

Directors' Report

Dear Member,

The Directors are pleased to present to you the 34th Annual Report of CRISIL Limited, along with the audited financial statements, for the year ended December 31, 2020.

2020 was an unprecedented year, with the Covid-19 pandemic affecting countries, businesses and individuals across the world. Lockdown and restrictions imposed on various activities due to the pandemic called for extraordinary changes in the way operations were managed at the Company. Our technological investments, multi-country presence, analytical nature of offerings, and timely and decisive steps towards remote working ensured full business continuity even as the pandemic unfolded across locations of our presence.

The Company responded swiftly to the initial outbreak reported in China, where we have operations and activated a task force of senior management, risk and business continuity specialists to assess the impact of Covid-19 on operations as it spread from country to country. Keeping a people-first approach, proactive work from home was initiated for all employees by mid-March 2020. Employees at CRISIL were

equipped with a number of resources and support which enabled them to work from a remote environment, efficiently and effectively. Technological applications and processes were further significantly upgraded so that client and internal deliverables could be executed in a timely manner. Over 99% of the workforce was tech-enabled to work from home and continued to fulfill all client deliveries and assignments within agreed timelines through the pandemic.

Consequently, your Company remained fully operational and continued to function seamlessly, serving clients and meeting the needs of stakeholders through these months.

The Company and its employees also extended whole-hearted support to vulnerable sections of society during this period in a number of ways. This included: providing over 502,000 freshly cooked meals from CRISIL's corporate kitchen for migrant workers and daily wage-earners and a Rs 50 lakh grant to augment oxygen therapy capacity of hospitals in Mumbai, Pune and Chennai. More details of the Covid-19 relief work is covered in the Corporate Social Responsibility Report.

Financial Performance

A summary of the Company's financial performance in 2020:

(Rupees in crore)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Total income	2,064.98	1,804.56	992.73	968.82
Profit before interest, depreciation, exceptional items and taxes	593.79	528.68	290.95	221.14
Finance cost	14.39	0.23	6.94	-
Deducting depreciation of	121.11	36.86	65.68	23.96
Profit before tax	458.29	491.59	218.33	197.18
Deducting taxes of	103.56	147.64	51.61	61.67
Profit after tax from continuing operations	354.73	343.95	166.72	135.51
Profit after tax from discontinuing operations	0	0	0	130.78
Profit after tax	354.73	343.95	166.72	266.29
Other comprehensive income	(8.85)	(87.75)	(28.91)	(95.94)
Total other comprehensive income	345.88	256.20	137.81	170.35
Appropriations				
Final dividend	101.63**	94.22*	101.63**	94.22*
Interim dividend	137.81	137.35	137.81	137.35
Corporate dividend tax	0	34.89	0	34.89

**Final dividend for 2020: Rs 14 per equity share of Re 1 each

*Final dividend for 2019: Rs 13 per equity share of Re 1 each

The financial statements for the year ended December 31, 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. There are no material departures from the prescribed norms stipulated by the accounting standards in preparation of the annual accounts. Accounting policies have been consistently applied, except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard

required a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses consolidated and standalone financial results on a quarterly basis, which are subject to limited review and publishes consolidated and standalone audited financial results on an annual basis.

a) Consolidated operations

Revenue from the Company's consolidated operations for 2020 was Rs 2,064.98 crore, 14.4% higher as against Rs 1,804.56 crore in the previous year. Overall expenses were Rs 1,606.69 crore as against Rs 1,312.97 crore in the previous year. Profit before tax was Rs 458.29 crore as against Rs 491.59 crore in the previous year. Profit after tax was Rs 354.73 crore as against Rs 343.95 crore in the previous year.

b) Standalone operations

Revenue from the Company's standalone operations for 2020 was Rs 992.73 crore, compared with Rs 968.82 crore in the previous year. Overall expenses were Rs

774.40 crore as against Rs 771.64 crore in the previous year. Profit before tax was Rs 218.33 crore as against Rs 197.18 crore in the previous year. Profit after tax was Rs 166.72 crore as against Rs 135.51 crore in the previous year.

A detailed analysis of the Company's performance, consolidated and standalone, is included in the Management Discussion and Analysis Report, which forms part of the Annual Report.

Dividend

The Directors recommend for approval of the members at the Annual General Meeting to be held on April 20, 2021, payment of final dividend of Rs 14 per equity share of face value of Re 1 each, for the year under review. During the year, the Company paid three interim dividends; first and second interim dividends of Rs 6 each and third interim dividend of Rs 7 per equity share. The total dividend will be Rs 33 per share in 2020 as against a total dividend of Rs 32 per share in the previous year.

Increase in issued, subscribed and paid-up equity share capital

During the year, the Company issued and allotted 288,964 equity shares to eligible employees on exercise of options granted under the Employee Stock Option Schemes of the Company. At the end of the year, CRISIL's issued, subscribed and paid-up capital was 7,25,93,290 equity shares of Re 1 each.

The movement of share capital during the year was:

Particulars	No. of shares allotted	Cumulative outstanding capital (no. of shares with face value of Re 1 each)
Capital at the beginning of the year, i.e., as on January 1, 2020	-	7,23,04,326
Allotment of shares to employees on February 11, 2020, pursuant to exercise of options granted under Employee Stock Option Scheme, 2012 and Employee Stock Option Scheme, 2014	169,136	7,24,73,462
Allotment of shares to employees on May 6, 2020, pursuant to exercise of options granted under Employee Stock Option Scheme, 2014	24,796	7,24,98,258
Allotment of shares to employees on July 21, 2020, pursuant to exercise of options granted under Employee Stock Option Scheme, 2014	22,227	7,25,20,485
Allotment of shares to employees on October 20, 2020, pursuant to exercise of options granted under Employee Stock Option Scheme, 2014	72,805	7,25,93,290
Capital at the end of the year, i.e., as on December 31, 2020	-	7,25,93,290

Segment-wise results

The Company has identified three business segments in line with the Indian Accounting Standard on Operating Segment (Ind AS-108), which comprise: (i) Ratings, (ii) Research and (iii) Advisory. The audited financial results of these segments are provided as part of the financial statements.

Review of operations

A. Ratings

Highlights

- Announced over 1,200 new bank-loan ratings (BLRs) in 2020; total BLRs outstanding exceeded 8,000
- Rated seven covered bonds which were used by Non-Banking Financial Companies (NBFCs) as an alternative and innovative fund raising source this year
- Strengthened leadership position in the corporate bond market, backed by preference for quality ratings among both investors and issuers
- Continued strong focus on analytical rigour ensuring best in class ratings quality
- Gained franchise leadership through publishing high impact opinion pieces and conducting incisive webinars

Business Environment

Corporate bond issuances were tepid in 2020 and declined by ~8%. Issuances were concentrated among 'AAA' rated issuers and those with strong parentage.

The Covid-19 pandemic and resultant lockdown had led to an unprecedented disruption in demand and supply and general business activity. Private sector capital expenditure and consequent demand for credit were muted and wholesale domestic bank credit growth was around 3% for 9 months ended December 31, 2020. Besides sluggish demand for wholesale bank credit, the BLR market was affected by the guidance from five large banks, increasing the minimum exposure threshold for rating requirement to Rs 30-50 crore from Rs 5-10 crore.

Securitisation volume was highly muted from March, when the lockdown and moratorium were announced, as a result of which collections from borrowers fell sharply. While there are signs of green shoots with pick-up in economic activity and improvement in collections across asset classes, lenders and investors are gradually returning to the market.

In a challenging credit environment, we witnessed continuation of the phenomenon of flight to quality – issuers as well as investors/lenders continued to prefer working with quality-focused Credit Rating Agencies (CRAs), like CRISIL.

On the regulatory front, Securities and Exchange Board of India (SEBI) announced certain changes aimed to address issue of issuer-non-cooperation with CRAs at the beginning of the year. CRAs are required to downgrade investment-grade ratings with issuer-not-cooperating (INC) to non-investment grade after 6 months and to not assign any new ratings to issuers who have INC ratings outstanding for more than 12 months with other CRAs.

Post March 2020, regulatory changes were aimed at providing regulatory forbearance to corporates affected by the pandemic and lockdown. SEBI granted temporary relaxations from default recognition and regulatory timelines for publication of rating rationale, among others.

Operations

New client acquisitions and strong existing relationships strengthened the Company's market leadership in 2020.

We also on-boarded over 140 new large corporate clients.

Given the volatile economic environment, we further raised the intensity and quality of surveillance to minimise credit cliffs which helped in maintaining quality of rating across the rated portfolio.

On the innovation front, the Company continued to be the first port of call for innovative instruments even in the muted bond market. In 2020, CRISIL Ratings assigned a rating to the first dealer securitisation transaction in India and seven covered bond transactions.

The Company maintained its multifaceted approach towards stakeholder relationship management. To strengthen our engagement with issuers and investors, we extensively engaged with their senior management, delivered sectoral presentations and leveraged the digital channel to share our thought leadership reports, periodical publications, videos and podcasts regularly.

As a part of the Company's continuing improvement initiatives, we completed the development of a new technology-based workflow platform for the ratings' operations. We also launched Ratings Analytica, a web portal and a mobile app, which was well-received by the issuers and investors.

With interest of investors as a prime concern in a challenging credit environment, we sharply enhanced our communication with investors and market participants at large through our reports, press releases and webinars.

To navigate the volatile environment, external stakeholders were seeking credible opinion on credit risk related aspects. To cater to this need, we sharply enhanced franchise activities and published more than 100 highly incisive opinion pieces across industries, which were very well received by the external stakeholders.

Furthermore, the Company hosted its annual flagship event on non-banking financial companies (NBFCs), a virtual seminar this year titled 'NBFCs – Navigating the Pandemic', providing business leaders, issuers, investors, policymakers and other market participants a platform to deliberate and exchange perspectives on issues relevant to the sector. We strengthened our market presence by hosting 30 web conferences on trending topics and sectors of interest to investors, that included trends in rating actions ('Ratings Round Up') and credit outlook, infrastructure investment trusts (InvITs) and Real Estate Investment Trusts (REITs), agrochemicals sector among others.

We also continued to work with regulators to put forth our opinions on rating standards and governance policies for the credit rating industry.

Given the continuing and evolving nature of the pandemic situation, the Company continues to monitor changes in economic conditions and their impact on credit profiles of rated entities.

The Company continues to maintain strong client connect virtually, along with regular communication with all stakeholders.

The Global Analytical Centre (GAC) enhanced its support to SPGRS on surveillance activities. It also initiated support on environmental, social and governance (ESG) diagnostics and evaluations, and led automation and process transformation initiatives in the data, analytical and risk and compliance domains. GAC also continued to partner in market-outreach efforts and content creation for publications.

With the increasing focus on automation and optimisation, GAC stepped up its efforts on process improvement and automation by leveraging new age technologies including machine learning and use of Data Sciences. Additionally, with the environmental, social and governance (ESG) offering becoming an area of increasing priority, GAC has also strengthened its capabilities in the domain.

With focus on strengthening the first line of defence, a number of initiatives were taken to strengthen the controls framework. Adoption of lean management tools, work standardisation and process modernisation initiatives facilitated consistent support across diverse geographies and asset classes.

B. Research

B.1. Global Research & Analytics (GR&A)

Highlights

- Expanded our client base and geographical footprint across key global markets and service lines
- Secured key wins and strategic renewals across risk technology, FO/MO (front office/middle office) transformation, IBOR (interbank offered rate) transition, stress testing and Basel III
- Gained momentum in credit risk with several new deals globally. Focused on supporting banks across credit transformation projects through credit workflow automation tools and industry utilities
- Made significant progress in two pilot products – Scenario Expansion Manager (SEM) and Low Default Portfolios (LDP). Secured first high-value deal with a Netherlands-based bank
- Continued effort on conceiving and developing solutions in the data analytics and automation segments to support asset managers and banks with ESG (Environmental, Social and Governance) solutions
- Developed relevant partnerships to augment our offerings in the risk domain and support the end-to-end customer value chain
- Developed a new product focusing on financial crime and compliance (FCC) research, currently being piloted with a new logo in Europe

Business environment

The market environment in 2020 was dominated by the adverse impact of the Covid-19 pandemic which brought

things to a standstill during its initial phase. However, it did not take long for banks to settle down and adapt to the new normal. In addition, the changing regulatory environment especially across Europe and Australia set the tone for the year with its implications for regulatory deadlines, policy transformation and cost control.

The business closed big opportunities related to stress testing, model validation and a large IBOR transition deal. The business continues its productisation agenda with Model Infinity and Scenario Expansion Manager, both currently under implementation in different clients in the US and Europe and on track for successful go-lives in the fourth quarter. The business sentiment in the Model Risk space is also buoyed by the increasing number of conversations around market risk and credit risk modeling with European regulators increasing the pressure on banks regarding their internal models.

The business continued to tap into opportunities generated by regulatory guidelines around better credit risk management practices. The pace of conversations continue to be slower than usual owing to concerns around the pandemic. However, we expect opportunities opening up in the coming months at a faster pace with the credit risk transformation agendas gaining momentum.

The key focus areas for banks are enterprise risk management optimisation, regulatory compliance simplification, business process transformation and conduct risk management. The business has developed a strong point of value for each of these pillars with a value chain approach for delivery including relevant partnerships. The business is also enhancing the financial crime and compliance offerings to scale it up to client needs and productise with better enhancements.

The business successfully closed multiple large renewals and is actively pursuing more business opportunities across risk and finance transformation. Immediate areas of focus for the core client base include IBOR transition and front office transformation to deliver pricing and risk consistency required under the Basel IV processes. European banks are expected to significantly invest in these areas now while US banks have already taken the lead here.

Market risk continues to grab the mindshare at top investment banks during the pandemic, leading to key regulatory and transformation agendas such as DoD (Definition of Default), FRTB (Fundamental Review of the Trading Book), Basel III, CCAR (Comprehensive Capital Analysis and Review 2021) being increasingly discussed in bank boardrooms. The demand for risk technology and front office transformation is expected to rise with banks rushing to update their trading infrastructure to meet regulatory obligations. However, the delayed start of the regulatory stress testing examinations with inclusion of new risks, pandemic, climate risk, etc. and emerging needs to calibrate models factoring in the impact of the pandemic have proven to be key catalysts for SEM and LDP, the pilot products.

On the buy-side, the pandemic continued to accelerate demand for research in riskier assets such as distressed and private debt. We continue to see demand for emerging market,

credit research, alternative investments, ESG missing data and enhanced due diligence for ESG red flags. The trend of new hedge fund launches continues, with a preliminary need beginning to form for research and non-research support from wealth managers.

Operations

Client connect remains strong as we actively reach out to clients on credit risk automation solutions (including funds automation, covenant monitoring, EWS/NNA (Early Warning System/Negative News Analytics), ESG and data analytics (DA), which remain key focus areas for many in the current scenario. Clients are using ESG to differentiate themselves in this highly competitive market. Following up from a webinar for developed markets, we recently conducted an ESG webinar focused on the Asia Pacific, which garnered strong interest, attracting over 150 attendees.

Non-financial risk services are being well received by clients across geographies. There is an increased demand for business process management transformation, operational risk management, financial crime and compliance research and regulatory remediation across various geographies/businesses.

There's a substantial focus towards AI (artificial intelligence), ML (machine learning), automation and data engineering across various functional areas within the risk business, from MRM (Model Risk Management), trading and quantitative strategies to front office and middle office operations. Utilities, accelerators and products will play a big role in making the risk business future-ready, act as differentiators and help strengthen the value proposition and price-making capability. The business is strategically investing in capacity and capability building across these technologies to stay relevant and critical to our customer strategy.

Significant progress was made with the Low Default Portfolios (LDP) data pooling solution, strong data coverage across 60+ countries. There is continued focus on building industry-led product pipeline. It advanced with two new products, a Model Risk Benchmarking+ study and a scenario sharing proposition, climate risk and other utility hypotheses are under consideration. We launched aggressive go-to-market campaigns driven by global roundtables for pilot and new products and conducted an active dialogue with 25+ banks globally. Additionally, we leveraged cross-business capabilities and external synergistic partnership opportunities to gain ecosystem advantages across products. These created significant adjacency benefits for GR&A as a whole and brand awareness and visibility through digital platforms.

B.2. India Research

Highlights

- Successfully launched benchmark indices for the domestic Alternative Investment Fund (AIF) industry
- Launched a high-frequency dashboard providing deep insights into markets, commodities and various sectors impacted by Covid-19

- Continued to maintain a dominant position in the Funds and Fixed Income Research business due to significant traction in valuations for Provident Fund (PF), treasury portfolios and existing Market Linked Debentures (MLDs) issuances
- Remained the largest provider of fixed income indices in India and consolidated our position by launching two new indices in 2020, taking the total count to 98
- Enhanced the depth of company coverage on Quantix, our comprehensive, differentiated and client-centric data platform, by adding new data points such as security/collateral charges, shareholding pattern, contingent liabilities and auditor qualifications, to name a few
- Complemented the existing Financial Sensitivity Model (FSM) based on fundamental and equity price data with addition of yield spreads data
- Enriched Alphatrax, the wealth tracking solution, with six new reports and addition of two key asset classes – AIF and PMS – to go with existing direct equity, direct debt and mutual funds. The UI/UX of the platform is also being enhanced to suit client needs
- Seamlessly transitioned from traditional classroom training programmes to virtual training sessions in the wake of the pandemic, ensuring no disruption in clients' learning agenda
- Developed a new Financial Conditions Index (FCI) to regularly assess the state of domestic financial conditions. CRISIL's FCI is a monthly tracker that combines key parameters across equity, debt, money and forex markets in India, along with banking and policy conditions. This index has been instrumental in assessing the impact of RBI's unprecedented policy measures this year and how far they got transmitted to the broader economy

Business environment

2020 turned out to be one of the most eventful years of the decade, with changing market trends and business dynamics due to Covid-19 that posed a major challenge for the India Research business.

While we continued to maintain our dominant position in the flagship Industry Research business, the segment continued to face growth challenges as an after-effect of public sector bank mergers and difficulties a few key private sector banks and non-banking financial companies (NBFCs) faced.

The Funds and Fixed income segment stood out this year amid a plethora of regulatory changes and increased competition. With insurance companies and pension funds emphasising more on process and portfolio reviews and the need for valuations of MLDs expanding beyond regulatory compliance to risk monitoring and investor-mandated requirements, this vertical remains one of our key bets for the future.

We enhanced focus on agility and innovation. The launch of CRISIL AIF Benchmarks was, thus, a fructification of our continuous efforts to provide relevant products as per market needs.

Increase in demand for analytics platforms with capabilities of feeds, alternative data and automated delivery and wealth management research augurs well for our data and analytics solution offerings.

With clients restricting discretionary expenditure and their decision making cycles and execution of existing mandates seeing negative impacts, our Customised Research and Learning Solutions businesses were the worst-hit due to the pandemic. However, with all client segments stressing on strategic review in the wake of the pandemic, we successfully came up with innovative products in keeping with our customers' requirements.

Operations

In wake of the pandemic, we ensured business continuity through seamless operations across all our deliveries and maintained high quality standards.

We also augmented our offerings and launched new products during this period. Our Customised Research team launched micro-level assessments/dashboards for various segments such as passenger vehicles (PVs), light commercial vehicles (LCVs), tractors, MSMEs, housing finance and personal loans. These have garnered interest among clients looking to recalibrate business strategies, plans and policies due to the pandemic. The Learning Solutions team launched 50 unique virtual training titles this year that helped overcome the challenges traditional classroom trainings face. The state-of-the-art Learning Management System (LMS portal) continues to provide complete e-learning solutions, enabling our client user base to leverage our expertise in credit and risk management from remote locations. We also launched CRISIL Wealth Manager Certification which saw good participation from retail clients. The Industry Research team launched a high-frequency Covid-19 dashboard – a one-stop solution to all data and trends emerging due to the pandemic.

Quantix, our comprehensive, differentiated and client -centric data platform, improved its value proposition by enhancing both data coverage and strengthening the power of analytics on top of the largest company database in the country. Key data points from the company filings, such as collateral charges, shareholding pattern, auditor qualifications, statutory dues, contingent liabilities, etc., were added on Quantix to make the coverage comprehensive. The fundamental financial data and equity share price-based model, FSM that gives an early warning for a rating action, was strengthened by ingestion of yield spreads data signals.

Alphatrx was enhanced with six new reports and adding AIF and PMS over and above the existing direct equity, direct debt and mutual fund coverage. We are also working on upgrading the UI/UX of the platform to improve the user experience, which will be launched early next year.

Further, the CRISIL Centre for Economic Research (C-CER) and CRISIL Research business continued to focus on various franchise and thought-leadership activities by conducting distinctive studies and generating reports on contemporary issues. We released 15 high-impact thematic reports,

published 21 byline articles and made 16 client presentations on various sectoral and economic issues.

Year 2020 was a milestone for our business in terms of client connects through knowledge sharing sessions, webinars and franchise. We were able to leverage technology to ensure multiple client connects and reinforced our credentials as a knowledge-based organisation for our clients to look up to during challenging events that transcend business cycles. Our teams have conducted over 300 knowledge sharing sessions since the lockdown in March. These sessions saw attendance of 5,000 clients across various sectors.

This year, we hosted the first edition of 'India Investment Research Conclave' to celebrate the completion of 20 years of CRISIL's Mutual Fund Ranking (CMFR), which was attended by over 300 senior and mid-level stakeholders representing 200+ organisations across asset management companies, wealth management firms, insurance companies, treasuries, banks & NBFCs and Fintech's. The event also saw the launch of special compendium titled 'CMFR@20 - Independent research remains cornerstone of mutual fund industry's growth' as well as a CXO Panel discussion on the key growth drivers for the future of the industry (with emphasis on the role of data research, market intelligence and analytics and the changing dynamics of intermediation) which was widely appreciated.

S&P CRISIL Economist Forum, shared our opinions with the larger market through 68 external speaking engagements, hosted 30 webinars on extremely topical themes and published several high-impact opinion pieces and media releases on a regular basis, an all-time high for the business.

B.3. CRISIL Coalition

Highlights

- Added two new logos to its impressive list of global investment banks
- Deepened existing relationships in a challenging environment characterised by the pandemic, market volatility, increased competition and cost optimisation
- Extended outreach by presenting analysis and insights to leadership teams across banks, including the heads of corporate investment banking (CIB), global markets, investment banking and transaction banking and presenting at 150+ ExCo forums
- Continued automation agenda across all offerings
- Referenced in 250+ articles across 55+ global publications and in 110+ investor relations presentations made by leading global banks

Business environment

The year 2020 proved to be a very interesting one for global investment banks. After a slow start, there was a surge in trading revenues in the second quarter with the world reacting to the pandemic. This continued to generate strong flows into the third quarter and parts of the fourth. However, this was offset by a collapse in interest rates, lowering revenues in

CRISIL Limited

lending- and margin-related products. For the top 12 banks (Coalition Index), revenue increased ~15% in CIB. For the broader industry (Coalition Pools), there was a 8% rise in revenue in 2020, driven by a ~40% increase in fixed income, ~20% in Investment Banking Division (IBD), ~10% increase in equities results. This was offset by decreases of ~10% across transaction banking, securities services and lending. FICC and IBD ended up the best full year results in over a decade.

However, the sizeable increase in revenue has not improved the bottom line. The pandemic led to a substantial increase in provisions and costs (+10%) for the Index banks as they grappled with the fallout.

CRISIL Coalition faced a clientele who witnessed many ups and downs through the year but turned highly risk and cost conscious towards the second half. We continue to strive and differentiate ourselves on innovation and agility.

Operations

CRISIL Coalition continued initiatives to enhance market relevance and broaden reach to include more regional players. In 2020, CRISIL Coalition added two new logos to its impressive list of global investment banks. New and more granular IP was developed to cater to new clients such as regional banks.

CRISIL Coalition reinforced its leadership with the top 15 banks by meeting most of the heads of CIBs and all heads of Global Markets/Investment Banking businesses, in addition to presenting to 150+ executive committees at various banks. More than 55 publications globally carried our views and quoted us during the year. We were referenced by leading global banks in 110+ investor relations presentations. Additionally, CRISIL Coalition participated in 'The Banker: Transaction Banking Awards 2020, webinar as one of the four panelists.

On the operations side we continued focus on automation and digitisation. The first stages of a multi-year roadmap to digitise CRISIL Coalition's core operational processes and offer deeper integration with banks' systems have been completed. This will enable better data discovery and enhanced analytics for our customers. The foundational work addresses data ingestion and data processing and will improve the speed to market of our Client Intelligence product, as well as providing a strong base to deliver enhanced customer value over 2021 and beyond. CRISIL Coalition retained the coveted SSAE16 SOC2 Type II certification, which is a testimony of the stringent controls and measures deployed for data and IP protection.

B.4. Greenwich Associates

Highlights

- Deepened relationships with clients by providing critical market insights during the Covid-19 pandemic relating to changing behaviour and spending dynamics
- Integration of Greenwich business completed

- Created new, first-of-their-kind insights for the fixed income clients by combining Coalition and Greenwich data to highlight addressable wallet gaps
- Enhanced value proposition to clients by beginning to shift from annual interviews to year-round, continuous interviewing for flagship Voice of the Customer products
- Continued to invest in new data and analytics products across all lines of business
- Referenced in over 250+ articles across 50 global publications

Business environment

Many financial service firms experienced a difficult business environment in 2020 due to the impact of Covid-19. Commercial banks contending with serious credit-related issues tightly managed expenses. The asset management industry remained volatile throughout the year, consistently under fee pressure and reducing spends.

Amid these conditions, we faced many Covid-19-related challenges that impacted the buying behaviour of Greenwich clients and our ability to access senior buy-side executives for data collection.

Nevertheless, we continued to evolve and transform our business to better meet our clients' near- and long-term needs for data and insights. Despite Covid-19 headwinds, we continue to serve nearly all of the world's leading financial service and financial technology companies. The pandemic-related volatility has accelerated digital adaptation and is transforming relationships between sellers and buyers of financial services. The changing dynamics are creating opportunities for benchmarks in the 'new' environment and for new types of analytics.

Operations

In 2020, we made aggressive changes to transform our operating model and position our business for revenue growth—including important steps leveraging the combined capabilities of the newly integrated Greenwich Associates/Coalition platform.

We enhanced the timeliness and quality of our core data by re-tooling our Voice of the Customer (VOC) programmes. By beginning to shift from our legacy model of annual interviews to year-round, continuous interviewing, we are in closer alignment with our clients' data needs and will significantly strengthen the value proposition of Client Intelligence products in FICC, Equities, FX, Credit, Cash Management and Trade Services.

We made several changes to position the business for future growth. We increased our focus on high-growth opportunities by boosting resource commitments to VOC products identified as having the highest growth potential.

We also continued to develop new and enhanced products.

C. Advisory

C.1. CRISIL Infrastructure Advisory

Highlights

- Adapted to new reality and challenges posed by the pandemic with minimal disruption to mandate delivery requirements
- Maintained strong senior-level connect with policy makers, multilaterals and infrastructure players
- Improved diversification through increased revenue share from international markets
- Debtor ageing saw an impact mainly with city/state government clients due to lockdown

Business environment

The year 2020 has been muted for the Infrastructure Advisory business because of the pandemic that led to a slowdown in new investments in the infrastructure sector. While we continued to maintain a leadership position in advising various client segments, the Government segment faced some growth challenges during the year because of lockdown extension and reprioritising of some of the new programmes/schemes. On the international front, we saw robust growth with increased share of new business from emerging economies. Some infrastructure sectors were hit significantly in India and greenfield projects were suspended as a fallout of the pandemic. Sectors such as aviation, ports and tourism bore the brunt of the lockdown, leading to muted private investments. Major initiative was the operationalisation of the first gas exchange earlier this year as well as announcement of privatisation of power distribution entities in union territories, which is likely to be concluded in the first half of 2021.

With contraction in the overall economy in India, availability of capital will remain scarce for the next couple of quarters and the focus will be on asset monetisation across all infrastructure sectors and greater thrust of divestment in public sector units. This will help bring in the much-needed private capital and provide a certain level of cushion to the authorities in augmenting resources. We see this as a central theme for the next couple of quarters and are completely aligned with it.

Operations

Despite the slowdown in the economy due to the pandemic, Advisory business was able to contract higher business than the previous year. The business booked several new assignments, especially in the second half of the year, largely driven by international mandates, extension mandates from existing India-based clients and some specific opportunities around commercial coal mining. The business won some large-value mandates over the course of the year - All India study on sectoral demand of petrol and diesel for oil marketing companies; support for commercial coal block auctions; feasibility and operationalisation of gas exchange/platform; and market assessment on key sectors for MSMEs for an international financial institution.

The business deepened its international presence by winning mandates in the emerging markets of Asia and Africa, including transaction advisor for Logistics Hub under the Public-private partnership (PPP); industrial park development and land value capture study; review of water related legislation and full assessment of establishment of independent water regulatory authority and electricity data baseline study. The business will continue to focus on international opportunities going forward as well.

The business was able to model the impact of Covid-19 on few critical sectors such as aviation, railways and power with continuous connect with the policy makers and other key market participants. We hosted a number of webinars like Impact of Covid-19 on aviation sector; Reassuring growth in times of Covid-19; Rebooting the 'Lifeline' - Way forward for Railways post Covid-19; PPP in healthcare and Covid-19 - Experiences from India, Abu Dhabi and the rest of the world.

C.2. CRISIL Business Intelligence & Risk Solutions

Highlights

- Successfully delivered ongoing client mandates despite remote working for three quarters of the year
- Continued to strengthen and consolidate our position as a leading provider of internal credit rating platform, driven by enhanced RAM solution (ICON) – launched in late 2019. The new platform continues to find traction in the Indian financial sector
- Witnessed heightened interest amongst clients in India for our enhanced Early Warning Signals (EWS) solution – integrating external data to generate robust automated triggers
- Saw good traction for the regulatory solution practice (mainly ADF solution) with automated reporting being pushed by the Reserve Bank of India (RBI)

Business environment

The year 2020 has been eventful for the entire banking and financial sector under a stressed credit environment and increasing regulatory focus. The industry bore the impact of the Covid-19 pandemic apart from consolidation through large scale mergers and continued crisis in certain large private sector banks, NBFCs and co-operative banks. The increased stress in portfolios and cost pressures impacted discretionary spends on projects and capital investments. However, towards the end of the year, the business saw renewed interest from clients, mainly in credit risk and regulatory reporting solutions.

Business in the Middle East region remained muted given the cautious approach from clients to invest in long-term projects in light of the pandemic and related challenges.

We continued to augment existing offerings with functionalities and build product roadmaps aligning to emerging market needs. The focus continues on deepening client engagements and increasing global outreach.

Operations

Given the rapid pace of technology development, the focus of the business is on continuous product innovation and remaining agile to serve our clients better. ICON, the new-age RAM solution launched last year, gained traction with multiple implementations during the year. The business also embarked on a roadmap for further product enhancement with new modules and configurability features, strengthening the product’s acceptability among clients.

We continue to increasingly invest in our proprietary big data, cloud-ready platform, Fulkrum, to provide business intelligence solutions and bespoke analytics in a more effective and efficient manner. This is important as the evolving landscape is pushing banks to accelerate their move to cloud-based solutions vis-à-vis traditional on-premise business applications.

D. Collaboration with S&P Global

CRISIL’s association with S&P Global helps blend local and global perspectives in shaping CRISIL’s strategy and governance systems. Representatives from S&P Global bring value to the CRISIL Board through global insights on governance, risk and controls and experience in leading large businesses. CRISIL has opportunities to leverage the S&P Global brand through referrals and partnerships in the international market. Regular interface between Management teams leads to knowledge sharing and cross fertilisation of ideas. At the same time, commercial opportunities are pursued on arm’s length basis.

In 2020, CRISIL continued to enhance its thought leadership agenda and deepened its outreach engagement with S&P Global.

As part of the outreach initiative, S&P Global and CRISIL jointly hosted a virtual roundtable for top economists to discuss various hot-button issues with regard to the domestic and global economy. Shaun Roache, APAC Chief Economist, S&P Global Ratings gave a presentation on ‘Asia Pacific’s Recovery: Hard work begins,’ where he provided an outlook on the Asia-Pacific region.

Also, CRISIL GR&A and Greenwich Associates, together with S&P Global Trucost, hosted a webinar, ‘ESG best practices for Emerging Markets’. The discussion focused on how asset managers can adopt environmental, social and corporate governance best practices for improving data quality, incorporating suitable assessment frameworks and ensuring active stewardship in their emerging market investing strategies.

The webinar hosted by CRISIL Research with Dr Beth Ann Bovino, Managing Director, US Chief Economist, S&P Ratings focused on how the economic landscape could be emitting different signals for companies, consumers and other key stakeholders.

CRISIL Research also hosted a webinar, ‘Peering through the grave storm: India macroeconomic and corporate outlook’, where participants discussed the trends and outlook for the Indian and global economy, along with outlook on revenue and margins for India Inc.

Furthermore, an employee from CRISIL Research was one of the panelists on ‘India: Production and exports outlook for 2020-21’ at S&P Platts’ Asian Sugarcane & Biofuels Virtual Conference.

E. Human Resources

The Human Resources team took several strong steps in 2020. At the close of 2020, CRISIL’s headcount was 3,670 including all wholly owned subsidiaries.

Diversity and inclusion

An organisation performs best when it has people from different backgrounds working together in an inclusive environment; where different thoughts, perspectives and ideas are welcomed. Collaborating different thought processes and building a culture of inclusivity are fundamental to CRISIL. Celebrating each other and partnering with different stakeholders are crucial in driving the organisation’s profitability. In 2020, CRISIL undertook several initiatives and programmes to encourage diversity, which have enhanced employee awareness and encouraged reflection on racism, empathy, gender, transgender & LGBTQ needs, and cultural sensitivity. CRISIL was named in the 100 Best Companies for Women in India for the fifth consecutive year by Avtar Group in October 2020, which is testimony to our efforts

Employee well-being

Our employees are our most significant assets. Their health, safety, and well-being are our topmost priorities. Since the onset of the pandemic, we have redefined our healthcare benefits, added new practices and programmes, encouraged employees and their families to avail Employee Assistance Programme (EAP) and introduced CRISIL Care (a medical assistance scheme in partnership with Connect & Heal) as a one-stop emergency health response programme with focus on Covid-19.

Employee engagement

At CRISIL, effective communication and leadership are interlinked. Our leaders believe strategic communication is key to building transparency and a culture of openness and open conversation. CRISIL has launched several digital and non-digital platforms to boost engagement. ECHO and CrisBuzz (our employee intranet) continue to be two ongoing communication platforms that empower employees to collaborate, learn and share experiences. We connected with employees regularly (weekly and fortnightly) through town halls, leadership talks and one on one sessions by doctors and experts to share their views. Employees were encouraged to ask questions and share their views on a wide array of topics, including gratitude, family, and happiness.

We celebrated employee contributions and performances with our comprehensive Reward & Recognition programme, which covers team and individual achievements and milestones. After adapting to remote working, we also invested in training all people managers on empathy and how to effectively manage teams remotely. In 2020, CRISIL saw an increase of 8 percentage points in overall engagement scores over 2019. This year CRISIL was also certified as a ‘great workplace’ by the Great Place to Work Institute.

Talent development

We believe that our future depends on nurturing talent over time and on the strength of our talent development and succession planning processes. We apply rigour and depth in grooming our leaders through a judicious mix of on-the-job interventions, curated learning journeys across functional and managerial disciplines and customised coaching assignments. Active involvement and reviews by our senior leadership have been integral in the successful execution of these designed frameworks. Our focus areas such as learning agility, digital acumen and design thinking ensure that our leaders remain up-to-date.

Directors

Members of the Company’s Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to meetings and preparation. In terms of requirement of Listing Regulations, 2015, the Board has identified core skills, expertise and competencies of the Directors in the context of the Company’s business for effective functioning, which are detailed in the Corporate Governance Report.

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy, apart from other Board business. The Board exhibits strong operational oversight with regular business presentations of meetings. An annual planner of topics to be discussed at the Board meeting is pre-approved by the Directors. The Board/Committee meetings are pre-scheduled and a tentative annual calendar of the meetings is circulated to the Directors well in advance to help them plan their schedules and ensure meaningful participation. Only in the case of special and urgent business, should the need arise, the Board’s approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board meeting. The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

The agenda for the Board and committee meetings includes detailed notes on the items to be discussed to enable the Directors to take informed decisions. The Company follows a two-day schedule for its quarterly committee and Board meetings, which allows for greater discussion time for Board matters.

The Board met four times in 2020 – on February 11, April 21, July 21 and October 20. The maximum interval between two meetings did not exceed 120 days. In view of the pandemic-related travel restrictions, except for the February Board meeting, all other Board and Committee meetings took place virtually. Measures were taken to ensure security of information and confidentiality of process, at the same time, ensuring convenience of the Board members.

The Company’s Nomination & Remuneration Policy formulated under Section 178(3) of the Companies Act, 2013, covers roles, responsibilities, criteria and procedures

towards key aspects of Board governance, including the size and composition of the Board, criteria for Directorship, terms and removal, succession planning, evaluation framework and ongoing training and education of Board members. The policy lays down detailed guidelines for remuneration of the Board, Managing Director and employees and covers fixed and variable components and long-term reward options, including Employee Stock Option Schemes. It includes the scope and terms of reference of the Nomination and Remuneration Committee and is available at <https://crisil.com/en/home/investors/corporate-governance.html>.

Directorship changes

Resignation

Ms Arundhati Bhattacharya resigned as Independent Director from the Board with effect from April 15, 2020 on account of accepting a full-time executive role in another company. Ms Bhattacharya confirmed that there were no other material reasons for her resignation. CRISIL’s Directors place on record their sincere appreciation for the support, advice and guidance provided by Ms Bhattacharya to CRISIL and its management, during her tenure as Director on the Board.

Appointment

Ms Shyamala Gopinath was appointed as Additional Director (Independent) with effect from July 10, 2020. The Company received a notice under Section 160 of the Companies Act, 2013, from a member signifying his intention to propose the candidature of Ms Gopinath to the office of Director. Accordingly, at the last Annual General Meeting held on August 28, 2020, the shareholders approved appointment of Ms Shyamala Gopinath as Independent Director with effect from July 10, 2020 to July 9, 2025.

Further, Mr Martin Fraenkel, who was appointed as an Additional Director of the Company with effect from April 18, 2019, was also appointed as a Non-Executive Director, liable to retire by rotation at the last Annual General Meeting held on August 28, 2020, after the Company received a notice under Section 160 of the Companies Act, 2013, from a member signifying his intention to propose the candidature of Mr Fraenkel to the office of Director.

Re-appointment of Managing Director & CEO

At the last Annual General Meeting of CRISIL held on August 28, 2020, Ms Ashu Suyash was re-appointed as Managing Director & CEO for a period of five years with effect from June 1, 2020.

Retiring by rotation

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 2013, Mr John Berisford retires by rotation and being eligible, has sought re-appointment.

A brief profile of Mr John Berisford has been given in the notice convening the Annual General Meeting.

Board independence

Our definition of ‘independence’ of Directors is derived from Regulation 16(b) of SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation/disclosures received from the Directors and on evaluation of the independence of directors during the Board evaluation process and assessing veracity of disclosures, the following Non-Executive Directors are Independent:

- a) Mr M Damodaran
- b) Ms Vinita Bali
- c) Mr Girish Paranjpe
- d) Ms Shyamala Gopinath

In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are independent of the management and are persons of high integrity, expertise and experience. Further, in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs (IICA) and have passed the proficiency test, if applicable to them.

Committees of the Board

The Board has five committees:

- Audit Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee

Details of all the committees, along with their charters, composition and meetings held during the year, are provided in the Report on Corporate Governance, as part of this Annual Report.

Annual evaluation by the Board

During the year, the Board carried out an annual evaluation of its performance as well as of the working of its committees and individual Directors, including the Chairman of the Board. This exercise was carried out through a structured questionnaire prepared separately for the Board, Committees, Chairman and individual Directors. The Chairman's performance evaluation was carried out by Independent Directors at a separate meeting.

The parameters assessed included various aspects of the Board's functioning such as: effectiveness, meetings, quantity and timeliness of the information flow between Board members and management, Board member participation, quality and transparency of Board discussions, time devoted by the Board to strategy, performance and risk issues, Board composition and understanding of roles and responsibilities, succession and evaluation, and possession of required experience and expertise by Board members.

The performance of the committees was evaluated on the basis of their effectiveness in carrying out their respective mandates.

Peer assessment of Directors, based on parameters such as participation and contribution to Board deliberations, ability to guide the Company in key matters, knowledge and understanding of relevant areas, team attitude and initiative was reviewed by the Board for individual feedback.

During 2020, the Company actioned the feedback from the Board evaluation process conducted in 2019. Agenda was re-organised to allow for longer time for discussion on strategy and business matters, streamlining of content and briefing on compliance submissions, sharper business presentations with executive summaries and focus on strategy reviews. Dedicated time was reserved for Board feedback on the agenda. Board interaction between meetings was stepped up through Board calls on various topics. Specific items were added in the Board planning for reviews, such as succession and review of long term investments/initiatives, which were covered during the year. The number of meetings among Independent Directors were increased to one each, every quarter. Scheduling of meetings improved to allow sufficient discussion time for quarterly performance reviews during regular quarterly cycles.

Risk Management Policy, compliance framework and internal control adequacy

The Board has adopted policies and procedures for governance and for orderly and efficient conduct of its business, including adherence to the Company's policies, safeguard of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial disclosures. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations.

Significant audit observations and follow-up actions thereon are reported to the Audit Committee. For ensuring independence of audits, internal auditors report directly to the Audit Committee. Both internal and statutory auditors have exclusive executive sessions with the Audit Committee regularly. In addition, during the year, management performed a review of key controls impacting financial reporting, at entity as well as operating levels and submitted its report to the Audit Committee and the Board. Despite travel restrictions during 2020, internal audit teams performed reviews and audit procedures comprehensively using remote working tools and the Company was successful in significantly completing planned internal audits.

The Company has a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Mitigation plans for key risks identified by the businesses and functions are implemented and reviewed consistently. CRISIL has adopted a balanced approach to risk management by mitigating risks to an acceptable level within its tolerances and protecting CRISIL's reputation and brand while supporting the achievement of operational and strategic goals. Data security and business continuity were of primary focus during the pandemic. Technological applications and processes were significantly upgraded for all processes, for client and internal deliverables to be executed in a timely and secure manner during the pandemic. Additional measures

were taken on information security for remote working, especially in areas of remote access to databases, processing operations and virtual meetings. Heightened filtering and monitoring of phishing mails and advanced security controls were deployed for vulnerability detection and mitigating risk of attacks. Trainings were conducted for all employees with a specific focus on cyber security, phishing, security beyond office, business continuity and compliance. Additionally, the Company continued monitoring top risks on its risk register, which are discussed in greater detail in the Management Discussion and Analysis Report.

The Company has a comprehensive framework for monitoring compliances with applicable laws. Functional teams operate as the first line of defence. Their procedures and actions are periodically subject to audit and test procedures monitoring adherence of the system. The Company has an additional IT-enabled tool to monitor compliances and augment a robust compliance assessment process. A quarterly certification on compliance with laws is provided by senior management to the Board.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the Audit Committee and the Risk Management Committee, the Board is of the opinion that the Company's internal financial controls with reference to financial statements were adequate and effective during the financial year 2020.

Directors' Responsibility Statement

The Directors hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- ii. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going-concern basis;
- v. they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars regarding foreign exchange earnings and outgo appear as separate items in the notes to the accounts. The Company does not own any manufacturing facility and, hence, our processes are not energy-intensive. Hence, particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014, are not applicable.

However, we endeavour to support the environment by adopting environment-friendly practices in our office premises and have rolled out a policy that aims at improving environmental performance of CRISIL. Our efforts in this direction centre around making efficient use of natural resources, elimination of waste and promoting recycling of resources.

Initiatives taken in the area of environment protection during 2020 are mentioned under Principle No 6 in the Business Responsibility Report.

Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The role of the Committee is to review the CSR Policy, approve activities to be undertaken by the Company towards CSR and monitor implementation of projects and activities undertaken by the Company towards CSR.

The CSR Policy of the Company is available at <https://crisil.com/en/home/investors/corporate-governance.html> and further details about the initiatives taken by the Company on CSR during the year under review have been appended as **Annexure I** to this Report.

Vigil mechanism

The Company has established a vigil mechanism for Directors and employees to report genuine concerns, details of which have been given in the Corporate Governance Report annexed to the Annual Report.

Significant developments

Scheme of arrangement between CRISIL Ratings Limited (the 'Transferee Company') and CRISIL Limited (the 'Transferor Company') in terms of Section 230 to 232 of the Companies Act, 2013

The Securities and Exchange Board of India's (SEBI) notifications dated May 30, 2018 and September 19, 2018, under the SEBI (Credit Rating Agencies) Regulations, 1999, mandated the segregation of ratings and non-ratings businesses of credit rating agencies. Pursuant to and in order to comply with, these notifications, CRISIL Limited's Board of Directors approved the transfer of the Ratings business to a 100% subsidiary of the Company on April 17, 2019. CRISIL Ratings Limited, the wholly owned subsidiary of CRISIL Limited, was incorporated on June 3, 2019, with the objective of transitioning the Ratings business of the Company.

A Scheme of arrangement for the segregation was presented under Sections 230-232 of the Companies Act, to the National Company Law Tribunal (NCLT), Mumbai Bench and approved by the shareholders on February 12, 2020. The approval of NCLT was received on June 8, 2020.

CRISIL Ratings Limited received the necessary approvals from SEBI and the Reserve Bank of India (RBI) on December 4, 2020 and December 31, 2020, respectively, to undertake the Ratings business transferred to it pursuant to the Scheme.

Accordingly, effective December 31, 2020, the Ratings business undertaking was transferred to CRISIL Ratings Limited by way of a slump sale for a lump sum consideration equal to the net asset value of Ratings business undertaking of Rs 51.70 crore.

During the interim period, the Ratings business continued uninterrupted to deliver best-in-class quality and high service standards in all its offerings to customers and other stakeholders. The Ratings business transition was seamless and the management team remains unchanged and committed to analytical excellence and quality. The governance of the subsidiary has been entrusted to eminent and distinguished leaders with diverse expertise and experience co-opted as Board members during 2020. The Board and its Committees are fully functional and have commenced operational oversight of the business. More details on CRISIL Ratings Limited and its Board of Directors are available on <https://www.crisil.com/en/home/our-businesses/ratings.html>.

Acquisition of Greenwich Associates LLC

The Company had reported the acquisition of Greenwich Associates LLC and its subsidiaries in December 2019, in the Directors' Report for the previous year. Greenwich Associates is a leading provider of proprietary benchmarking data, analytics and qualitative, actionable insights that helps financial services firms worldwide to measure and improve business performance. The closing formalities for the acquisition were completed during the current financial year. Accordingly, Greenwich Associates LLC, Greenwich Associates International LLC, Greenwich Associates Singapore Pte. Ltd, Greenwich Associates Japan K.K., Greenwich Associates Canada ULC, Greenwich Associates UK (Holdings) Ltd and Greenwich Associates UK Ltd became subsidiaries of CRISIL with effect from February 26, 2020. Following the closure, an integration team was set up. The integration plan encompassed all critical areas including brand, people, culture integration, product development, client synergy, operations, information technology and security, finance and compliance processes. Given the onset of the pandemic, progress on integration was slow initially and in-person interaction was limited. However, focused employee communications by all levels of management and collaboration of multi-geography and multi-functional teams delivered the key milestones of the integration plan.

Towards simplifying the holding structure of Greenwich downstream subsidiaries, Greenwich Associates International LLC merged with Greenwich Associates LLC on December 18, 2020. Further, Greenwich Associates UK (Holdings) Ltd is

being closed. The aforesaid merger/closure does not have any material impact on the operations/financials of Greenwich.

Impact of pandemic

As indicated earlier, your Company remained fully operational and continued to function seamlessly, serving clients and meeting the needs of stakeholders during the pandemic. The nature of Company's business ensured that demand for our products and offerings continued and there was no large demand contraction. However, given the evolving global situation, the Company continues to closely assess and take steps towards mitigating the risks which could arise from:

- Conversion of pipeline and clients postponing their contracts/assignments
- Lockdown situation resulting in inability to deploy resources at different locations due to restrictions in mobility
- Clients, in future, not being in a position to accept alternative delivery modes using work-from-home for a prolonged period

Given the continuing and evolving nature of the pandemic situation, the Company continues to monitor changes in future economic conditions and their possible impact on assets and investments.

The Company continues to maintain strong client connect virtually, along with regular communication with all stakeholders. The Company published high impact research papers, credit alerts and thought papers for clients including C-suite, senior stakeholders and industry members. An exclusive webpage (<https://crisil.com/en/home/our-analysis/covid-19-economic-implications.html>) on impact of the pandemic was created. Multiple webinars on the pandemic's impact on economy and various sectors were hosted, which included:

- Ratings Round Up (RRU) webinar 'Fiscal 2020: Credit quality trends and the road ahead', with 2000+ attendees
- In the global markets, themes such as environment, social and governance (ESG) best practices and BCP risk management, which were received very well
- A number of webinars and discussion forums covering various sectors and themes in the domestic market

The Company has instituted a data-driven readiness framework which takes into consideration certain key factors for deciding on the date of reopening of our office locations and return to the workplace. These factors include, but are not limited to:

- City-specific readiness (active Covid-19 cases, recovery rates, etc.)
- Government restrictions on travel and economic activity
- Assessment of availability and adequacy of medical facilities
- Employee sentiment

As the situation is still evolving, we continue to closely monitor the conditions on the ground, even as work-from-

home protocols are in force. Once the office is reopened, it will start with limited access initially and the presence will be gradually scaled up in a phased and calibrated manner with appropriate safeguards in place to ensure employee health and safety as a key priority.

Subsidiaries

As on December 31, 2020, the Company had three Indian and 13 overseas wholly owned subsidiaries. CRISIL Irevna Australia Pty Ltd was incorporated as a subsidiary of CRISIL Limited with effect from August 28, 2020. In accordance with Section 129(3) of the Companies Act, 2013, CRISIL has prepared a consolidated financial statement of the Company and all its subsidiaries, which is a part of the Annual Report. A statement containing salient features of the financial statements of the subsidiaries and highlights of performance of subsidiaries is included in the Annual Report.

The Company has no associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements, has been placed on the website, www.crisil.com. Further, as per the fourth proviso of the said section, audited accounts of all subsidiaries as on December 31, 2020, have also been placed on the website www.crisil.com. Shareholders interested in obtaining a copy of the audited accounts of the subsidiaries may write to the Company Secretary at the Company's registered office.

The Company has obtained a certificate from the statutory auditors, certifying that the Company is in compliance with FEMA Regulations with respect to downstream investments.

Particulars of contracts or arrangements with related parties referred to in Section 188(1)

A significant quantum of related party transactions undertaken by the Company is with its subsidiaries engaged in product delivery of CRISIL's businesses and business development activities. The Company has also been providing analytical support to S&P Global entities as a part of a Master Services Agreement, which was approved by a majority vote from CRISIL's minority shareholders, without participation of S&P, through a resolution passed by postal ballot on December 15, 2014.

The Audit Committee pre-approves all related party transactions. The details of such transactions undertaken during a particular quarter are placed at the meeting of the Audit Committee held in the succeeding quarter.

All contracts/arrangements/transactions with related parties that were executed in 2020 were in the ordinary course of business and at an arm's length. During the year, there were no related party transactions that were materially significant and that could have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts. The particulars of material contracts or arrangements with related parties referred to in Section 188(1) are given in a prescribed Form AOC-2 as **Annexure II**.

As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Related Party Transactions Policy, which has been put up on the Company's website <https://www.crisil.com/en/home/investors/corporate-governance.html>. The Company has developed an operating procedures manual for identification and monitoring of related party transactions.

Particulars of loans, guarantees or investments under Section 186

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are provided in the Notes to Financial Statements.

Auditors' report

M/s Walker Chandiok & Co LLP (an affiliate of Grant Thornton network) is the statutory auditor of the Company. Its report is a part of the Annual Report.

Shareholders of the Company have approved the appointment of M/s Walker Chandiok & Co LLP as the statutory auditor of the Company for five years, i.e., from the conclusion of the 30th Annual General Meeting held on April 20, 2017, until the conclusion of the 35th Annual General Meeting. Consequent to the amendments to Companies Act, 2013, ratification of appointment of the statutory auditor at every Annual General Meeting is no longer required.

Secretarial audit report

The Board has appointed M/s Makarand M. Joshi & Co., Practising Company Secretaries, to conduct the secretarial audit and their report is appended as **Annexure III**.

Comments on auditors' report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s Walker Chandiok & Co LLP, statutory auditors, in their audit report and by M/s Makarand M. Joshi & Co., Practising Company Secretaries, in their secretarial audit report.

The statutory auditor did not report any incident of fraud to the Audit Committee of the Company in the year under review.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to the Annual Report.

Corporate governance

The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements as set out by SEBI. The Report on Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is a part of the Annual Report. A certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is also published in the Annual Report.

Particulars of remuneration

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been appended as **Annexure IV** to this Report.

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of every employee covered under the said rule are available at the registered office of the Company during working hours for a period of 21 days before the Annual General Meeting and will be made available to any shareholder on request.

Employee Stock Option Schemes

The Company has three Employee Stock Option Schemes. Employee Stock Option Scheme – 2011 (ESOS 2011) was approved by shareholders vide a special resolution passed through postal ballot on February 4, 2011. Employee Stock Option Scheme – 2012 (ESOS 2012) was approved by shareholders vide a special resolution passed through postal ballot on April 10, 2012. Employee Stock Option Scheme – 2014 (ESOS 2014) was approved by shareholders vide a special resolution passed through postal ballot on April 3, 2014 and amended by a special resolution of shareholders at the 30th Annual General Meeting held on April 20, 2017.

During 2020, there were no material changes in the Employee Stock Option Schemes of the Company. The schemes are in compliance with SEBI regulations. As per Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015, the details of the ESOS are uploaded on the Company's website <https://www.crisil.com/en/home/investors/financial-information/annual-report.html>.

The Company has received a certificate from M/s Walker Chandiook & Co LLP that ESOS 2011, ESOS 2012 and ESOS 2014 have been implemented in accordance with SEBI regulations and the resolution passed by members in their general meeting. The certificate will be placed at the ensuing Annual General Meeting for inspection by members.

Annual Return

The complete Annual Return (Form MGT-7) is available on the Company's website: <https://www.crisil.com/en/home/investors/financial-information/annual-report.html>.

Financial year

The Company follows the calendar year as the financial year in terms of a special approval obtained from the Company Law Board in 2015.

CEO and CFO certification

A certificate from Ms Ashu Suyash, MD & CEO and Mr Sanjay Chakravarti, Chief Financial Officer, pursuant to provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year under review was placed before the Board of Directors of the Company at its meeting held on February 11, 2021.

Statutory disclosures

Directors state that there being no transactions with respect to the following items during the financial year under review, no disclosure or reporting is required with respect to the same:

1. Deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014
2. Issue of equity shares with differential rights as to dividend, voting or otherwise
3. Receipt of any remuneration or commission by the Managing Director/Whole-time Director of the Company from any of its subsidiaries
4. Significant or material orders passed by the regulators or courts or tribunals, which impact the going concern status and the Company's operations in future
5. Buyback of shares
6. Material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report, unless otherwise stated in the report
7. The Company is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013

Acknowledgements

The Board of Directors wishes to thank the employees of CRISIL for their exemplary dedication and excellence displayed in conducting all operations. The Board also wishes to place on record its sincere appreciation of the faith reposed in the professional integrity of CRISIL by customers and investors who have patronised its services. The Board acknowledges the splendid support provided by market intermediaries. The affiliation with S&P Global has been a source of great strength. The Board of Directors also wishes to place on record its gratitude for the faith reposed in CRISIL by the shareholders, SEBI, the RBI, the Government of India and the state governments. The role played by the media in highlighting the good work done by CRISIL is deeply appreciated.

For and on behalf of the Board of Directors of CRISIL Limited,

John L. Berisford
Chairman
(DIN: 07554902)

Mumbai, February 11, 2021