

14<sup>TH</sup> ANNUAL REPORT  
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The Credit Rating Information  
Services of India Limited

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### CRISIL's Strategy and Vision

- *To be the pre-eminent opinion maker on credit quality, business, industry, economy and capital market issues by pursuing highest standards of analytical rigour, maintaining objectivity and independence and by proactively innovating new products and services and by anticipating markets' needs, to aid investment of any nature in India in a credible, objective and analytically sound manner.*
- *To be the most respected advisor on a range of business, techno-economic and risk issues by providing meaningful, effective and comprehensive solutions, leveraging on contemporary knowledge, expertise garnered out of experience and driving excellence in delivery capability.*
- *To become the most preferred employer in the financial services domain in India, by pursuing best employment practices transparently and justly, by providing engaging work and self development opportunities, and by pursuing a progressive and satisfying remuneration policy.*
- *To enhance shareholder value by fostering accelerated revenue growth, by containing operating costs, seeking to earn returns on capital available with the Company at a rate higher than benchmark returns available to the shareholders.*
- *To acquire global positioning by serving an expanded marketplace to global standards while remaining a cost efficient service provider.*

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### Enclosures

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## Board of Directors

B.V. Bhargava	Chairman
Dr. S. S. Baijal	
M. G. Bhide	
Dr. S. A. Dave	
A. V. Rajwade	
B. R. Shah	
Rama Bijapurkar	
Dr. Bala V. Balachandran	
Robert Maitner	Alternate - Cecile Saavedra
R. Ravimohan	Managing Director
Hemant Y. Joshi	Executive Director

**Executive Committee**

B. V. Bhargava, Chairman  
Dr. S. S. Baijal  
A. V. Rajwade  
M. G. Bhide  
R. Ravimohan  
Hemant Y. Joshi

**Investment Committee**

B. V. Bhargava, Chairman  
A. V. Rajwade  
M. G. Bhide  
R. Ravimohan  
Hemant Y. Joshi

**Investor Grievance Committee**

B. R. Shah, Chairman  
R. Ravimohan  
Hemant Y. Joshi.

**Compensation Committee**

B. V. Bhargava, Chairman  
Dr. S. A. Dave  
B. R. Shah

**Management Committee**

R. Ravimohan  
Hemant Y. Joshi

**Audit Committee**

Dr. S. S. Baijal, Chairman  
Dr. S. A. Dave  
B. R. Shah

**Auditors**

S.B. Billimoria & Co.

**Solicitors**

Wadia Ghandy & Co.

**Company Secretary**

Shrikant Dev

**Bankers**

ICICI Bank Ltd.  
State Bank of India  
Andhra Bank

**Share Transfer Agents**

Karvy Consultants Ltd.  
Karvy House, 21,  
Avenue-4, Street No.1,  
Banjara Hills,  
Hyderabad - 500 034.

**Registered Office**

Nirlon House, 2nd Floor,  
254-B, Dr. Annie Besant Road,  
Worli, Mumbai 400 025.

**Senior Management Team at Crisil****Rating Services**

Roopa Kudva - *Director and Chief Rating Officer*

Paul Kurias - *Director (Ratings - Corporate Sector)*

A. Anilkumar - *Director (Centre of Excellence and Ratings - Financial Sector)*

Sujatha Srikumar - *Director (Ratings - Infrastructure Sector)*

Raman Uberoi - *Director (Ratings - Business Development)*

**Advisory Services**

Anjali Forbes - *Director (Corporate Advisory Services)*

Shrikant Kulkarni - *Director (Energy Sector Advisory Services)*

Sanjay Sinha - *Director (Infrastructure Sector Advisory Services)*

**Facilitating Services**

Rajat Dutta - *Head (Special Projects)*

Deepak Gupta - *Head (Human Resources)*

Sudesh Puthran - *Chief Technology Officer*

Rajesh Patel - *Head (Finance and Secretarial)*



## CRISIL - Board of Directors

### B.V. Bhargava, *Chairman*

Mr. Bhargava is Chairman of the CRISIL and is also the Chairman of the Rating Committee. Following a career spanning nearly three decades with the ICICI, Mr. Bhargava retired as Vice-Chairman and Managing Director in 1996. He has also served with the Tariff Commission of India, the Indian Investment Centre, New York and as Chairman, ICICI Telecom Group advisory to the Government of India. His other Directorship includes Raymond Ltd., Grasim Industries and ICICI Bank Ltd.



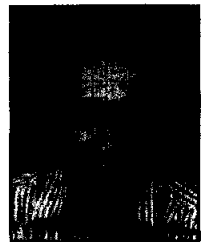
### Dr. S. S. Baijal, *Director*

Dr. Baijal has served in the past as Chairman, ICI India Limited. He is also currently on the Board of several Indian and multinational firms including Jensen and Nicholson (I) Ltd., DCM Shriram Consolidated Ltd, EID Parry Ltd. and Max India Ltd.



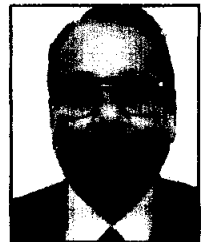
### A. V. Rajwade, *Director*

Mr. Rajwade has been practising as an independent consultant in international finance, and foreign exchange and interest rate risk management since 1981. He was a Member of the Committee on Capital Account Convertibility, appointed by RBI, and is a member of the Supervisory Board of the Indian Opportunities Fund Ltd., Bermuda. Besides being a columnist for more than two decades, he is the author of several books on foreign exchange, international finance and risk management.



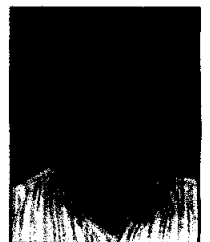
### M. G. Bhide, *Director*

Mr. M G Bhide was the Ex-Chairman & Managing Director of Bank of India. He was associated with State Bank of India in the capacity as Managing Director & Group Executive (National Banking Division) and Deputy Managing Director & Chief Credit Officer of SBI, Mumbai. Currently, he holds the Chairmanship of National Institute of Bank Management at Pune and also of the Advisory Group of RBI for "Payment and Settlement Scheme". Mr. Bhide is also a Member of Technical Advisory Committee on Money & Government Securities Market set up by RBI. He is also currently on the Board of several Companies including Finolex Industries Ltd., Mahindra & Mahindra Financial Services Ltd., and J. P. Morgan Securities Pvt. Ltd.



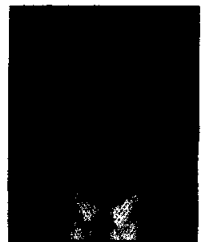
### B. R. Shah, *Director*

Mr. Shah has had a career spanning 37 years with the Unilever Group of Companies in India including Directorship of Hindustan Lever Limited and Chairmanship of Lipton India Ltd. He is presently Vice-Chairman of Indus Venture Management Limited and is also on the Board of several other companies.



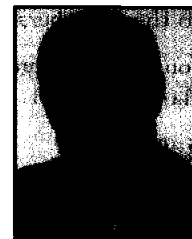
### Dr. S. A. Dave, *Director*

Dr. Dave is currently the Chairman of Centre for Monitoring Indian Economy. He has had a distinguished career in the Indian financial sector having served as Chairman, Unit Trust of India (1990-1996), Chairman, Securities and Exchange Board of India (1988), Executive Director, Industrial Development Bank of India (1978 -1988) and Deputy Director, Economics Department, Reserve Bank of India (1968 -1972). Other Directorships held include HDFC Ltd., SBI Gilts Ltd, Escorts Ltd. and LIC.

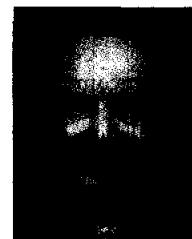


*Robert Maitner, Director*

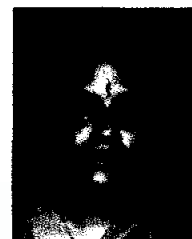
Robert Maitner is the Executive Vice-President for Standard & Poors' rendering his expertise in the field of Financial Management and Strategic Planning for the company. He is a graduate of St. Peter's College and is a Certified Public Accountant. He joined McGraw-Hill in 1974 as Audit Manager in the Corporate Audit Department. In 1989, he was appointed Senior Vice-President - Administration for the Standard & Poor's Ratings Services.

*Dr. Bala V. Balachandran, Director*

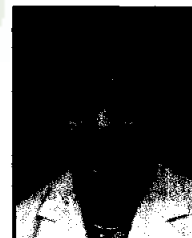
Dr. Bala Balachandran, a distinguished Professor of Accounting Information Systems and Decision Sciences at J. L. Kellogg Graduate School of Management, USA. Dr Balachandran is globally acknowledged as an opinion leader in areas of Business effectiveness, Accounting Systems, Decision Science and the evolving subject of fusion of technology with matters relating to finance. The most prominent amongst his seminal work being a book titled "Re-engineering Revisited" published in May, 1999. He was awarded Padmashri this year for outstanding contribution in the field of literature and education.

*Rama Bijapurkar, Director*

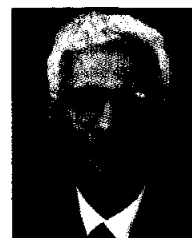
Rama Bijapurkar is a recognised leader on marketing strategy and consumer related issues in India and runs a strategic marketing consulting practice working across a wide range of sectors, helping organisations with their marketing strategies. Prior to that, from 1995 to 1997, Ms. Bijapurkar worked with McKinsey and Company as a Senior Marketing Consultant. From 1989 to 1995 she was the Deputy Managing Director of MARG and worked between 1982 and 1987 with MODE Services, which she co-founded. In addition, she is a visiting faculty at IIM Ahmedabad. She is an alumna of IIM Ahmedabad and holds an Honours degree in Physics from the Delhi University. Ms. Bijapurkar serves on the Boards of Infosys Ltd., Titan Watches Ltd., and Godrej Consumer Products Ltd..

*Cecile Saavedra, Alternate Director to Mr. Robert Maitner*

Cecile Saavedra is the Asia-Pacific region head for Standard & Poor's Ratings Services and has been responsible for directing the activities since 1986. Cecile manages the regional operations through the four branches - Hong Kong, Melbourne, Tokyo and Singapore. She holds a B.S. in Commerce, from the University of Santo Tomas in the Philippines and graduated with distinction from New York University Graduate School of Business with a major in finance. Prior to joining Standard & Poor's, she worked with First Boston Corporation and Channing Management Corporation in New York.

*Hemant Y. Joshi, Executive Director*

Mr. Joshi had long experience of working in industry as well as in management consultancy prior to joining CRISIL. With CRISIL since 1992, he is currently responsible for CRISIL Advisory Services and the Company's Research & Information Services Division. He has done considerable work in the area of project finance and public private partnerships in the area of infrastructure.

*R. Ravimohan, Managing Director*

Mr. Ravimohan has been Managing Director, CRISIL since 1994. As Chief Executive Officer of the Over the Counter Exchange of India (OTCEI - 1990-94), he was instrumental in the setting up of India's first electronic stock exchange. He has also served as Member on the Advisory Committee of the Securities and Exchange Board of India and the Managing Committee of the Bombay Chamber of Commerce and Industry and Assocham. He has had a long initial career with ICICI in the areas of project appraisal, systems design, credit administration and merchant banking.





## Directors' Report

To the Members,

Your Directors present the Fourteenth Annual Report of the Company with the Audited Accounts for the financial year ended March 31, 2001.

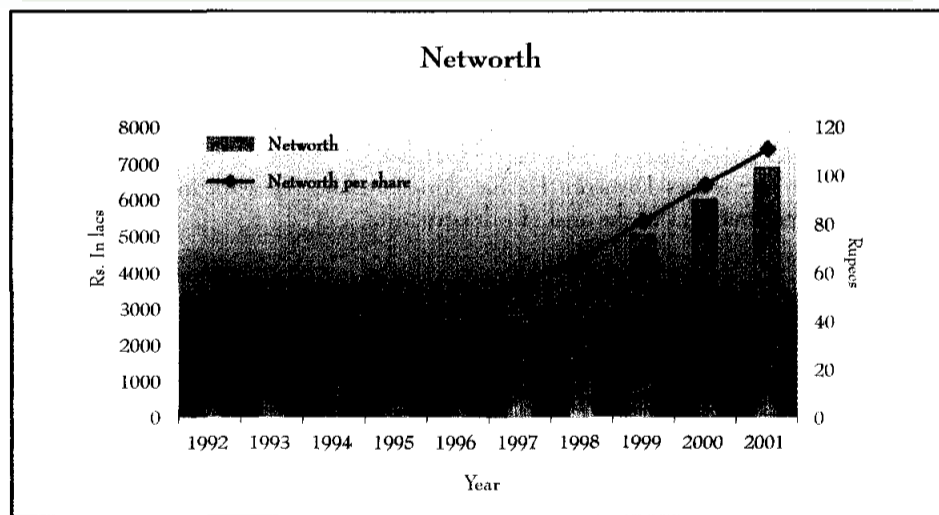
### Performance

A summary of your Company's financial performance is given below :

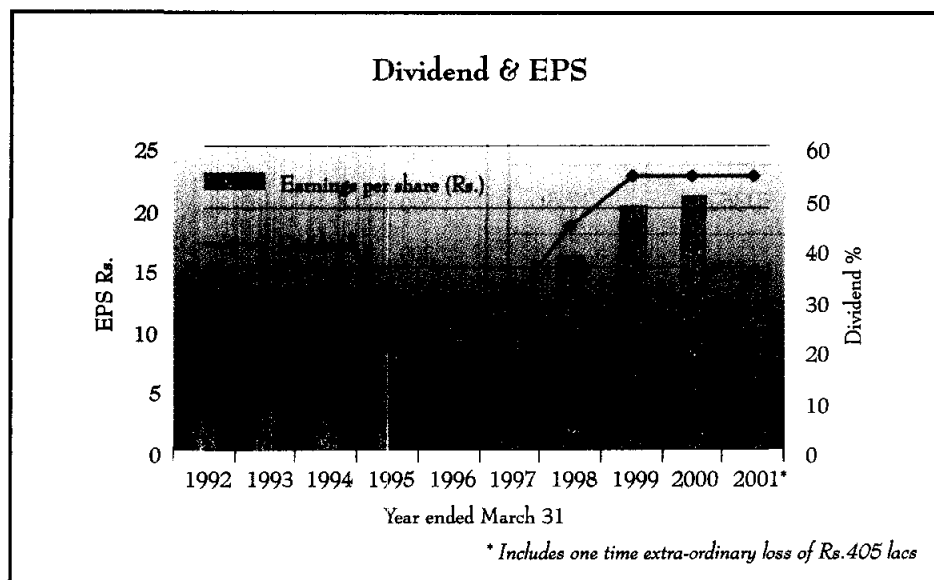
	Year ended March 31, 2001 (Rs. Lacs)	Year ended March 31, 2000 (Rs. lacs)
Total Income for the year was	5153.72	4033.06
Profit before depreciation and taxes was	1876.6	2216.47
Deducting therefrom depreciation of	538.16	293.84
Profit before tax was	1338.44	1,922.63
Deducting therefrom taxes of	372.00	631.00
Profit after tax was	966.44	1291.63
The proposed appropriations are :-		
Dividend	341.00	341.00
Corporate Dividend Tax	34.78	37.51
General Reserve	800.00	800.00
Balance carried forward	337.98	547.32

### Dividend

The Directors recommend for approval of the shareholders at the Annual General Meeting to be held on August 2, 2001, payment of dividend of 55% for the year under review (previous year 55%), despite lower profits for the year, keeping in view the expected buoyancy of operations going forward.







## Review of Operations

### A. Ratings Services

Your Company consolidated its position as leader in the Ratings business during the year 2000-01. Its revenue growth across all rating sectors has been remarkable. It maintained the highest quality of analytical standards, and fiercely guarded its independence and objectivity. A key dimension that was emphasized was the timeliness of rating actions in response to corporate and market developments. In an increasingly dynamic environment, timeliness of rating actions assumes great importance, and your Company has strengthened internal processes to enhance responsiveness to such rapid and frequent developments. Your company continued its record of product innovations, particularly in the structured finance area. Delivery on a number of outsourcing projects with Standard & Poor's started during the year, and other new projects are under discussion.

The issuance market was one of the most difficult in recent times. As many as 245, out of a total of 247 debt issues during the year were privately placed. Private placements of debt do not require ratings. Significantly, however, nearly 70% of the privately placed issues were rated and a majority preferred CRISIL ratings. Clearly, the rating business is now getting driven by investor choice, rather than regulatory mandate. Given your Company's recognized analytical leadership, it is well positioned to significantly benefit from this development.

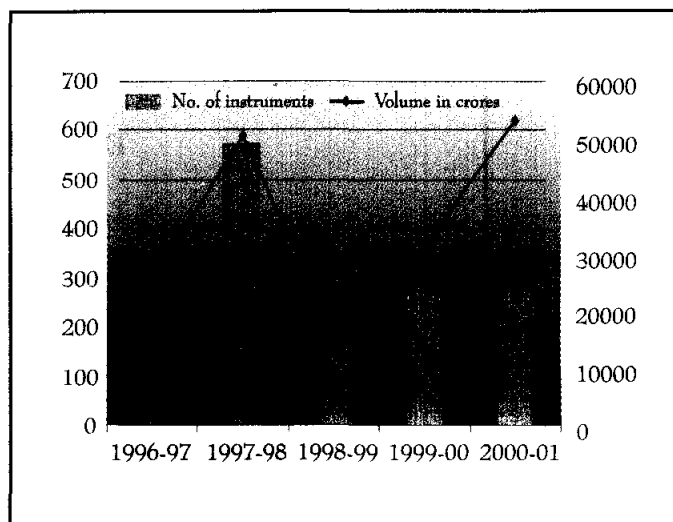
Competition in the business is tackled by increasing our market presence and by several strategic initiatives. A dedicated team now looks after the vital function of business and franchise development. Apart from actively tracking and developing business opportunities at the transaction level, the team identifies new business segments and helps your Company achieve greater coverage. Considerable effort has been invested by the team in increasing your Company's franchise with issuers, investors, intermediaries and regulators.

Your Company has been proactively interacting with debt issuers to enhance the value of service that is rendered to them. While the regime of lower interest rates is conducive for refinancing older high-cost debt, there is a need to anticipate and advise clients of likely movements in the interest rate scenario and debt market developments. Your Company also provides feedback to clients on mix of borrowings, and industry and company-specific rating issues on a regular basis. These initiatives have helped in developing and retaining our clients.



No. of Instruments and volume of debt rated

Year	Total		Rating Rev (Rs. Crore)
	Instruments No	Volume	
1996-97	351	24848	20.74
1997-98	573	50357	27.86
1998-99	327	16329	29.02
1999-00	283	31090	25.29
2000-01	272	53013	28.37



### Corporate Sector Ratings

Ratings business in the corporate sector registered an excellent growth rate. Your Company continued its pioneering tradition by undertaking several groundbreaking transactions for the first time in the country. This includes a transaction backed by a partial guarantee, the first rating of its kind globally. Your Company's role in this transaction was noticed by the International Finance Review (IFR) magazine in its global edition which described it as "an important landmark". Several other 'firsts' were achieved during the year, including the rating of companies in industries such as media and airlines hitherto not rated in India. CRISIL also surged ahead of the competition in these previously uncharted areas.

### Financial Sector Ratings

During the year, CRISIL rated Tier II capital issuances of three prominent public sector banks. The new Commercial Paper (CP) guidelines permitting financial institutions to issue Commercial Paper resulted in CRISIL rating CP issuances of these entities. Your Directors expect a steady growth in the business of financial sector ratings in coming year due to the budgetary provisions like the interest rate and excise duty cuts and accelerated depreciation on commercial vehicle financing, which are expected to provide a boost to retail asset financing. The entry of new primary dealers, allowance for 100% FDI participation in the NBFC sector and the opening up of the insurance sector are also expected to crystallize into enhanced business in the future.

Securitisation ratings registered excellent growth of 313% over the previous year with rating of issues amounting to Rs.3,011 crores. A number of innovative products were rated for the first time in India by CRISIL. These include an offshore securitisation transaction backed by aircraft hire purchase receivables, the small pool CLO (Collateralized Loan Obligations) of a leading financial institution and instruments backed by guarantees from a multilateral lending institution. The first ever issue of Mortgage Backed Securities (MBS) backed by residential mortgage receivables of HDFC and LIC Housing Finance Limited, rated by CRISIL, was placed during the year and other similar issues were rated. A number of tranches of single risk CBO (Collateralized Bond Obligations) transactions were also rated by CRISIL.

Securitisation ratings are expected to be a key growth driver for CRISIL aided by the development of new products like partial guarantees, CBO/CLO (collateralized bond/loan obligations), credit card receivables, office equipment receivables, etc. and increased business from the traditional auto-securitisation and MBS transactions. Expectations of comprehensive legislation on securitisation, the need for capital adequacy augmentation by banks and financial institutions (FIs) and execution of projects for Standard & Poors' (S&P) are also expected to accelerate the securitisation business in the next year.

### Infrastructure Sector Ratings

The infrastructure ratings business was buoyant with all-round revenue growth. Power, oil, gas and telecom contributed the bulk of the revenues. However, nascent sectors like transport also showed a surge, and revenues from international clients for credit assessments on State Electricity Boards and State Governments also showed good growth. During the year, your Company started rating of companies in the aviation sector. Another first was the rating of a road sector transaction relating to the recently announced annuity scheme for road builders for the Government's Golden Quadrilateral project.