. The Global Analytical Centre ramped up ratings support and surveillance coverage for S&P Global Ratings and increased its participation in data-transformation initiatives. CRISIL Foundation's flagship programs in Assam and Rajasthan continued to work towards sustaining and deepening impact. I am also proud to inform you, that this program received the prestigious National CSR award from the Hon'ble President of India.

Coming to 2020 it has been an unprecedented year with the COVID 19 pandemic affecting countries, businesses and individuals across the world. Your company's investments in technology, its multi-country presence, the analytical nature of its offerings and timely and decisive steps taken towards remote working, have ensured full business continuity and employee safety.

I am happy to share that our teams continue to meet client deliverables with the highest standards of excellence. During these times, the Global Analytic Center provided extraordinary support to S&P Global Ratings as market volatility drove up issuances around the world. We continue to closely monitor all developments and will take steps to strengthen CRISIL's businesses even further.

I take this opportunity to thank you, our shareholders, for your strong support and to our employees for their hard work and invaluable contribution. I now invite the shareholders who have registered themselves as speakers to pose questions and request the Company Secretary to share a few guidelines for the Q&A session.

Minal Bhosale

Company Secretary

Thank you sir. I will proceed to announce the name of speaker shareholders one by one. Speaker shareholders are requested to un-mute their microphone, as their name is called out, and also enable the web cam, if they wish to appear on video. We request members to use headphones while speaking, minimize background noise, ensure a stable wi-fi connection and proper lighting to support high quality interaction.

Should there be a connectivity problem at any speakers' end, we will request the next speaker to continue. Once the connectivity improves, the earlier shareholder will be offered one more opportunity to speak, after the other speaker shareholders have completed their turn. The Company reserves the right to restrict the number of speakers, as appropriate, for the smooth conduct of the meeting. Members are requested to be brief and restrict their questions to three minutes so that other speakers get an opportunity to share their views. Lastly we request you to center your questions around the financial year 2019. I now request the first speaker shareholder Mrs. Hodayun Pouredahi to come forward, unmute herself and raise the questions.

Beruze Pouredahi Speaker Number 1

Hello, hello. Hello. Respected Chairman, Mr. Beruze Pouredahi.

Minal Bhosale

Company Secretary

Yes, sir.

Beruze Pouredahi Speaker Number 1

Minal Bhosale we are very proud of you that you have connected us on your audio visual platform. And we are very proud that the Chairman is also attending the meeting from USA all the way and it is early in the morning and we are 12 hours ahead of them. So we are six o'clock in the evening but they are six o'clock in the morning. So we are very proud that our company is doing exceedingly well even during the time of pandemic and the shareholders are being taken care of, and you are always giving quarterly dividend.

We are very proud of our company. That in spite of; there being so many rating agencies like Care Rating, ICRA, ours is the best and because it is the world's best rating company CRISIL, which is managed by Standard and Poor. We are very proud that previously Madam Roopa Kudva was the Managing Director but now Suyash madam is taking care of our company and we are doing exceedingly well. And our Company Secretary is also very dedicated and sincere and we are very proud of our company. We support all the resolutions and we are very thankful to the Company for giving us the platform to speak. Thank you very much. God bless you and I handover the mic to Madam Hodayun Pouredahi.

Minal Bhosale

Company Secretary

Thank you. Speaker number 2

Homayun Pouredehi - Speaker Number 2

Hello can you hear me?

Minal Bhosale

Company Secretary

Yes, madam we can hear you. Go ahead.

Homayun Pouredehi - Speaker Number 2

Thank you very much. So I just wanted to ask is, what was the loss due to lockdown on our company and many people who are working from home, they couldn't come to offices. How many were working from home. Sir, and Standard and Poor have a good stake in our company. Sir and our ratings are very reliable. So they are very highly respected also. So we have been observing year after year, our ratings are very dependable, so very respectable and everybody relies on it, and better than CARE, better than ICRA it is there. Sir, you are giving quarterly dividend. We are very happy about it.

Our company is doing very well, taking very good care of the investors, doing their best. Our India is very proud of our company. Only question I wanted to know is what was the loss due to lockdown. And sir, we miss our physical AGM's. We used to personally come, meet everybody. Sir, we used to take all these small things for granted. And sir how many of were working from home? How many working from offices? So is everything normal resuming? What about abroad Sir? We would like to know though we are sitting in India, we are supporting all your resolutions, and we wish our company all the best. Thank you very much. Looking forward to meeting you all next year in the AGM.

Minal Bhosale

Company Secretary

Thank you, Madam. Thank you very much for your observations. That was speaker number one and two. I now request speaker number three-Mr. Vinod Agarwal. Sir please unmute yourself and raise the questions. Thank you. Sir we cannot hear you. Could you please unmute the mic..

Vinod Agarwal - Speaker Number 3

Unmute, Yes. Can you hear me now?

Minal Bhosale

Company Secretary

Thank you, sir. Yes, sir very well.

Vinod Agarwal - Speaker Number 3

I have got very small observation for Respected Chairman John Berisford. He is joining from US very nice thing. Our MD & CEO Ashu Suyash ji, other eminent Directors, my name is Vinod Agarwal and I'm joining from Mumbai. I am shareholder of the Company and I have not sold a single share of the company. The economy was on slowdown mode even before the lockdown happened. In a slowdown slowing economy, a lot of companies faced stress in the balance sheets and due to stress....

Minal Bhosale

Company Secretary

Yes, go ahead. We can hear you sir.

Vinod Agarwal - Speaker Number 3

Yes, okay. Maybe due to stress lot of balance sheets get impacted, of many a companies and when they go for borrowing, a lot of credit rating would be needed by them. Have you experienced any height in the demand for credit ratings from our company due to a distressing past year and this year. This is one query.

The pages 14 and 15 show the graphic story of CRISIL over the past 10 years. The only concern over there is the falling return on net worth which has fallen down from 50% to about 30%. We're happy about the good dividend that the Company gives and also that the Company is debt free. On the issue of dividend. Till now the dividend distribution used to be taxed on the dividend distribution tax. Like now that has been removed. So, will that benefit of the removal of tax going forward, be passed on to the shareholders by enhanced dividend rate which we will have to pay ultimately from our pocket going forward. I also appreciate the good work of our company, Minal Bhosale who give quick answers to shareholder query all the time. I thank the management and everyone. My name is Vinod Agarwal from Mumbai. Thank you.

Minal Bhosale

Company Secretary

Thank you sir. Thank you for your observations. I note that speaker number four has not yet joined. We move on to speak number five, Ms. H.S. Patel. Madam please unmute yourself, and proceed with your questions.

Mr. Patel - Speaker Number 5

Hello.

Minal Bhosale

Company Secretary

Yes, we can hear you.

Mr. Patel

Speaker Number 5

I'm Mr. Patel. Thank you so much for giving us an opportunity to speak at this AGM. On the outset, I would like to mention the great support which has been provided by Ms. Minal Bhosale, the Company Secretary of Company. She has gone beyond her call of duty and helped us many times for all the information which we have asked on a regular basis. Thank you on the outset for it.

I now move forward to the questions. It is good to know that there is a brief profile of all the Directors, Senior Management in the report itself. It is a good corporate governance practice and I thank you and I wish you will continue this practice every year. You all have mentioned that the Company has lowest default rates and stability rates. In terms of stability rates can we try and improve in category A and category BBB rating to 95%. Currently it is below 95% the stability rate. Can we improve it? Or what steps can we take to ensure that that goes beyond 95 percentage. Our income, PAT and earnings per share has fallen. What steps is the management taking to improve the same?

I congratulate the Company on various awards won, the employee engagement initiatives and the various programs and seminars it arranges from time to time. Your efforts in Assam and Rajasthan and also your financial literacy and environmental programs are really noteworthy, appreciating and it touches the life of the people in need at large. I congratulate the Board and the management and the CSR Committee for the same.

The impact of moratorium on our banking system is a big unknown factor. Has CRISIL provided any report or study on the said matter. How often do we review our ratings given to the organization? Suppose if we give a credit rating, say a credit rating to one organization, when do we review it and revise the rating? On an occurrence of an event or is it six monthly or three-monthly period? I just wanted to know the period. Do we have any contingent liability? Or have we made any provisions for the same? Any plans of the promoters' Standard and Poor to increase the stake in the Company to 75%? How does the company utilize cash and cash equivalent? Can we not purchase shares like HDFC, HDFC Bank, TCS, ITC, which are a good investment as well as a dividend paying company. We have stake in ICRA, why not even have it in those companies as well. Any cost reduction initiative, which has been launched by the management, to reduce the cost.

Minal Bhosale

Company Secretary

Sir sorry for interrupting you but we're losing your connection. We're not able to hear you.

Mr. Patel

Speaker Number 5

Hello. Am I audible now? Hello.

Ashu Suyash MD & CEO

Yes. Mr. Patel we can hear you now.

Mr. Patel - Speaker Number 5

Hello hello hello.

Ashu Suyash

MD & CEO

We can hear you sir, please continue.

Mr. Patel

Speaker Number 5

Yes. I will repeat my last question. How does the Company plan to utilize the cash and cash equivalent. Can we not purchase the shares like HDFC Bank, TCS and ITC which are a good investment as well as the dividend paying company. We have stake in ICRA, why not have stake in those companies as well just for investment purpose and diversification and utilize our cash rather than paying dividends That's my opinion. Any cost reduction initiatives launched by the management to reduce costs in such difficult time. Is there any salary cut or job cut by the Company due to COVID? What is the cost, revenue and profit per employee? I really appreciate and acknowledge the efforts of our Company Secretary to give us this video conferencing facility. I thank you. These were the set of my questions. Thank you.

Minal Bhosale

Company Secretary

Thank you Mr. Patel. I now request the next speaker shareholder, Ms. Lekha Shah to come forward and raise the questions.

Lekha Shah - Speaker Number 6

Hello. Hello, am I audible? Can you hear me ma'am?

Minal Bhosale

Company Secretary

Yes, ma'am we can hear you.

Lekha Shah - Speaker Number 6

Respective Chairman Sir, Board of Directors and my fellow members. Good Evening to all of you. Myself, Lekha Shah. I'm very thankful to our company Secretary Ms. Minal ji and her team for extending very good investor services and also sending me the annual report by email well in time, which is full of knowledge, fact and figures in place. Due to COVID pandemic COVID-19, we all are facing crisis and have to stay home. Thank you, Chairman, sir, for explaining as well about the Company.

This is the first time we are joining the video conference for giving speech before one week, and today also. Our Company Secretary Minal ji and Hires ji, and Namrata ji had given guidance and the proper introduction for attending the meeting through video conference. I'm very, very grateful to our Company Secretary, Ms. Minal ji. On this festival of Ganesh Chaturthi, I pray Lord Ganesha, shower his blessing upon our company. Sir, I am confident that with your vision and determination, you will lead our company

to greater heights and also I pray to God, our company should progress more and more under you and your team work.

Sir, I have few questions to ask, what is the roadmap for the next two years? Do we come under the purview of GST? If yes, then what is the rate? Please let me know. How is the Company preparing itself in a post COVID world? So I wish all the success and I support all the resolutions. Thank you, sir.

Minal Bhosale

Company Secretary

Thank you, Madam. I now request the next speaker shareholder Mr. Dinesh Kotecha to unmute and raise the questions.

Dinesh Kotecha - Speaker Number 7

How is the position of COVID in US that is what I'd like to know sir. Sir my first question comes from the balance sheet on page number 157, 158 rather. Sir, I have seen that there is a foreign exchange loss of 121 lakhs as compared to a foreign exchange gain of 212.16 lakhs. I mean why this, against the gain this is a loss of foreign exchange that I would like to know.

Secondly, I mean if you connect page number 190 and 208 together, we find basically the financial investments, investments which are 476 crores has come down to 283 crores because of the mark to market loss of 91 crores for the shares that we have invested in CARE. Now, what is the position of that mark to market loss; how much has been recovered till date I would like to know that sir. Other than that sir I also want to point out to you that you know...

Minal Bhosale

Company Secretary

We are not able to hear you. Mr. Kotecha. Hello, we are not able to hear you. Hello. I think we can move on to the next shareholder and then we can come back to Mr. Kotecha once his connectivity has improved. Mr. Dinesh Bhatia, please go ahead and unmute yourself and raise your questions sir.

Dinesh Bhatia - Speaker Number 8

Hello. Can you hear me?

Minal Bhosale

Company Secretary

Yes, sir we can hear you very clearly.

Dinesh Bhatia - Speaker Number 8

First of all, I would like to say congratulations to Chairman and to the Board of Directors. Our Chairman is sitting abroad and he took interest in our meeting, and came for that, I say congrats and thank you to him. This is happy moment for us that he connects with us even though he is abroad, and we get opportunity through this video conference. He has given us good opportunity to meet, see and listen to

him. Thank you Sir for that. First of all, I would like to congrats you and your team because this is COVID period and very tough period still you decided final dividend for us which is 13 rupees we appreciate for that, that we are getting dividend and you are looking after shareholders. This is very nice and best thing. So I would like to say thank you for that, plus I would like to say thanks to you and entire team. Secondly I would like to thank your secretarial team because they are connecting us, and they are taking care for shareholders, and helping us to connect with you through video conference. I appreciate that we are the shareholder of this ratings company. This company is global company, and this is appreciation for us that we are the shareholder of this company. Thank you sir.

Minal Bhosale

Company Secretary

Thank you sir. We now move on to the next shareholder Mr. Shailesh Mahadevia. Sir please could you unmute yourself and proceed with your questions. Mr. Mahadevia we cannot hear you yet. Sir you need to unmute yourself. Mr. Mahadevia can you hear me?

Shailesh Mahadevia - Speaker Number 9

Yeah, I can. Can you hear me now?

Minal Bhosale

Company Secretary

Yes, sir. Now loud and clear, we can hear you.

Shailesh Mahadevia - Speaker Number 9

Now how do I become visible to you?

Minal Bhosale

Company Secretary

Sir there is a camera start video option. You can click on that. You will find the icon at the bottom.

Shailesh Mahadevia - Speaker Number 9

But it isn't in front of me.

Minal Bhosale

Company Secretary

Okay, are you using a laptop sir or a phone?

Shailesh Mahadevia - Speaker Number 9

Yes, laptop.

Minal Bhosale

Company Secretary

Okay, so it will be at the bottom of the laptop screen. You just need to hover the mouse. It's okay if the video doesn't come on too.

Shailesh Mahadevia - Speaker Number 9

Yes, you are right.

Minal Bhosale

Company Secretary

We can see you now sir.

Shailesh Mahadevia - Speaker Number 9

Good.

Minal Bhosale

Company Secretary

Thank you for joining.

Shailesh Mahadevia - Speaker Number 9

Good evening Chairman, all the directors who are spread in different parts of the world and the main company here in Mumbai. I am extremely happy to participate in this particular meeting, which I usually regard as a day of festival when the Company comes to the shareholders with the result they have obtained and they also give us the idea about what to expect in the years to come. Third, let me now start some of the things which I would like to inquire and before I do all that, let me appreciate the excellent report which has been prepared by the Company as usual with all the data which one would expect. I was further supported by our Secretary Minal Bhosale in the last one week or so, and she was also willing to provide all the information that one may like to help. With all these good things, and the appreciation of awards now, I should like to put some questions with a view to increase my understanding and appreciation as far as the working of our company is concerned. One of the most important asset of our company are our employees and all the experts who are making their contribution in the working of the Company. So Sir, my first question is that we have 3,626 employees including 1322 women employees, this is something which I would like to appreciate, that our company is engaging so many women for such critical work. What I would like to know is that we are also employing 1,182 contractual employees. May I know what type of work is being entrusted to them and whether it is on a long term contract basis or it is as and when the situation arises. My next question related to the same subject, and which is one of the biggest problem for all service industries is the attrition rate. The companies spend so much of time in training them up and very often we lose them we are without getting the full benefit of their service to the company.

My next question is related to the CSR work which is being done by the Company. We not only work for the shareholders, but also for the society at large and we have spent as much as Rs. 7.61 crores, and as the Chairman pointed out, that many of our resources are spent in the state of Assam and Rajasthan, which I would like to appreciate. However, in the report, I have come across a very interesting picture where the employees of our company are engaged in developing Japanese forest, Miyawaki, which is on page 32. What I would like to know is that whether these forests are coming up in different parts of Mumbai city. Then I would now like to inquire about our main business, which is advising the capital market, advising the players of the Indian economy, etc. Some of them we understand some of them we would like to inquire. One of the questions, which I would like to ask is that we are taught about webinars on a number of subjects. These webinars, are they organized by our company, or our specialist go there as speakers to give idea about the particular industry concerned. If it is arranged by the Company can a shareholder participate maybe once when it is of interest to us. My next question is that Government of India is working hard on the subject of ease of doing business. Initially, they received very good success, but they are stuck up for the last some time at the rank of about 63 or 67. What I would like to know is that from your study, whether Government of India is likely to get a better position as far as ease of doing business is concerned. My next question is that I find on the report that you are advising various companies on the new taxation policy adopted by the Government of India as a long term measure to come in line with international operations. What I would like to understand is whether companies are interested whether they benefit from getting advice on such a subject, which maybe is their day to day work in the Company and they might be having sufficient staff who can look after this particular service. And my another intricate question is, whether you were an advisor to the Government of India also, then what type of taxation policies they should have for the country.

Then my next question is concerning the railway corridor project. A number of government projects have been adapted for the last quite some time, for example, railway corridor for carrying goods by railway at a very fast speed. Only some of them Western Railways and Eastern Railways have come into operation to a limited extent. What I would like to know is that if at all we are suggesting or we are advising to the government for these type of projects, to what extent our advice is being carried out and very often there may be a number of limitations due to which the government themselves may not be able to carry out in spite of all their intentions. So, in such a situation, what type of approach we have or what type of limitations we tell them in advance or we may be subjecting it to various conditions. That is what I would like to know on this particular subject. Then, my next question is that in modern times, all the companies are worried about the capacity utilization, each one is asking that our capacity utilization is so and so, in June in July in August, etc. etc., what we are not talking about is, what irreparable loss they have suffered because of this lockdown and that I believe is of permanent importance and permanent significance to give an extreme example, a fruit trader once he loses the market on the day concerned it is a loss once for all. Similarly, number of financial service providers, if they cannot utilize their funds for maybe two months or three months, it is a permanent loss of interest income. So, what I would like to know is that what significance you give to the permanent loss, which companies, countries are suffering and they do not take into account in a very serious manner. Of course, some of the people have started working on the subject, but no effective result is being viewed.

Then, you have emphasized in one of your seminars regarding the roles of various states and the significance of these states. In addition to that, what is relevant is the relation between the Center and the States in the execution of these basic infrastructure projects. Now, in this type of a situation, what type of guidance or advice you may be in a position to give and next question in the similar field is

regarding the concept of Smart Cities, one of the first companies to achieve the status of Smart City and ISO specification 37,600 something, whether we were responsible or we played some role in the progress or development of some Smart Cities, and particularly one which is at Jamshedpur, which is the first Smart City recognized in the country.

And my next question is that everyone is aware about the volatility, uncertainty, unpredictability within the country at international level. Very often it is created, very often it is natural, in all these situation of uncertainties, you have done your role so very nicely and so very convincingly. That is what we would like to learn from you. And the last thing is coming up of gas trading hub in Maharashtra. This is a totally new subject for the country, it will be happening for the first time. May I know what type of guidance or advice you may be giving to the companies concerned, to international companies who may be engaged in this services, to maybe the Government of India etc. which will be of great interest to us.

I would like to appreciate that our company has the feel of the economy, which nobody else can have, not very often even the government and I very much appreciate it. I would also suggest that you please continue to play this role for the benefit and progress of the country at large. Thank you very much for your patient hearing.

Minal Bhosale

Company Secretary

Thank you sir. Thank you very much for your comments. I now request Ms. Vasudha Dakwe to please unmute herself and proceed with a question.

Vasudha Dakwe - Speaker Number 10

Hello, can you hear me?

Minal Bhosale

Company Secretary

Yes, ma'am. We can hear you clearly.

Vasudha Dakwe - Speaker Number 10

Thank you. Good afternoon respected Chairman Sir, Board of Directors and my fellow shareholders. I'm Vasudha from Thane. I would like to congrats, our Company Secretary and her team for sending me the soft copy of the report well in advance, which is very clear and transparent. I would like to ask only one question, what is the impact of COVID-19 pandemic situation on our current employees who are working from the home as well as who are not working. Please throw some light. With this I support all the resolutions. Thank you very much.

Minal Bhosale

Company Secretary

Thank you very much, Madam. I now go back to one last speaker shareholder, Mr. Dinesh Kotecha who had dropped off earlier. And I request Mr. Kotecha to continue with his questions. Sir over to you. Mr.

Kotecha you need to unmute yourself because I think you are still on mute. Mr. Kotecha can you hear me?

Dinesh Kotecha - Speaker Number 7

Madam can you hear me now?

Minal Bhosale

Company Secretary

Yes. I can hear you but there is an echo. But still go ahead.

Dinesh Kotecha - Speaker Number 7

Madam I had already sent my questions to you on the email and I would like to explain to me you know on page 157 if you take dividends and investments together last year we had an income of 35.83 crores. This year there is dividend from investment of only 7.77 crores and if I deduct the loss which we have made on 158 is shown, foreign exchange loss of 1.21, the net gain is 5.65 that means against 35.83 crores so like total of both the items taken together we are making a profit of only 5.65 crores that means, the net gain of nearly 29 crores has been gone this year. Now, with your type of expertise and your professional team that you have got, we should have been avoiding this type of foreign exchange losses we cannot make or we should not make these foreign exchange losses. That is my first question. Second question is, you know my questions for you on the email, and I hope to get the answers for them.

Minal Bhosale

Company Secretary

Sir the connection you're using is quite weak. We could not hear beyond the first question. If you prefer, we can definitely can take up the questions that you have sent us on an email and we will try to cover them in the response from Ma'am. So if these questions were all that you had wanted to put up, we can definitely respond to them during the answering session. I think we have lost connectivity with Mr. Kotecha.

So with him, we conclude the questions session from all the shareholders. Handing over to Chairman for further proceedings.

John Berisford

Chairman

Thank you very much for the questions and let me request Ashu Suyash to reply to the queries raised by the shareholders. However, before that, we would like to share some work done by CRISIL to help support communities and provide relief during the COVID pandemic. Could we have the video run now, please.

A video on relief work during COVID pandemic was played.

Ashu Suyash

Managing Director & CEO

Good evening dear shareholders. I would like to extend a warm welcome again to you to our 33rd Annual General Meeting. Hope each one of you and your families are well and safe. I'm glad that technological advancements and policy measures have allowed us to hold our Annual General Meeting through virtual means, though I do miss the opportunity to interact with you and we hope that once things normalize next year we will still be able to conduct our AGM as we have done in the past. I would like to thank all our speaker shareholders, for their observations, for their compliments for the CRISIL team, particularly our secretarial team that has been extending their support. And before I start, I would like to thank each one of our shareholders for their support over the years.

As I begin to answer your questions, I thought I would start with how COVID-19 has played out for CRISIL, because there were a number of questions in that regard. The last few months have truly been unprecedented with the lockdowns and the large disruption across the world. This pandemic has emerged as a matter of material concern. I'm happy to share that through this period, your company has remained fully operational and has functioned seamlessly. All activities have been conducted through remote working. And this was made possible because of the investments we had been making in technology in various tools over the years. I'm happy to share that this has ensured the health and safety of our employees while ensuring that they remain effective, efficient and productive during this time. The investments in technology platforms and collaboration tools have ensured uninterrupted delivery of all our client engagements. Not only that, we were able to step up our communication with all our stakeholders, including policymakers and regulators, through e-meetings, webinars, and a number of publications. These efforts have ensured that your company has not faced any loss during this time. And all our people, more than 99% of our people have continued to work from home. There have been no challenges and all client deliveries have been met as well.

You saw our video on the work we've done in terms of stepping our support to local communities during these times. There are two things that I would like to highlight which you would have also seen in the video, one that we utilized our kitchen in our corporate office to cook and distribute meals following all hygiene protocols to migrant workers and the underserved communities for a period of two months, and we distributed over half a million meals during this time. We also continue to provide support to health workers by providing masks, sanitizers and PPE kits and have also supported companies that provide home quarantines solutions, because we realize that this is a very big need for society. I shared very proudly that this has been made possible not only through the funds that CRISIL Foundation has, but all our employees have contributed towards these causes, which has allowed us to make a very big impact.

As I answer your questions, I would like to note a few key highlights for 2019. Your company continues to remain the leader in the ratings business, and we registered strong growth of 12% led by client wins and high quality ratings. Also given the growing importance of data and analytics, something that is serving us in good stead through these pandemic times, we added capabilities on Quantix, our data platform and enhanced our coverage to unlisted companies as well. We also added new risk management solutions, which in these times are going to enable banks and NBFC's to manage risks better. Our Coalition business continues to see strong demand for its benchmarking analytics, and this growth across these businesses was offset by some decline that we saw in our traditional regulatory support services that we provide through our Global Research and Analytics business. Since then, we have added a number of new offerings on integrated credit risk, model risk and change management,

which are a big areas of focus given the way the pandemic is playing out for our clients. The strength of your company business and balance sheet has enabled us to increase our dividend to Rs. 32 in 2019 versus 30 in 2018. Our Chairman also shared with you the CSR award that was conferred upon the Company by the Hon'ble President. In addition to this, we received another award from working mother and Avtar Puthri. And ASSOCHAM placed CRISIL as one of the top five companies from a diversity and inclusion point of view. You would have noticed from the public announcements that towards strengthening our position as a leading global analytics company we announced the acquisition of Greenwich Associates, a US based company engaged in global benchmarking analytics that serves over 300 Global banks, asset management companies and other market infrastructure players. This acquisition was completed in February this year. And we see the acquisition help strengthen our position globally and will help us expand our suite of offerings this year and even further.

I will take up questions asked today, those sent via email, as well as many as possible, that came on the question and answer chat as well. There was a question on CRISIL's forecast for GDP growth. Given the large scale disruption, global GDP itself is expected to contract by 3.9% in 2020. And India's GDP is estimated to shrink by 5% this fiscal year. We see downside risks to these forecasts, especially because there could be a risk of a second wave on the pandemic, or should the monetary easing and fiscal stimulus not be adequate, or if we see rising geopolitical issues. We see revival commencing only in the second half of the year. The next fiscal is expected to register to go into the positive territory, but it will be on a very weak base.

There were questions around our dividend policy and as you would know it's on our website. Our policy is about paying 50% of profits after tax. And with this policy, you would have noted we continue to pay quarterly dividends on a regular basis. And this has allowed us to improve our returns to shareholders. There were questions and clarifications asked around our corporate governance practices and a number of our shareholders have acknowledged these. I would like to share that we're committed to adopting global best practices and maintaining the highest standards of corporate governance and ensuring strong adherence to the requirements set out by various regulators, including SEBI as you know. And you can see, our Board of Directors are persons with eminent presence and proven competence and integrity, they review our long term strategic plan, our policy formulation, and we have established procedures at the management level through a number of committees, and these in turn are reviewed by various committees of the board, including the audit committee, the risk management committee, and the stakeholder review committee as well. The Company continues to remain fully compliant with all applicable regulations.

There were questions around our purchase of a stake in CARE. As I have stated before, that this is a financial investment keeping the long term prospects of the rating sector, especially as India will need more debt capital, not only coming out of the pandemic, but also in the long term and this would all go well, for the ratings sector. I would also like to note that CARE is not the only stake that we hold in a ratings agency, we also hold a stake in CariCris which we've been holding for several years.

There were questions around how are we looking at dealing with ratings especially given the stress the banking sector is facing, and a number of other companies are facing. Our ratings process requires ongoing surveillance, which in the normal times we would do on an annual basis, but in such times, this is literally on a day to day basis. We do not wait for events or declaration of results alone. We track all the companies that we rate on a regular basis. I would like to share that our stability rates and default rates are best in the industry. The stability rates actually reflect the number of companies that we rate

which remain in that category during the period itself. Stability rates are a function of the economic environment and the individual company's growth plan. Our stability rates are ordinal and best in class. I would like to share that we continue to invest in our ratings business, we follow the highest standard, our analytical rigor is best in class and it's reflected in the quality of our ratings, and the fact that we are called upon by regulators as well to share our observations.

Details on contingent liabilities have been provided in the annual report because that was another question. There was a question around managing cash and cash equivalents. I would like to remind our shareholders that in our business, as we generate cash, we look to plow it back to grow the business and also keep it available for any attractive acquisition opportunities that might come by and that is after distributing over 50% in dividend and therefore, we always invest in high quality mutual funds and do not look at any investments in equity markets, because that would create a lot of volatility in our earnings and that is not a core part of our business.

There was a question around income per employee. I am happy to share that income per employee increased to 46.9 lakhs from 45.5 lakhs in the previous year.

There were a couple of questions that came on how is the Company preparing for the changes that will happen post COVID. As I have shared, we have been investing in our digital capabilities, introducing a number of technology based platforms and tools. During this time, we have seen an increasing demand from our clients to integrate data analytics insights and solutions as part of their workflow. Our investments over the years place us in a very good position to meet these client needs. Also, with the financial sector facing stress, the number of risk management solutions that we have for banks and NBFC's in India and for our global clients will enable them to manage risk better.

There were questions around work from home and how our employees are managing. I am delighted to share that employee productivity remains high and this is because they have been provided with the necessary technology resources, connectivity, and constant support from their managers and the HR team, so that they can meet all the requirements that our clients have been asking of us. And I must share that now more than ever, there is more demand for our ratings and our analytics.

From a cost save perspective, during this period, we have cut back on discretionary expense, and in addition, there will be saves from a travel cost perspective as well. We continue to keep a strong eye on costs and monitor the situation because the pandemic is an evolving one, and we want to make sure that we take a holistic approach and a long term approach on costs and not only think about the next one or two months while the pandemic is playing out.

There were questions submitted over email around our share in the ratings business. I am very happy to say we continue to gain ground from a market share perspective, and that the quality of our ratings is well recognized. In addition to share in a bond issuances, we have gained ground in high growth segments such as securitization, and also introduced ability to assess stressed assets through a rating scale or resolution rating scale that was developed in conjunction with other rating agencies and regulators as well. It is our robust criteria and deep domain understanding and analytical rigor that sets us apart and we will continue to relentlessly focus on ratings quality.

There were questions around the Forex numbers and the Forex loss. You will note from our annual report that we have a very robust hedging policy and strong risk management controls in place. However, significant currency movements and the revaluation has resulted in the Forex impact. And this

can change on a year on year basis. And I would say that we do not take active currency positions because that is not our business. We really use our hedging policy and the forward covers that we take to manage risk. There was another question around the collaboration that we are undertaking with S&P, beyond the Global Analytical Center that our Chairman touched upon where we provide support, and we will increase support during these times. We conduct a number of joint events for our clients. We collaborate for market outreach. And we also have a referral program in place with the global teams of S&P, which allows us to pitch to global customers, and also increase our client wins.

A number of questions and observations were made on the work that we do on the CSR side, and there was a specific question on the Japanese method that we've adopted. I'm happy to share that this Miyawaki method has allowed us to create these small pockets of forests in Powai, in Mahape, and Jogeshwari in Mumbai, and we are beginning to extend this to Pune and Chennai, as well. I'm happy that the efforts that we have on diversity and inclusion are being taken note of particularly that we have a healthy gender diversity ratio as well. It's an area of strong focus beyond all the initiatives that we take from a financial inclusion and overall inclusion of perspective. There was a question around the work undertaken by contract employees. I would like to highlight that this is in the nature of support, be it on the IT side on the Admin side, or from providing help desk or customer support services to the internal teams. Our attrition rate is in line with the industry. And I am happy to share that the initiatives that we have taken, ensure that our attrition rates remain in check. From a webinar perspective, while our subject matter experts get called upon to speak at various external events, most of the webinars are those that we conduct ourselves for our clients and the various stakeholders.

I am glad that the efforts that we take on policy advisory have been noticed. I would like to share that this is really in the area of infrastructure and initiatives such as the gas trading hub, and on that count a number of Smart Cities as well we have been engaged in, be it Thana, Solapur or Dui.

From a gas trading hub perspective, we have engaged with the regulator PNGRB. And this is towards developing the norms for the trading hub and providing our input on setting up the gas trading exchange.

I believe I have been able to answer most, if not all the questions that were asked today, those that have been submitted by email and on the chat as well. Should anything have been left out we will respond to you and if you have any further questions, you may write to our Company Secretary Minal.Bhosale@crisil.com or on investors@crisil.com and you will promptly receive a response from our end. As I close, I would like to once again thank you for your support over the years and would like to count on this continued support. Stay well and stay safe. And with that, I would like to hand back to our Chairman John Berisford.

John Berisford
Chairman

Thanks Ashu. Since the Company has provided remote e-voting facility, resolutions put forth in the notice need not be proposed and seconded by the shareholders. I will therefore briefly explain the ordinary resolutions as set out at item number 1 to 5. And the special resolution at item number 6 of the notice and then put them to vote.

The standalone and consolidated financial statements of the Company for the year ended December 31 2019 are placed before the meeting for adoption at item number 1.

At item number 2, final dividend of Rs. 13 per share is recommended for approval and three interim dividends aggregating Rs. 19 each per share are put forth for confirmation by the shareholders.

At item number 3, a resolution for reappointment of Mr. Ewout Steenbergen, Director, who retires by rotation at the meeting is put forth for approval.

At item number 4, placed for approval as an ordinary resolution for appointment of Mr. Martin Fraenkel as Non-Executive Director, liable to retire by rotation.

At item number 5, placed for approval is an ordinary resolution for appointment of Ms. Ashu Suyash, as Managing Director and Chief Executive Officer effective 1st of June 2020 and approving the terms and conditions of the reappointment.

At item number 6, the resolution for appointment of Ms. Shyamala Gopinath as an Independent Director of the Company is put forth. I now put these resolutions to vote and request the Company Secretary to read out the voting guidelines.

Minal Bhosale

Company Secretary

Thank you sir. Dear members, in terms of the provisions of the Companies Act, the Listing Regulations and circulars issued by the Ministry of Corporate Affairs, the Company has provided an electronic voting facility for the shareholders to vote remotely before the AGM. The remote e-voting facility was opened from Monday, August 24, to Thursday, August 27.

As per the statutory requirements, and in view of the virtual format of the meeting, voting by show of hands, and physical voting at the AGM is no longer permissible. Hence, the Company has enabled e-voting facility at the AGM for the benefit of members who have not already voted through remote e-voting. Members can do so by logging into the NSDL e-voting platform at www.evoting.nsdl.com with their e-voting credentials.

For the purpose of e-voting, the voting rights shall be reckoned as of 21st August, which was the cut-off date.

The Board of Directors of the Company has appointed Mr. Makarand M Joshi, Company Secretary in Practice, as Scrutinizer for the e-voting under Section 108 of the Companies Act to scrutinize the e-voting process in a fair and transparent manner.

Mr. Makarand M Joshi shall submit his report to the Chairman after completion of the e-voting process. The results of remote e-voting and e-voting at the AGM shall be aggregated and announced on or before 30th August by intimation to the Stock Exchanges, and will be placed on the website of the Company www.crisil.com as also on the website of NSDL evoting.nsdl.com. Members can now start voting up to 30 minutes here after. Thank you.

John Berisford

Chairman

All the business having been completed, the meeting stands concluded. I thank all the members for your continued support to the Company and look forward to your support in the future as well. Please stay safe and well and thank you very much.

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 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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