

2020 Analyst presentation



February 2021

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Agenda



1. CRISIL Overview



2. Business Environment



3. Financial Performance



4. Segment Performance



5. Summary



CRISIL is a leading global analytics company driven by its mission of making markets function better

 Ratings

 Benchmarking Insights

 Global 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



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3. Financial Performance



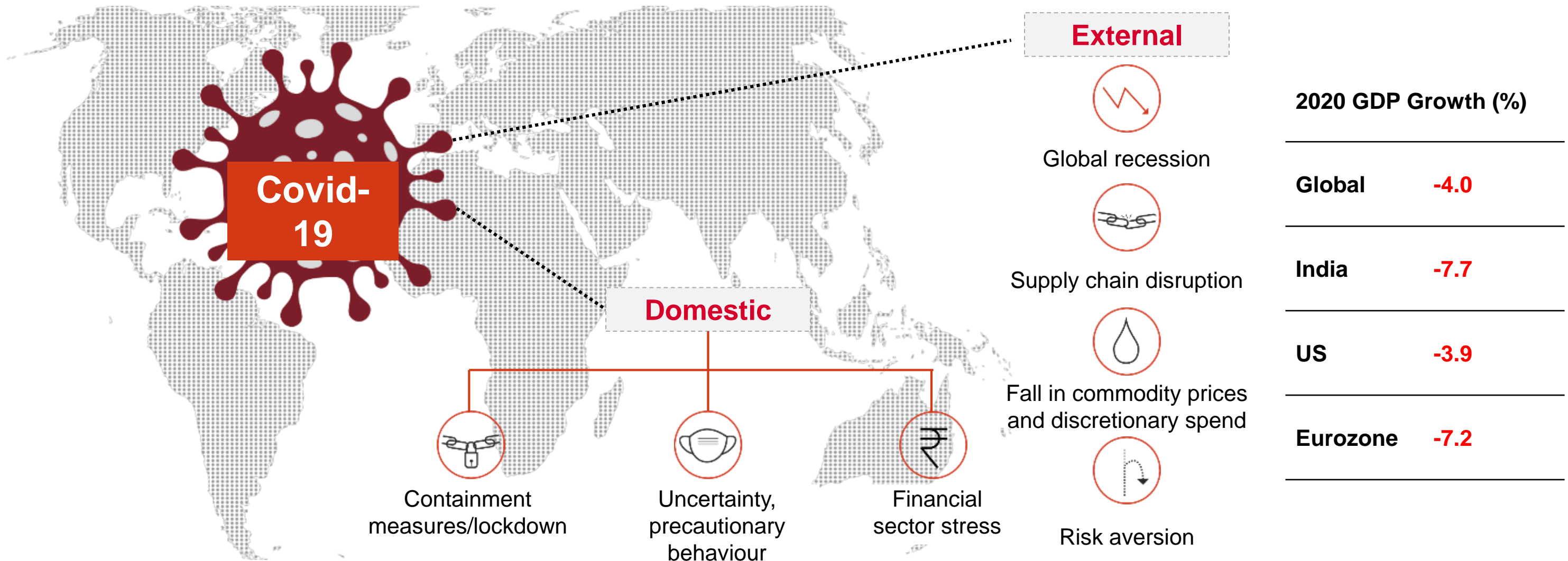
4. Segment Performance



5. Summary

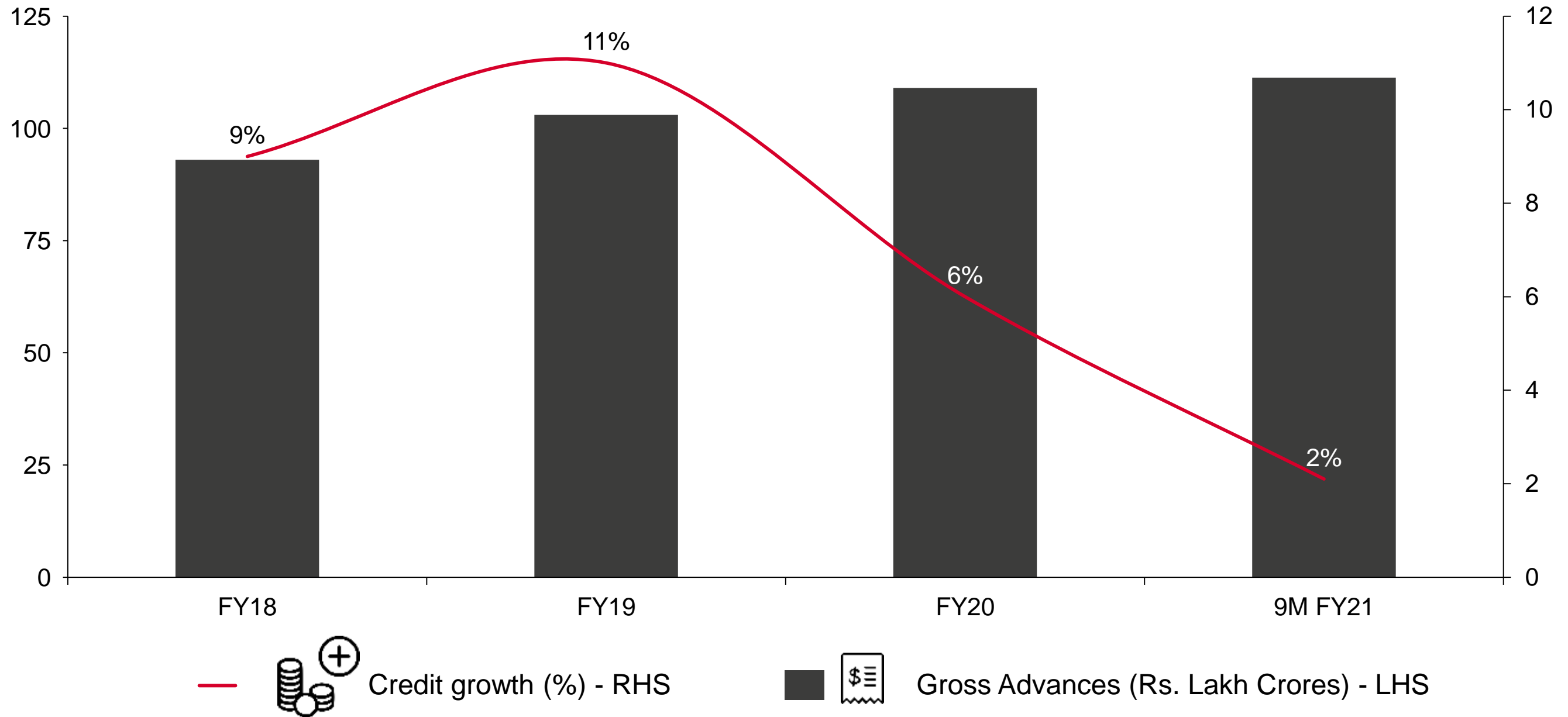


How Covid-19 struck an economic blow



Source: S&P Global, CRISIL, December 2020; India outlook is fiscal year 2020-21

Bank credit growth to fall to a multi-year low this fiscal



Source: RBI, CRISIL

Proactive response to the pandemic ensured business continuity



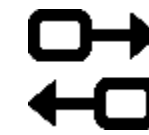
Maintained 'People first' approach

- Mandatory WFH for most of 2020
- Launched 'CRISIL Care' for doctor consultations, hospitalisation
- Continued employee support through medical expert sessions and wellness sessions
- Digital learning courses/ webinars on pertinent themes



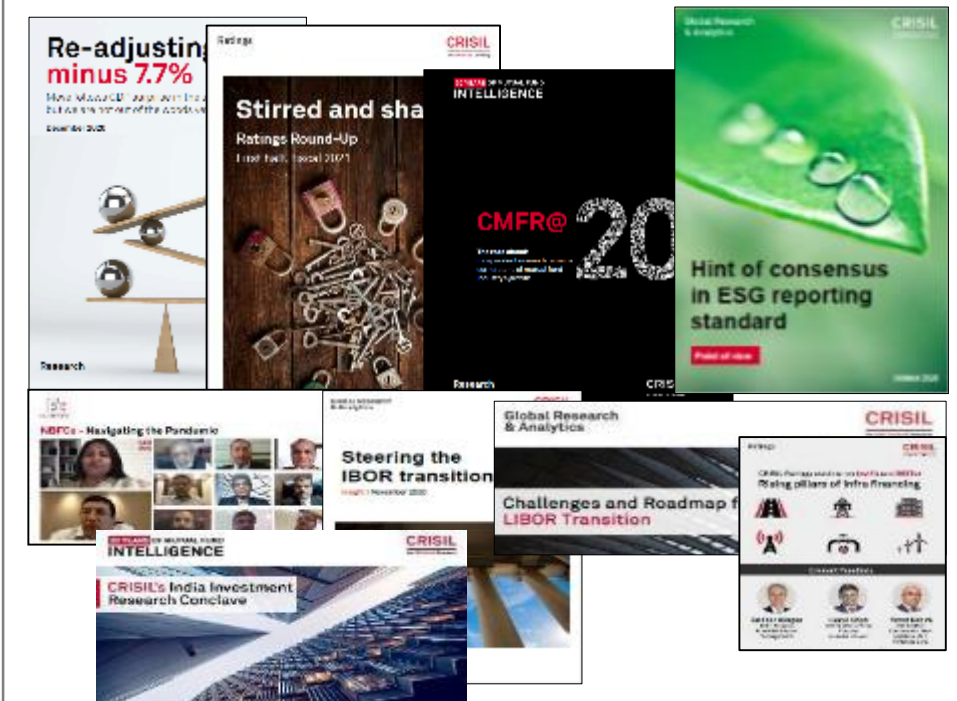
Focus on technology ensured seamless operations

- 99%+ workforce remotely connected
- Virtual support for hardware, software and query resolution
- Continuous assessment of info sec measures
- Full continuity of business as the pandemic unfolded
- Periodic assessment of WFH status for all locations



Ensured high customer engagement

- High impact research papers, analysis, webinars and thought papers on emerging trends released throughout the year



2020 Highlights

1 Stood resilient and relevant amidst externalities to deliver revenue growth of 14.4% and PAT growth of 3.1%*

2 Continued to win new clients and mandates across markets

3 Acquired Greenwich Associates 

4 Completed SEBI-mandated segregation of ratings business

5 Continued focus on innovation

- India's first AIF benchmarks
- High frequency district dashboards
- Scenario Expansion Manager (SEM) platform for stress-testing

6 Multiple recognitions

- Great Place to Work™ – Certified
- Compliance 10/10 award for most ethical business group
- Jamnalal Bajaj Awards for fair business practices
- 100 Best companies for women
- IWEI Top employers 2020



* Financials include Greenwich Associates

Greenwich Associates

Greenwich accelerates our strategy to be the leading player in the global benchmarking analytics across financial services

Business strengths

- Nearly five decades of proven track record in benchmarking analytics
- Most trusted brand for sourcing and aggregating high value performance data in financial services
- Complements our existing Coalition CIB benchmarking products & expands offerings to commercial banking, asset & wealth managers
- Augments our expertise by addition of 'Voice of Customer' surveys, proprietary data assets, and capabilities to source and aggregate high value performance data

Customer & market presence

300+
Clients across
20+ countries



200,000+
Buy-side contacts



35 of the world's
top 50 commercial
banks are clients



19 of the world's
top 20 investment
banks are clients



41 of the world's
top 50 asset
managers are clients



A 'TRUSTED' voice



On point and thought provoking impact pieces

BUSINESS PRACTICE Make Risk Very Much Your Business

Arjun Singh

The Covid-19 pandemic has exposed the fragility of the global supply chain and the need for companies to diversify their operations and invest in digital transformation. This is not just a short-term fix but a long-term strategy to build resilience and ensure business continuity in a volatile market.

Assess Better, Look Better

Gurpreet Chhatwal

The market noise of election, social and corporate governance (ESG) issues has increased. In the past few years, investors have been looking for companies that are not only profitable but also socially responsible. This has led to a re-evaluation of ESG factors and their impact on a company's long-term performance.

Testing Time For HFCs

ROHAN SINGH

With the global market in a state of flux, the banking industry is facing a testing time. High-Frequency Companies (HFCs) are being scrutinized for their ability to manage risk and maintain liquidity in a volatile market. The industry needs to focus on strengthening its risk management framework and ensuring it remains resilient to market shocks.

Emerging from the abyss

DHARMAKIRTI JOSHI

India will have to swim against the tide to capture the shrinking pie of global trade. This requires restructuring reforms to improve the investment climate and attract investments. The government needs to focus on creating a more business-friendly environment and addressing the infrastructure gap to boost economic growth.



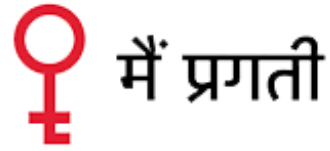
Our SMEs shaping digital discussions

Digital webinars

Discussion papers

Knowledge partnerships

CSR initiatives continue to drive tangible and sustainable impact



A CRISIL Programme



Financial capability building in Assam, Rajasthan, Haryana and Maharashtra

- Over 2.2 lakh beneficiaries trained for financial literacy
- Provided financial inclusion services through 860+ Sakhis in over 1,300+ villages
- RBI's CFL pilot extended till Nov. 2021 in Maharashtra, Haryana and Rajasthan
- Received the Jury Commendation Certificate under the category Women Empowerment for FICCI CSR Awards 2020



CRISIL
Foundation



Serving needs of the society arising from the pandemic

- CRISIL Foundation served over 500,000 meals to migrant workers and labourers in Mumbai
- Extended treatment support through contribution for oxygen cylinders and PPE kits across several locations

Promoting environment conservation and larger social consciousness

- Planted 42,000+ trees in five cities, taking the total number of tree plantations to 70,000+ since 2015
- Despite COVID-19 pandemic, sustained the larger social consciousness of employees and kept them engaged through virtual interactions with prominent social change leaders.

Key business trends that will shape the medium term



Economic revival



Buoyant capital markets



Financial and credit stress



AI/ML adoption



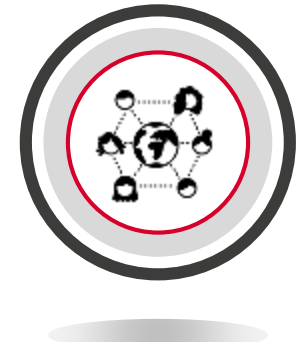
Accelerated digital transformation



Emphasis on social and sustainable practices

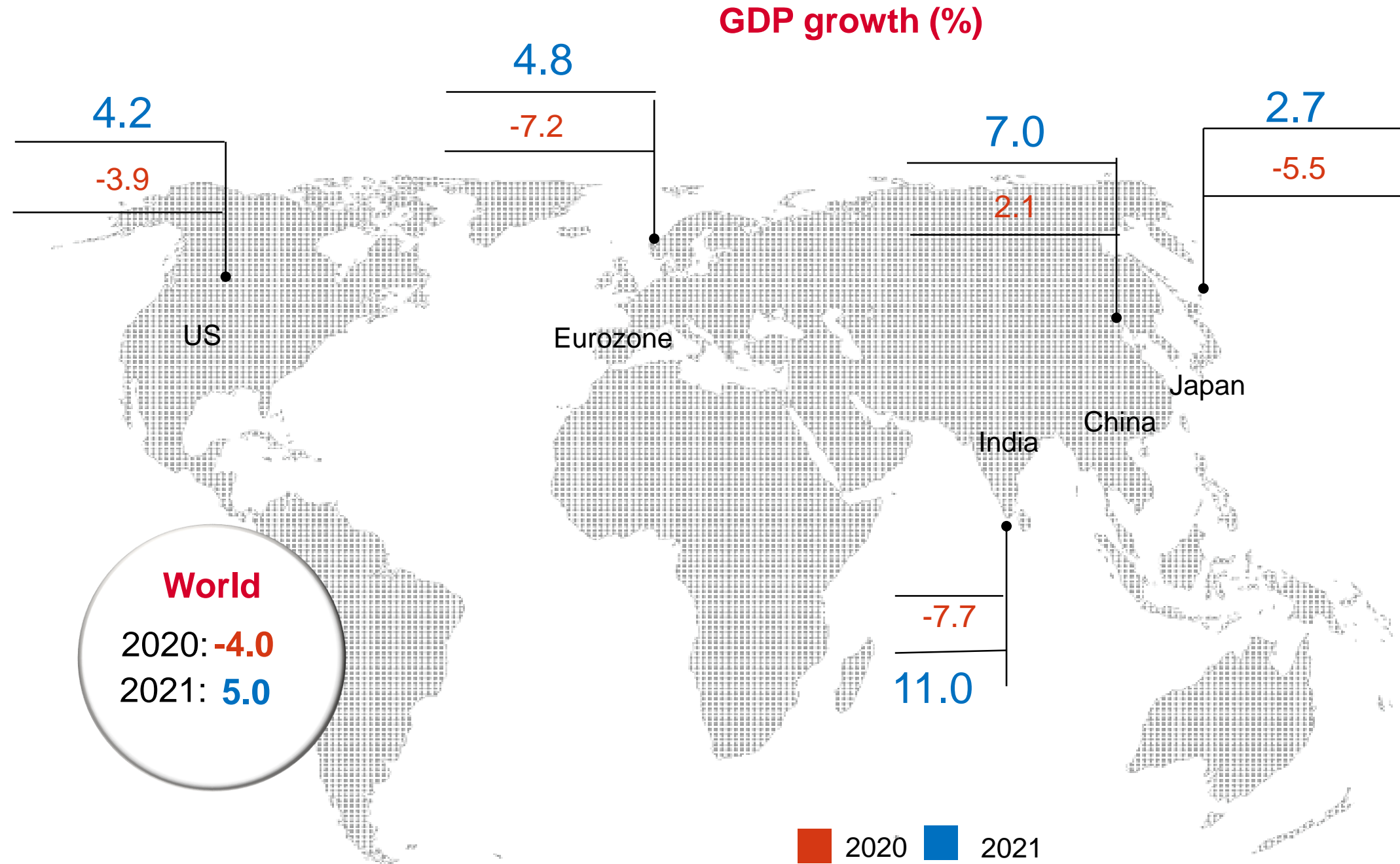


Increasing focus on non-financial risk



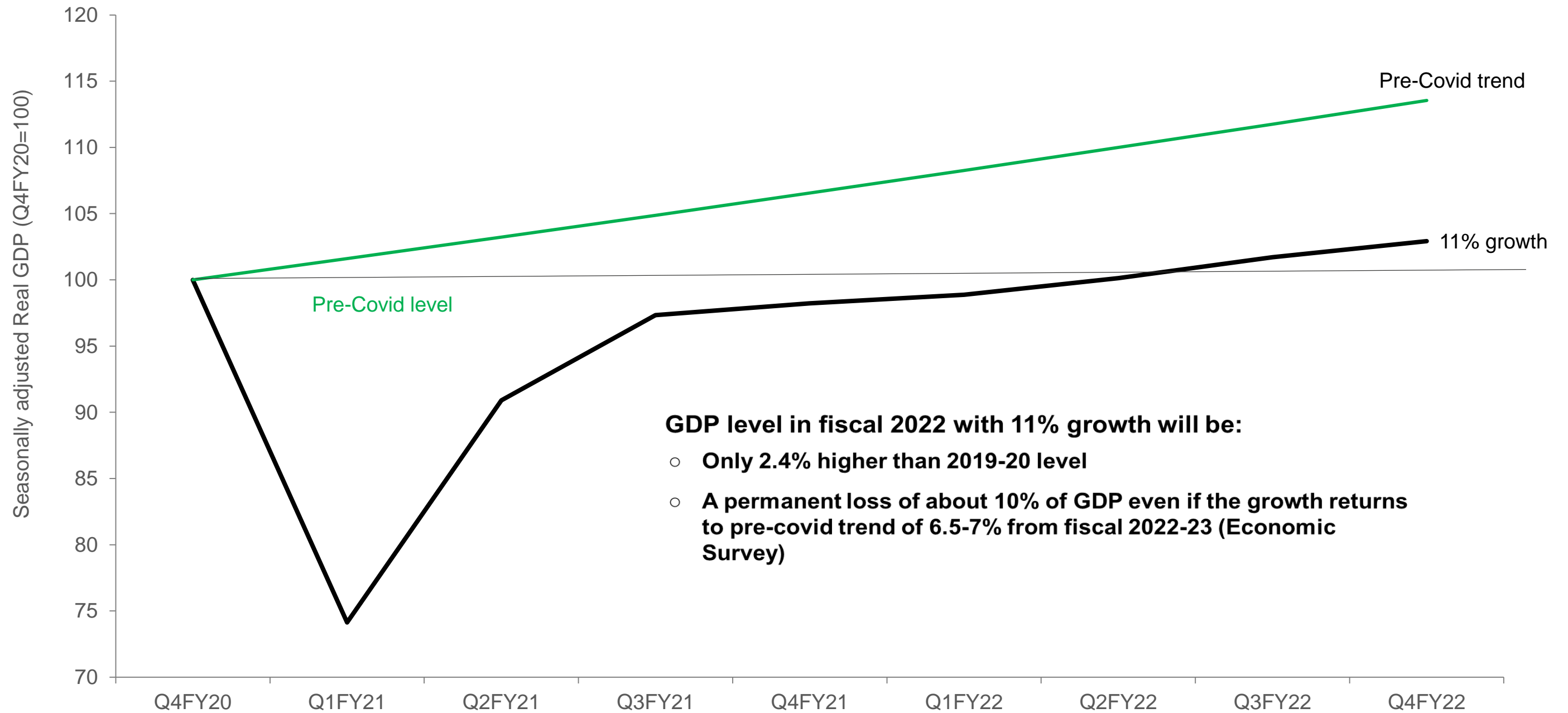
Remote working and distributed model

Global economy: Moving towards a brighter 2021



Source: S&P Global, December 2020; India outlook is fiscal year 2020-21

Indian economy to catch-up to pre-Covid level by Q2FY22



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3. Financial Performance



4. Segment Performance



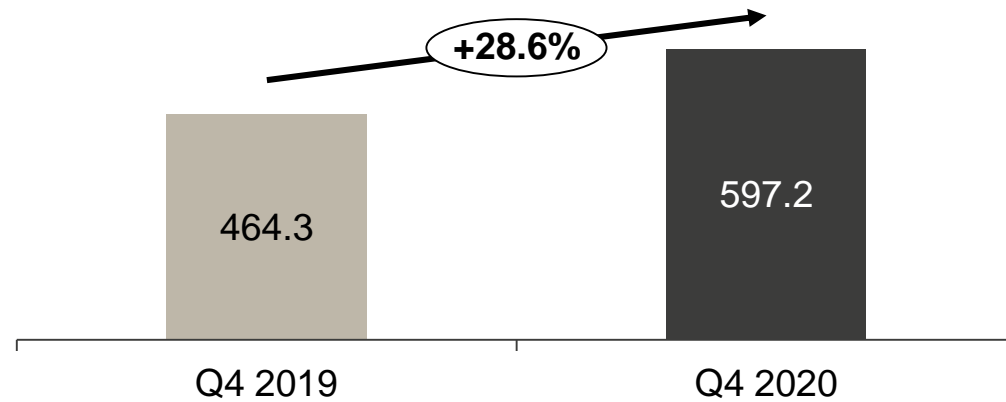
5. Summary



Q4 2020 Financial results

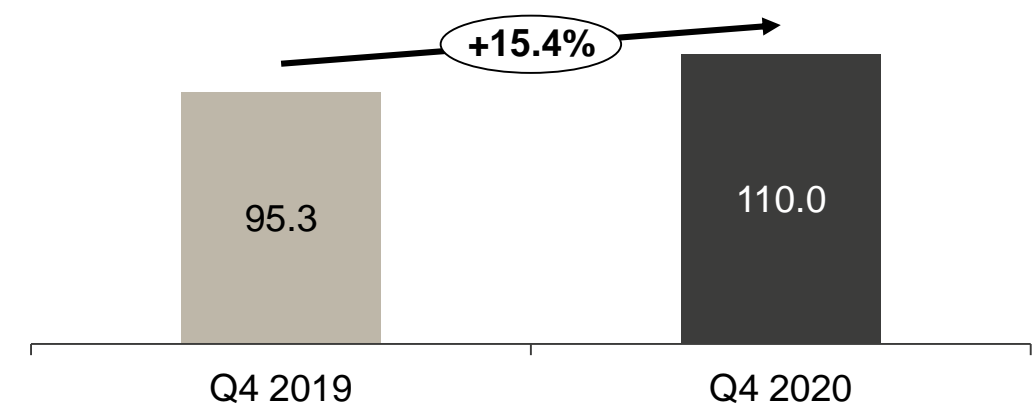
Income from Operations

₹ crore



Profit After Tax

₹ crore



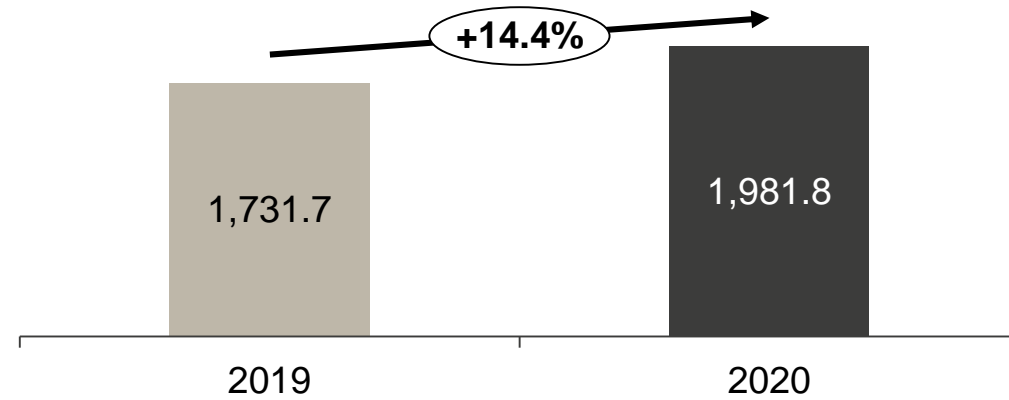
- Income from operations for the quarter up 28.6%
- Profit after tax for the quarter grew by 15.4%
- Final dividend of ₹ 14 per share recommended. Total dividend of ₹ 33 per share for the year 2020 vs. Rs 32 per share previous year

Note: Numbers rounded off to first decimal

FY 2020 Financial results

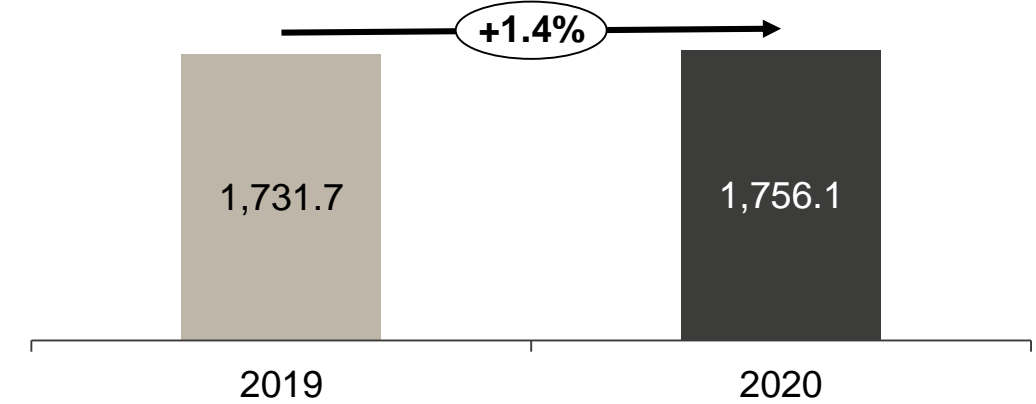
Income from Operations

₹ crore



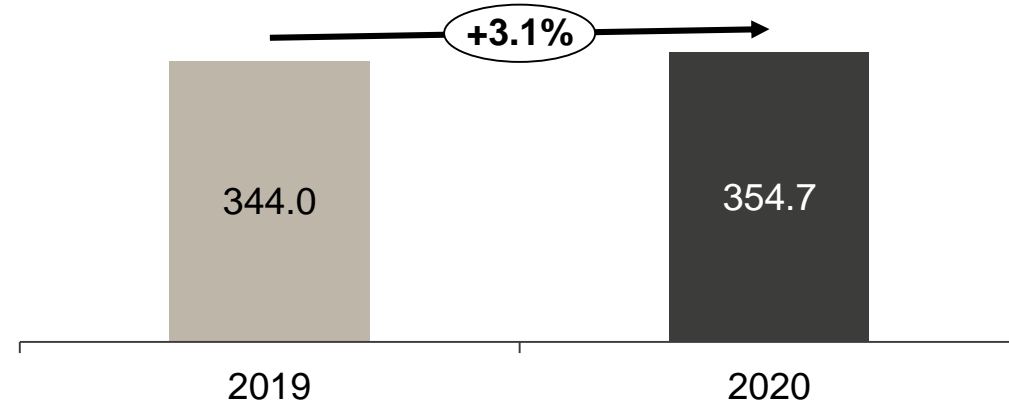
Income from Operations – excl. Greenwich Associates

₹ crore



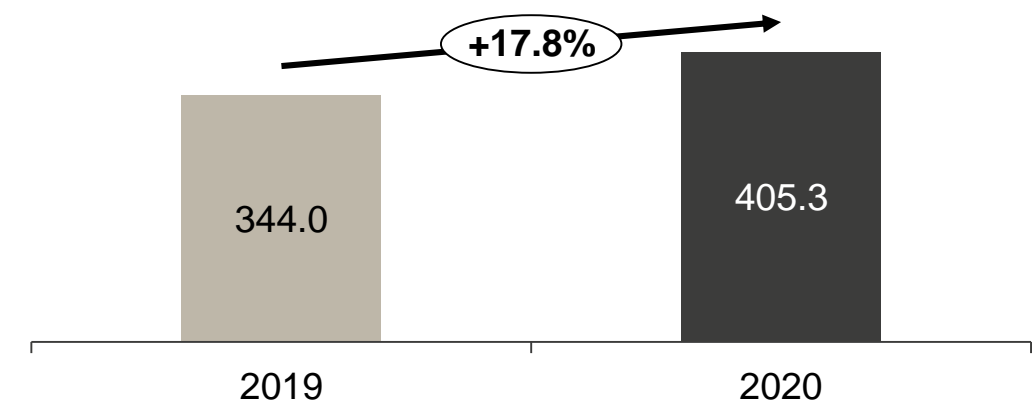
Profit After Tax

₹ crore



Profit After Tax – excl. Greenwich Associates

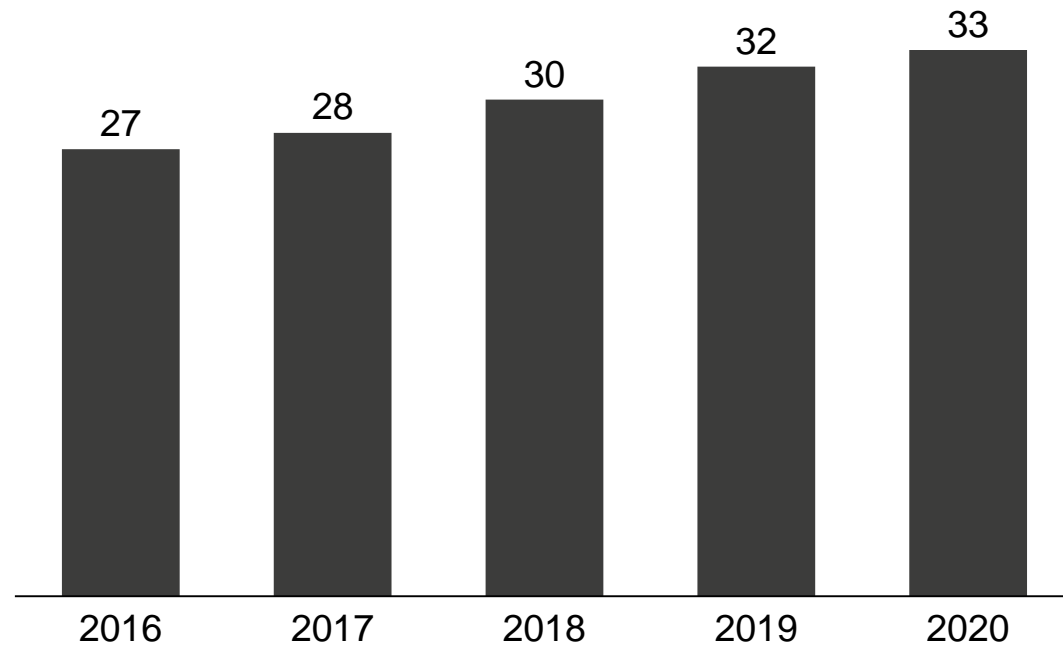
₹ crore



Note: Numbers rounded off to first decimal

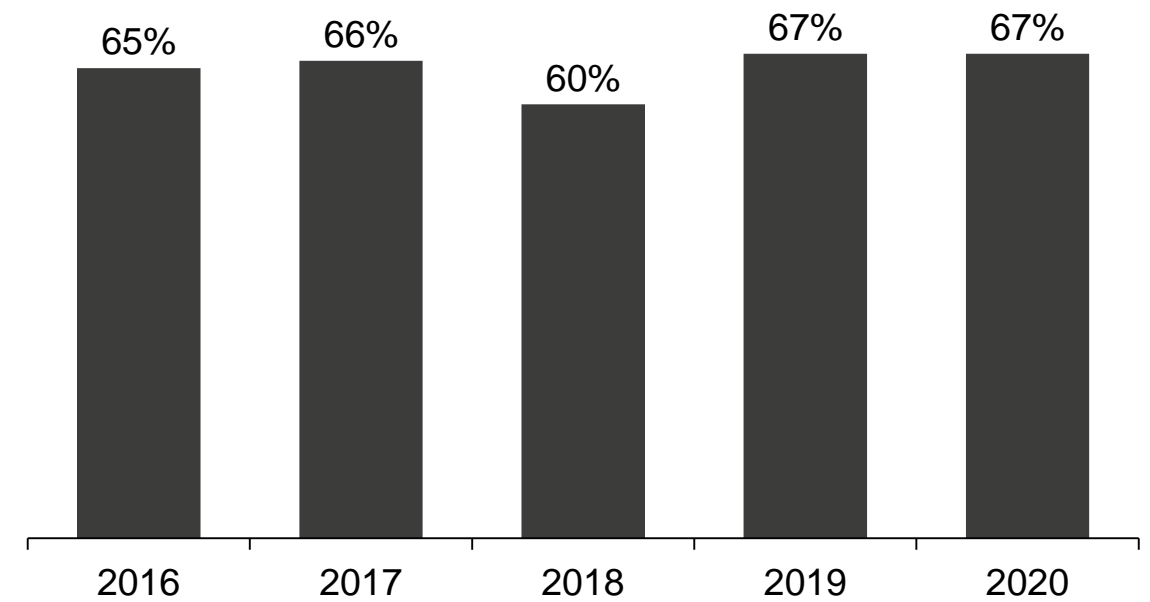
Consistent track record of high dividend payment

Total dividend[#] (in ₹ / Share)



Per equity share of face value of Re. 1 each

Dividend payout^{*} (as a % of PAT)



**Excludes Dividend Distribution Tax*

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4. Segment Performance - Ratings

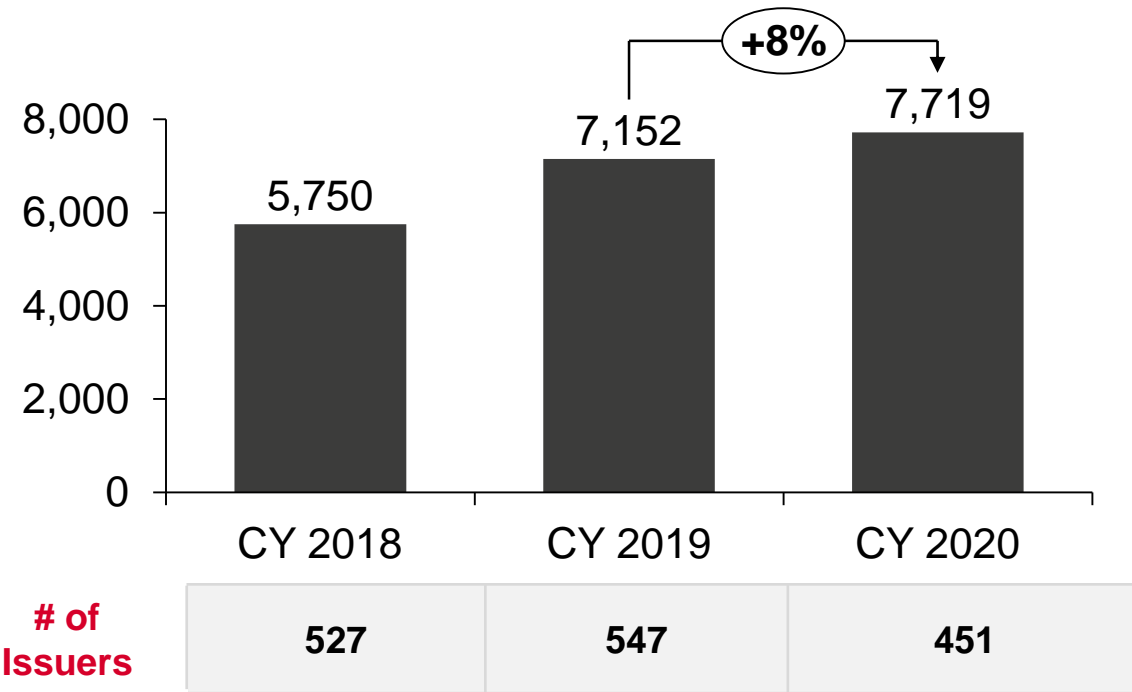


5. Summary



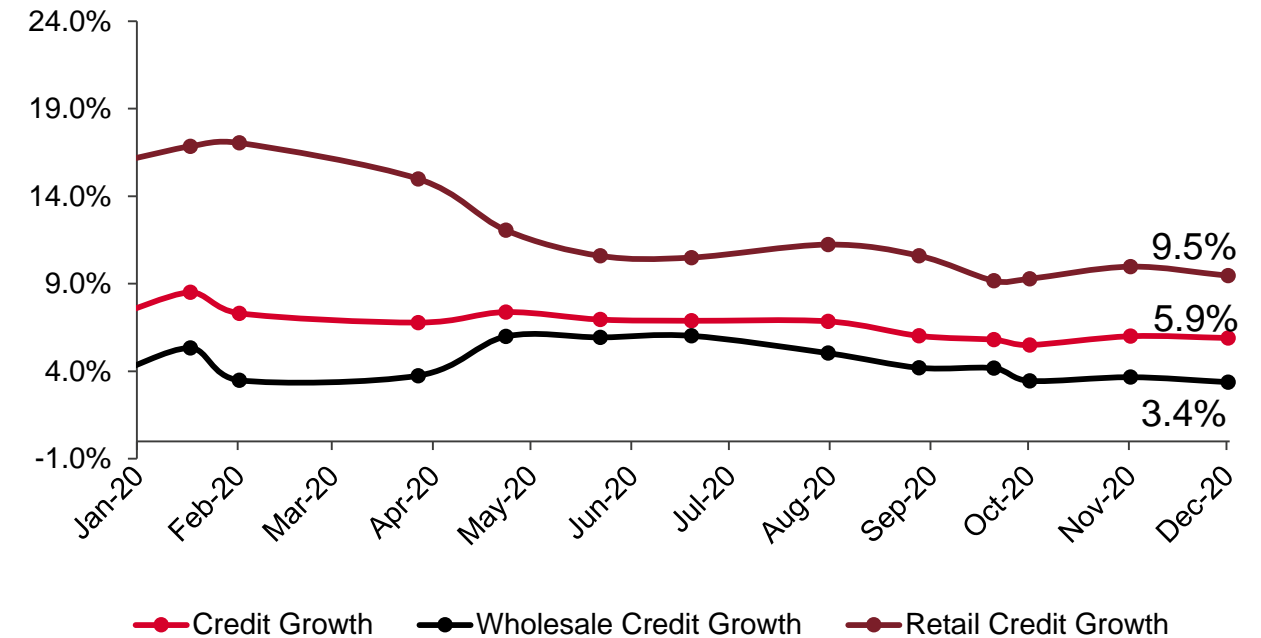
Capital markets issuers saw decline during the year, overall credit growth remains subdued due to dip in industry credit

Bond Issuance Quantum (₹ billion)



- In 2020, bond issuances remained range bound y-o-y largely concentrated at AAA
- Further, the number of bond issuers also saw a sharp dip

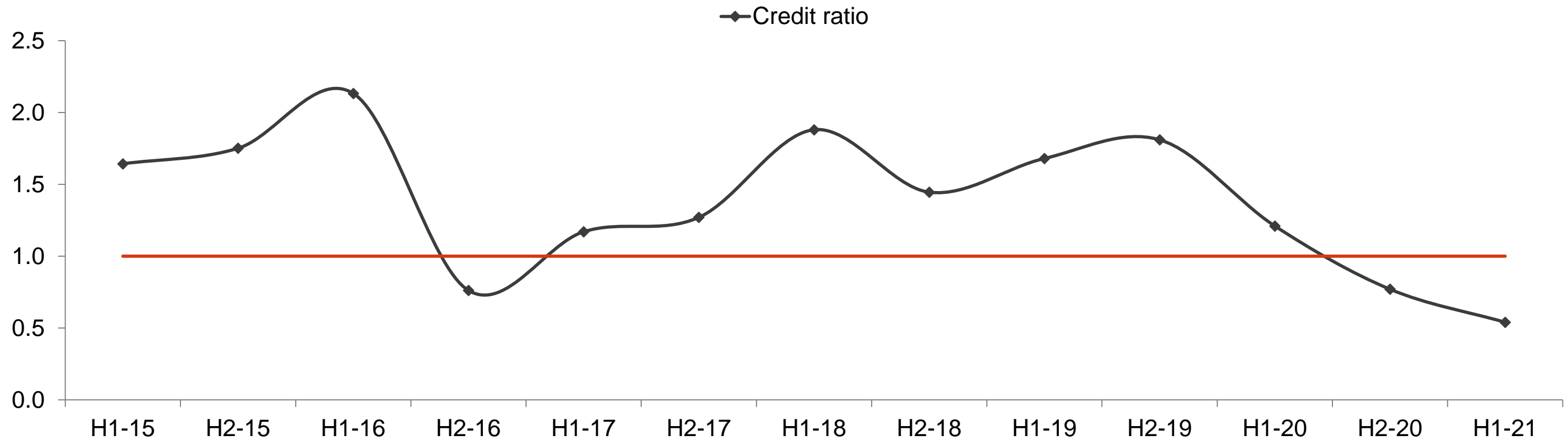
Credit Growth (%)



- During Dec '20, overall credit growth remains subdued due to contraction in credit to large industries
- Services & agriculture sector witnessed some uptick during the period

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

Pandemic grips credit quality leading to fewer upgrades weakening credit ratio



Source: CRISIL

Credit ratio is defined as the ratio of number of upgrades to number of downgrades. A ratio of more than 1 indicates there are more upgrades than downgrades, and vice versa. Credit ratio excludes rating actions on non-cooperative issuers.

- Economic impact of the lockdown and gradual demand recovery kept credit ratio weak, with downgrades significantly outnumbering upgrades – at 161 upgrades vs 296 downgrades between April 1 and September 30
- RBI's loan moratorium has provided a breather to corporates (especially sub-investment grade firms)
- However, number of ratings on negative watch or outlook has doubled since September 2019

Ratings: Highlights



Financials

Particulars (₹ cr)	Q4 2019	Q4 2020
Income from Operations	141.5	150.7
Segment Profits	62.6	58.0
Margin	44.2%	38.5%

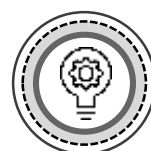
Particulars (₹ cr)	2019	2020
Income from Operations	544.8	565.0
Segment Profits	219.5	226.7
Margin	40.3%	40.1%

Note: Numbers rounded off to first decimal



Business update

- The Ratings segment registered healthy growth driven by performance of Large Corporate Ratings
- During the year, the bond market increased by 8% y-o-y by in quantum with lower no. of issuers (-18%)
- Our differentiated positioning and high quality of Ratings helped client wins through the year. However, constrained credit growth impacted the mid-corporate ratings, thus off setting growth in the segment
- Completed segregation of credit ratings business into a wholly owned subsidiary, CRISIL Ratings Limited, during Q4 with no impact on clients and other stakeholders
- GAC increased collaboration with SPGI on enhanced surveillance, data and transformation projects, as well as partnered on ESG



Innovation & Franchise

- Launched Ratings Analytica, a personalised portal and mobile application (app)
- Hosted our flagship event – ‘NBFCs – Navigating the pandemic’
- During the year released over 100 PRs and hosted ~30 webinars covering key sectors such as agrochemicals, InvITs/REITS, hospitals, fertilizers, dairy etc.

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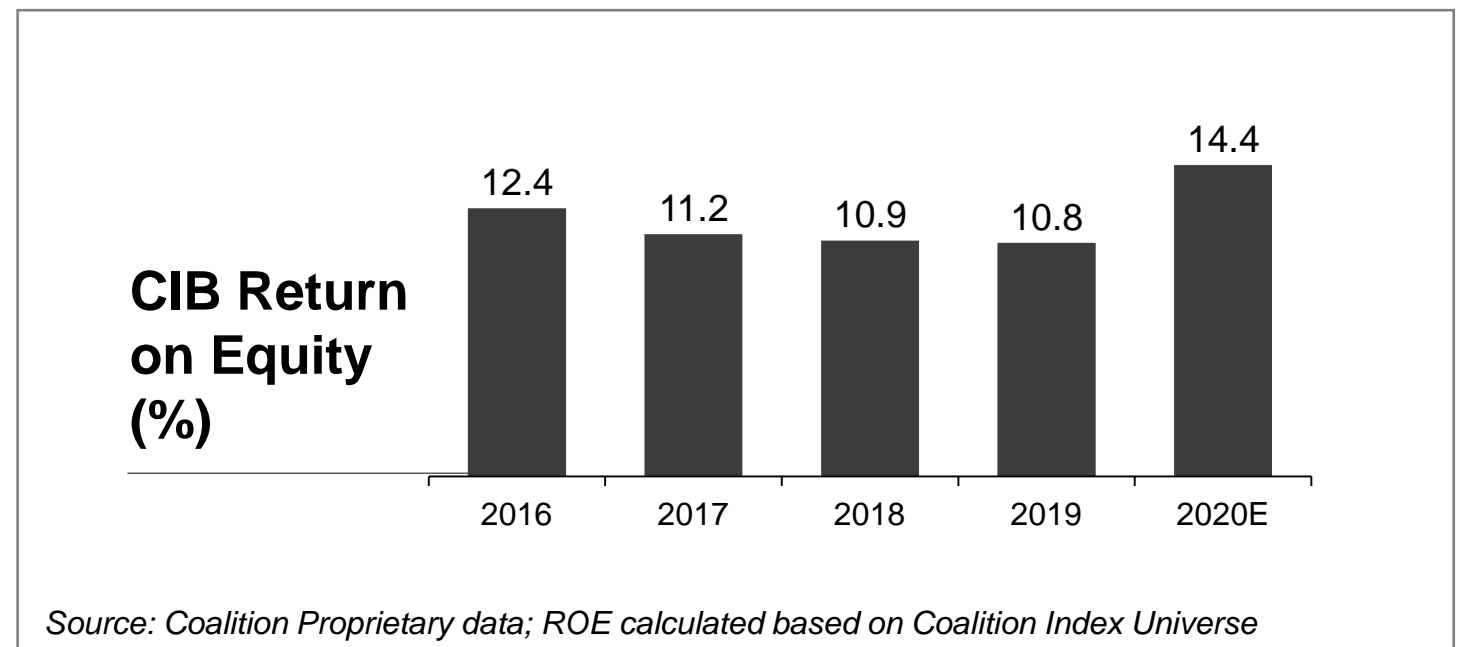
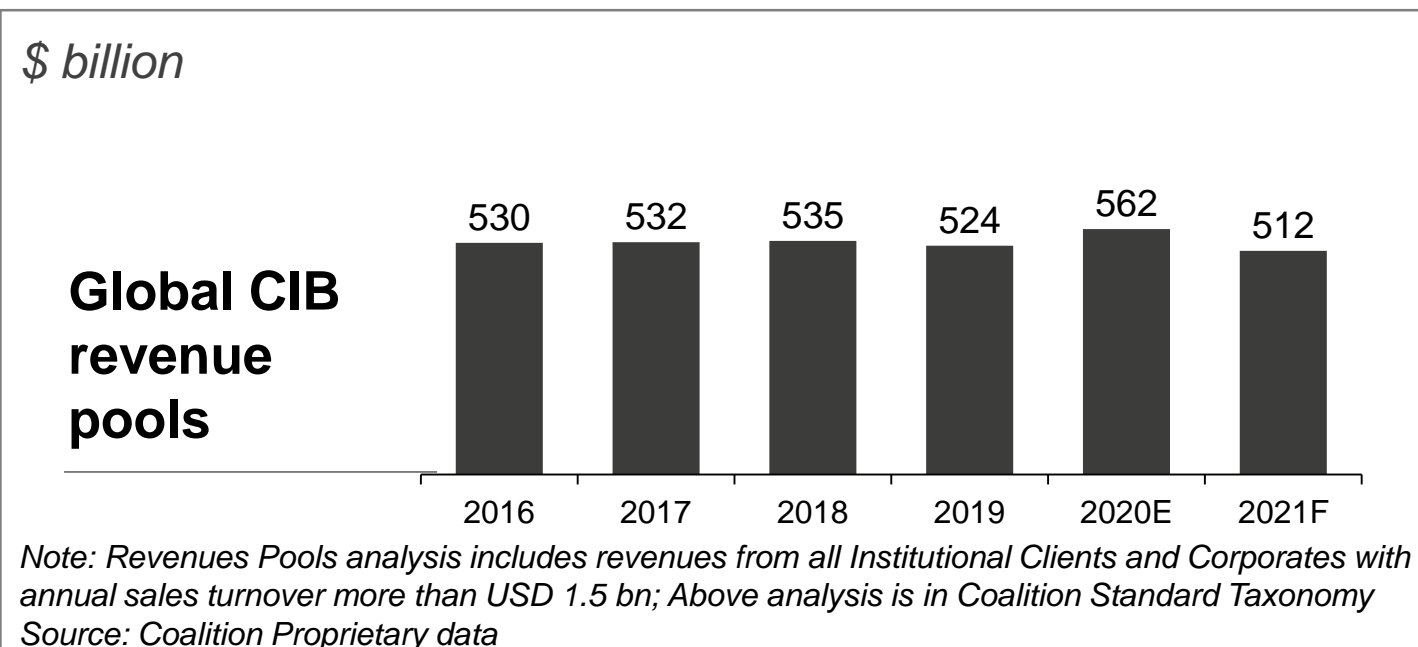
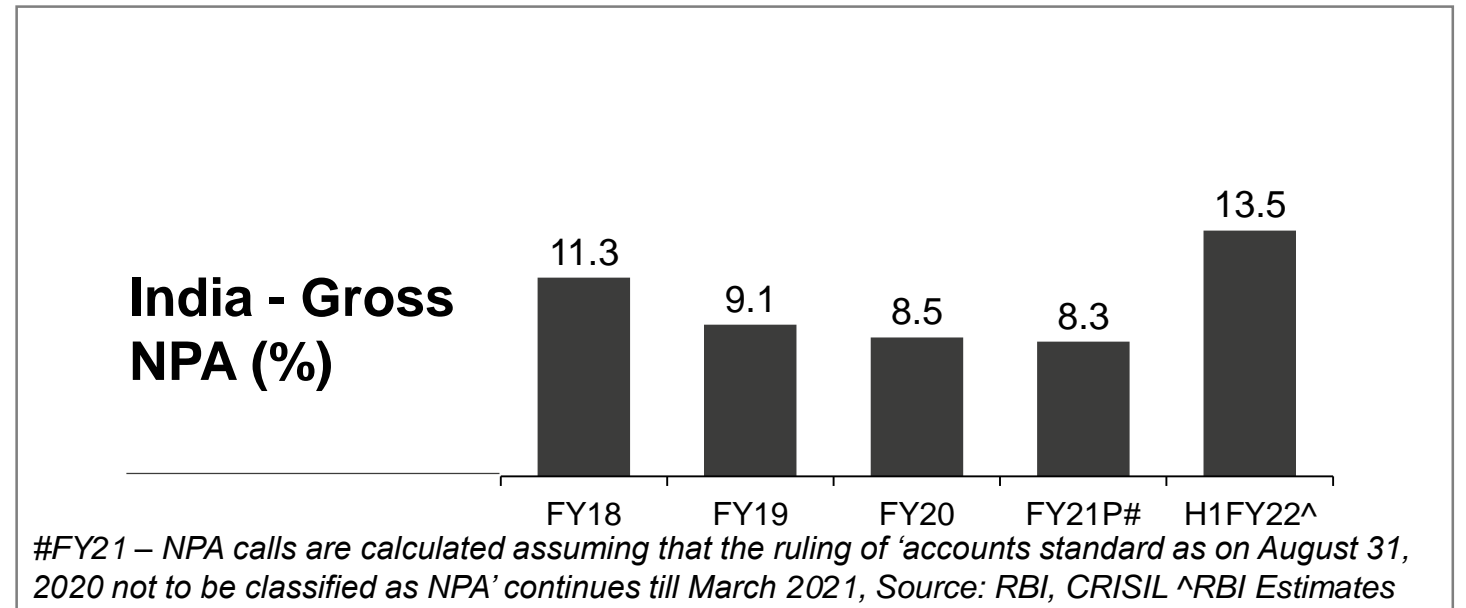
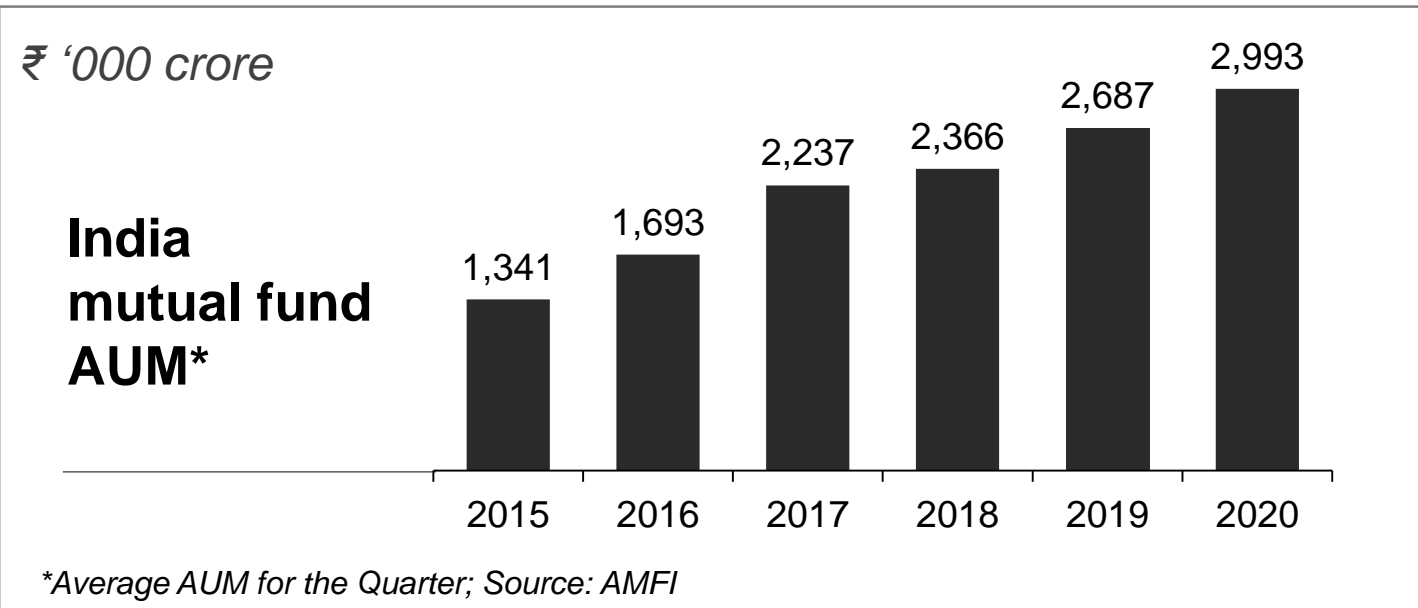
4. Segment Performance - Research



5. Summary



Indian MF AUM end the year on a high; Globally, CIBs benefited from trading revenues, however pressure continues



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

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: Highlights



Financials

Particulars (₹ cr)	Q4 2019	Q4 2020
Income from Operations	288.8	406.8
Segment Profits	61.9	71.1
Margin	21.4%	17.5%

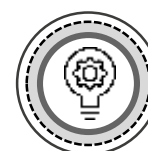
Particulars (₹ cr)	2019	2020
Income from Operations	1,044.4	1,282.7
Segment Profits	233.7	209.0
Margin	22.4%	16.3%

Excluding Greenwich, the Research segment revenue was lower by 1.0% in Q4 and higher by 1.2% for 2020



Business update

- Research segment grew strongly driven by Global Research & Analytics (GR&A) performance and acquisition of Greenwich
- GR&A saw growth with addition of new logos in traditional areas such as model and traded risk. The business also witnessed traction in non-financial and credit risk
- Growth in the segment was offset by weak performance in Coalition, which saw headwinds due to cost pressures faced by global banks
- India research continued to provide relevant insights and solutions to its domestic clients
- Current year financials include one-time acquisition related costs and impact of Covid as client decisioning slowed across markets we serve



Innovation & Franchise

- Launched India's first AIF benchmarks
- New analytics / research - District level risk tracking dashboards, Pandemic perspectives - Greenwich Investor resilience index
- Hosted Flagship event – “India Investment Research Conclave”
- Hosted multiple roundtables covering topics such as LIBOR transition, ESG and stress testing; ~50 PRs and webinars on key sectors including steel, cement, pharma, agriculture, telecom, investment banks, commercial banks and asset managers

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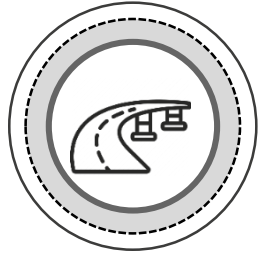
4. Segment Performance - Advisory



5. Summary

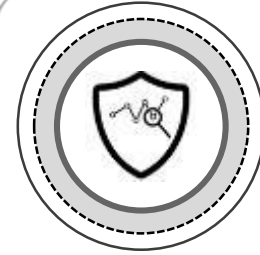


Focus on infrastructure and technology adoption to create emerging needs for analytics, risk and infra solutions



Infrastructure Advisory

- ₹100 trillion spend on Infra over next 4 to 5 years with higher budgeted capex on Infra proposed for 2021
- Recent budget announced several steps towards enabling financing for the infrastructure sector – e.g. creation of Development Finance Institution (DFI)
- Increasing emphasis on end-to-end solution, and technology-enabled project monitoring dashboards
- Mixture of funding strategies – non-sovereign lending, foreign investment, PPP model and asset monetization



Risk Solutions

- Need for integrated credit and risk solutions, combining client workflow and data analytics
- Focus on digital enablement across the financial services
- Demand driven by regulatory norms, reporting and compliance needs
- Financial services firms move from an on-premise model to cloud-enabled offerings

Advisory: Highlights



Financials

Particulars (₹ cr)	Q4 2019	Q4 2020
Income from Operations	34.0	39.8
Segment Profits	2.6	6.4
Margin	7.6%	16.1%

Particulars (₹ cr)	2019	2020
Income from Operations	142.5	134.1
Segment Profits	12.7	10.1
Margin	8.9%	7.5%

Note: Numbers rounded off to first decimal



Business update

- The Advisory segment witnessed good traction during the quarter
- New mandates won in areas of regulatory reporting, credit risk and select city infrastructure projects
- However, the segment witnessed impact of delayed decision making and implementation delays given Covid-19 pandemic impacting full year margins



Innovation & Franchise

- Launched portfolio impact assessment offering, to guide clients on addressing the impact of COVID-19
- Launched the new ICON platform with new-age risk assessment models
- Participated as knowledge partners in 3rd World Utility Summit on theme 'Utility next for electricity utilities'
- Hosted multiple webinars during the year on key topics such as Project Finance & PPP Financial Modelling, Contract Development & Management for Urban and Climate PPP Projects

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

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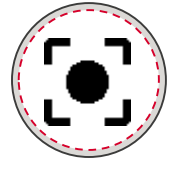
4. Segment Performance



5. Summary



In Summary,

-  CRISIL's businesses demonstrated resilience underpinned by its strong and increasing relevance of best in class insights, opinions and analytics in a year of uncertainty
-  CRISIL's financial performance in 2020 was driven by its differentiated positioning, new client additions across business segments and a strong focus on efficiencies
-  Sharp economic recovery benefiting from a low base and expansionary India budget expected to spur growth in 2021
-  Our focus on strengthening the core, commercialization of new offerings and continued investments in technology and talent to augur well for driving future growth

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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For further information contact: investors@crisil.com