



CRISIL

A Standard & Poor's Company


Local intellect Global mindset

CRISIL Limited | 20th Annual Report 2006

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CRISIL is India's leading Ratings, Research, Risk and Policy Advisory company.

Standard & Poor's is the world's foremost provider of financial market intelligence.

We are known in our markets for independence, credibility and analytical rigour.

report

Together, we compliment each other's strengths.

Powering a global mindset through local intellect.

Welcome to CRISIL, a Standard & Poor's Company.

Not just participate, but empower!



INITIATIVES

Successfully initiated market exploration and marketing of Standard & Poor's suite of India relevant product and service offerings

Conducted 71 Executive Training programmes that were attended by over 1000 clients from commercial banks,

Executed close to 500 SME rating assignments

India is the second fastest growing economy in the world.

CRISIL and Standard & Poor's now combine strengths and resources to not merely participate in India's economic development, but also to support it by facilitating better informed decision-making.

Fast and sustained economic growth is inducing new investments into India with record FDI and FII fund flows. Further, this growth is being fuelled by diverse, sustainable sources.

The rate of urbanisation is rapidly increasing along with rising consumption. India's infrastructure and energy needs are also growing. Credit and retail finance growth continues. Buoyant equity markets and strong growth in investments in mutual funds have attracted the attention of leading global players.

CRISIL's local insight and leadership coupled with Standard & Poor's sophisticated global capabilities enable us to offer the markets credible analytical data, benchmarks and research to support India's growth.

From launching IPO gradings to assigning the first ever ratings of hybrid instruments, brokers and developers to developing a Corporate Risk Evaluation Software and advising clients on new energy sources, our innovation and thought leadership underpins the emerging needs of this new India.

In recent times, banks have steadily supported the economy and the credit growth has been spectacular. As globalisation of the banking sector sets in, Indian banks are investing in upgrading their risk management systems and processes in order to enhance performance as well as meet the Basel II norms. Together, we are

combining our expertise in the risk domain to facilitate the creation of stronger risk management systems at Indian banks.

Moreover, substantial funds are required to create stronger infrastructure in India. Together, we have maintained our leadership position in providing guidance on public-private participation and the framing of appropriate policy frameworks to facilitate this objective.

Powering India's growth are not just large corporates but small and medium enterprises (SME) too. These SMEs need funding and CRISIL plays a key role in enabling better credit quality differentiation for lenders through our SME ratings.

With India poised to emerge as a major player in the global arena, Standard & Poor's and CRISIL are well positioned to aid the development of efficient, transparent and dynamic financial markets in India. We help link Indian markets with the global financial community.

A testimony to this partnering approach was our winning - along with KLD Research and Analytics Inc-a grant from the International Finance Corporation to develop an index that tracks the performance of Indian companies on environmental, social, and governance related issues.

Standard & Poor's is a leading provider of independent financial information and analytical services that underpin India's

fast growing financial markets. It supports the expanding cross-border activities of Indian issuers and investors, and provides the best insight and coverage of India to global investors. Standard & Poor's global scale ratings on Indian issuers (currently 50) provide a globally recognised benchmark of credit risk for international investors and help Indian companies tap new sources of finance.*

In addition, Standard & Poor's is a leader in providing independent data, information and insight about international markets and investment opportunities for Indian companies and institutions looking to grow globally. Its global products are offered to Indian companies and institutions through CRISIL, and together, we are steadily facilitating more informed international investment decisions by Indian clients. Standard & Poor's is the world's leading provider of independent equity and fund research, offering a range of analytical and benchmarking services for Indian investors looking to invest internationally.

As we see it, existing opportunities are fast expanding. And new opportunities are fast emerging.

* CRISIL Ratings are determined under separate criteria that are not harmonised with Standard & Poor's ratings criteria. Standard & Poor's does not issue local scale Indian ratings.

Extended our Infrastructure advisory services to diverse domains, including new energy sources and clean development mechanisms

Developed City Development Plans for 20 towns

Launched IPO gradings and new research services on commodities and agricultural risk



Experience creates new
opportunities

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opportunities
create new experiences

INITIATIVES

CRISIL is increasingly being positioned as the Knowledge Gateway to India to global entities, leveraging Standard & Poor's sales network

Irevna's analysts are providing support to Standard & Poor's teams in Europe and Asia Pacific, while jointly bidding for projects in the US and Europe.

CRISIL, having built a diversified base of local domain expertise and acquired competencies to serve global markets, is poised to leverage its expertise to deepen its penetration of the Indian and international markets.

Today, more than 50% of CRISIL's revenues come from international markets.

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| <p>Founded two decades ago as India's first credit rating agency, CRISIL grew both organically and through acquisitions to emerge as India's leading ratings, research, risk and policy advisory company. A strategic alliance with Standard & Poor's in 1996 culminated in Standard & Poor's acquiring a majority stake in May 2005.</p> <p>Our local leadership, combined with our association with Standard & Poor's, has given us the required impetus to exploit local competencies to expand into other geographies and provide global solutions. For global investors exploring the Indian markets, CRISIL is positioned as the Knowledge Gateway to India.</p> <p>In India, we are a leading provider of policy, regulatory and transaction level advice to public and private sector entities involved in infrastructure development and the creation of public-private partnerships. We have now extended this expertise to emerging markets in Asia and Africa,</p> | <p>working closely with global Multilateral Agencies.</p> <p>CRISIL's Global Analytical Centre, a world class delivery operation, is also playing a key role in Standard & Poor's global resourcing strategy by providing analytical and editorial support to our global network.</p> <p>Today, through Irevna, we have strengthened our position in the high-end research outsourcing space. This trend towards global research outsourcing is now being considered a highly strategic move for global corporations. Irevna has maintained its leadership position in this space, with buy-side firms recently voting it the top investment research outsourcing firm. This year, we also opened Irevna's second delivery centre in Buenos Aires, Argentina.</p> <p>CRISIL has taken its ratings, advisory and risk solutions leadership and expertise to other markets globally as well. Besides continuing to support CariCRIS (Caribbean Information & Credit Rating Services Limited), the</p> | <p>world's first-ever regional credit rating agency, our risk solutions are now being utilised by banks in the Middle East and South East Asia. We have successfully joint-bid with Standard & Poor's on several projects in the equity research domain and are providing technical support to Standard & Poor's risk products.</p> <p>As global upstream players re-examine their market strategies in pursuit of greater value, Gas Strategies Group, our global gas information and consulting has emerged as the advisor of choice for global energy majors, utilities, and banks in the global gas and LNG domains.</p> <p>Leveraging our combined thought leadership, we regularly share our collective knowledge on the global and Indian economies and sectors. The jointly hosted annual India Outlook seminars held in India and five global centres, attended by about 1000 clients, epitomises our efforts at showcasing our rich local insights and global perspectives.</p> |
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The CRISIL Investment and Risk Management team is working closely in Asia with Standard & Poor's.

CRISIL's economists and research analysts can now be accessed by Standard & Poor's customers in US and Europe through Vista Research.

CRISIL at a glance



India's leading Ratings, Research,
Risk and Policy Advisory company.

About CRISIL

CRISIL is India's leading Ratings, Research, Risk and Policy Advisory company.

CRISIL's majority shareholder is Standard & Poor's, a division of The McGraw-Hill Companies and the world's foremost provider of financial market intelligence.

CRISIL offers domestic and international customers a unique combination of local insights and global perspectives, delivering independent information, opinions, and solutions that help them make more informed business and investment decisions, enhance the efficiency of markets and market participants, and help shape infrastructure policy and projects.

Our integrated range of capabilities includes credit ratings and risk assessment, gas and infrastructure advisory, research on India's economy, industries and companies, global equity research, fund services, and risk management.

Our Businesses

● Ratings and Risk Assessment:

CRISIL Ratings is India's largest and most reputed rating agency with a 72% penetration (by volume) in the USD 22.2 bn domestic debt market.

The Global Analytical Centre supports S&P's Global Resource Management initiative.

CRISIL FundServices is a market leader in the Indian funds research, ranking and ratings space.

● Advisory: CRISIL Infrastructure

Advisory is India's premier advisor on policy, infrastructure, and energy with services catered to global energy majors, governments, regulators, and corporates.

Gas Strategies Group is a leading global advisor on Gas and LNG.

CRISIL Investment and Risk Management is the leading provider of risk management solutions to Indian banks and corporates. Our solutions are used by 17 banks in India and one bank in South-East Asia/ Middle-East.

● **Research: CRISIL Research**, India's leading independent, integrated, research house, caters to the business research needs of over 500 domestic and international clients including 90 % of commercial banks operating in India.

Irevna is the largest KPO in India for high-end equity research and financial analysis, serving over 150 major corporates in over 16 countries.

Our Mission

CRISIL aims to shape public policy, enable markets to function better and help clients manage and mitigate their business and financial risks. We aim to achieve this mission by leveraging our core values of integrity, innovation, analytical rigour, independence and commitment.

Our Vision

CRISIL aims to be the most preferred provider of independent, credible and

reliable business research, ratings, fund services, risk and infrastructure advisory solutions, facilitating more informed economic decision making by Indian and global entities in the Indian market as well as emerging global markets that CRISIL seeks to expand into.

Our People

Our people make the company what it is today. Our group-wide 1500 strong talent pool has shaped our growth trajectory and spearheaded our forays into uncharted territories. Our multi-disciplinary skill base spans financial modelling, macro-micro credit and equity research, risk modelling, policy and transaction advisory and econometrics. These skill-sets and domain expertise are leveraged to offer our clients superior analytical services and effective, workable solutions.

Our Performance

During 2006, the CRISIL Group recorded revenues amounting to Rs.29,403.04 lakhs, as compared to Rs.18,226.46 lakhs achieved during the previous year. The EBIDTA stood at Rs.8,731.25 lakhs against Rs.5,523.21 lakhs recorded during 2005, while profit after tax amounted to Rs.6,143.09 lakhs as against Rs.3,261.39 lakhs during the same period.

*Note: 1 crore = 10 million; 1 million = 10 lakhs
With respect to the previous year, the full period of 12 months ended December 31, 2005 has been considered.*

Business



overview