

The Credit Rating Information
Services of India Limited

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 policy, commercial 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 quality standards while remaining a cost efficient service provider.*

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Board of Directors

Mr. B.V. Bhargava	Chairman
Mr. A. V. Rajwade	
Dr. S. A. Dave	
Mr. B. R. Shah	
Mr. M. G. Bhide	
Ms. Rama Bijapurkar	
Dr. Bala V. Balachandran	
Mr. Edward Emmer	Alternate – Ms. Cecile Saavedra
Mr. R. Ravimohan	Managing Director
Mr. Hemant Y. Joshi	Executive Director
Ms. Roopa Kudva	Executive Director and Chief Rating Officer

Executive Committee

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

Investment Committee

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

Investors 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
Roopa Kudva

Audit Committee

B. R. Shah, Chairman
Dr. S. A. Dave
M. G. Bhide

Auditors

S.B. Billimoria & Co.

Solicitors

Wadia Ghandy & Co

Company Secretary

Shrikant Dev

Bankers

ICICI Bank Ltd.
Andhra Bank

Share Transfer Agents

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

Registered Office

CRISIL House,
121-122, Andheri-Kurla Road,
Andheri (East),
Mumbai – 400 093

Senior Management Team at Crisil**Rating Services**

Arun Panicker – Director - Corporate Sector Rating Services

S. Venkataraman – Director - Financial Sector Rating Services

D. Thyagarajan – Director - Structured Finance Rating Services

A. Anil Kumar – Director - Infrastructure Sector Rating Services

Sujatha V. Srikumar – Director - Rating Criteria & Product Development

Raman Uberoi – Director - Business Development

Advisory & Information Services

Anjali Forbes – Director - Corporate Brand & Market Services

Shrikant Kulkarni – Director - Energy Sector Advisory Services

Sanjay Sinha – Director - Transport and Urban Infrastructure Advisory Services

Subir Gokarn – Chief Economist - Center for Economic Research

D. Ravishankar – Director - Crisil Investment & Risk Management Services and Chief Financial Officer

Facilitating Services

Murali Aiyer – Director - Human Resources

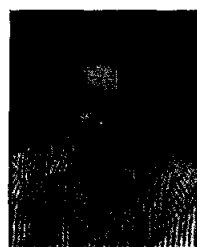
Sudesh Puthran – Chief Technology Officer



CRISIL - Board Of Directors

Mr. B.V. Bhargava, *Chairman*

Mr. Bhargava is Chairman of CRISIL and is also the Chairman of the Rating Committee. Following a career spanning nearly three decades with ICICI Ltd., 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. and Grasim Industries Ltd.

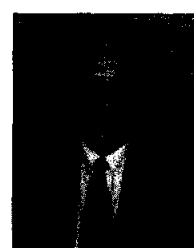


Mr. A. V. Rajwade, *Director*

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 and Mauritius. Besides being a columnist for more than two decades, he is the author of several books on foreign exchange, international finance and risk management.

Dr. S. A. Dave, *Director*

Dr. Dave is currently the Chairman of Centre for Monitoring Indian Economy Ltd. 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.

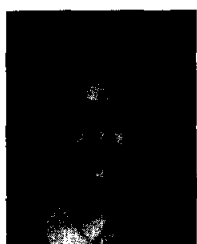


Mr. B. R. Shah, *Director*

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.

Mr. 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 was 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 India Pvt. Ltd.



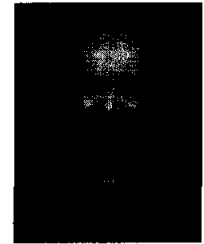
Ms. Rama Bijapurkar, *Director*

Ms. 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 MCDE 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 Honors degree in Physics from the Delhi University. Ms. Bijapurkar serves on the Boards of Infosys Technologies Ltd., Titan Watches Ltd., and Godrej Consumer Products Ltd.

Dr. Bala V. Balachandran, Director

Dr. Bala Balachandran, is 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 for outstanding contribution in the field of literature and education.

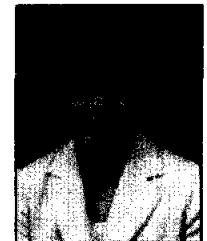


Mr. Edward Emmer, Director

Edward Z. Emmer is Executive Managing Director of Standard & Poor's Corporate and Government Services group. In this capacity, he has global responsibility for Standard & Poor's ratings of industrial companies, financial institutions, and sovereign/international public finance and domestic U.S. public sector entities. In his current capacity, he has 1,000 employees in 20 offices around the world. Mr. Edward Emmer holds a B.A. in Economics and an M.B.A. in Finance and Economics from Fairleigh Dickinson University and is a three-time recipient of the McGraw-Hill Excellence in Management Award.

Ms. Cecile Saavedra, Alternate Director to Mr. Edward Emmer

Ms. Cecile Saavedra is the Asia-Pacific region head for Standard & Poor's Ratings Services and has been responsible for directing the activities since 1986. Ms. Cecile Saavedra looks after 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.

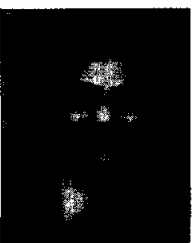
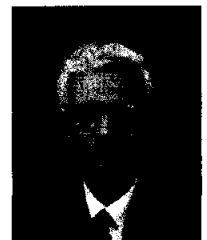


Mr. R. Ravimohan, Managing Director

Mr. Ravimohan has been Managing Director of 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 Ltd. in the areas of project appraisal, systems design, credit administration and merchant banking.

Mr. Hemant Y. Joshi, Executive Director

Mr. Joshi has a background of over 15 years working in industry as well as in management consultancy. With CRISIL since 1992, he is currently responsible for CRISIL Advisory Services and the Company's Research & Information Services division.



Ms. Roopa Kudva, Executive Director and Chief Rating Officer

Ms. Roopa Kudva heads the ratings business of the Company. She joined CRISIL in 1992. She had previously worked for 6 years at Industrial Development Bank of India in the Project Finance Department. She has also worked in emerging markets in the Mediterranean and Middle East countries during her secondment to Standard & Poor's, Paris, as Director, Financial Institutions Ratings. She holds a graduate degree in Statistics and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.



DIRECTORS' REPORT

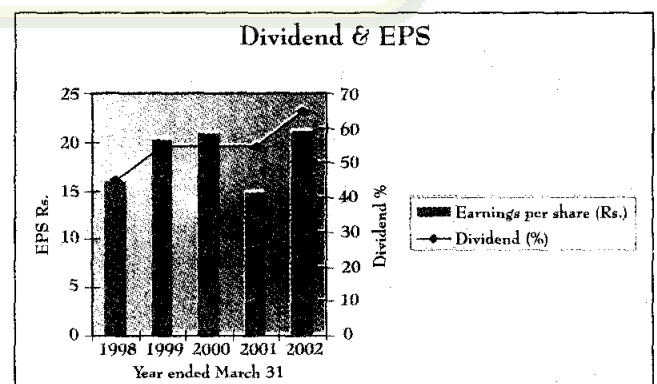
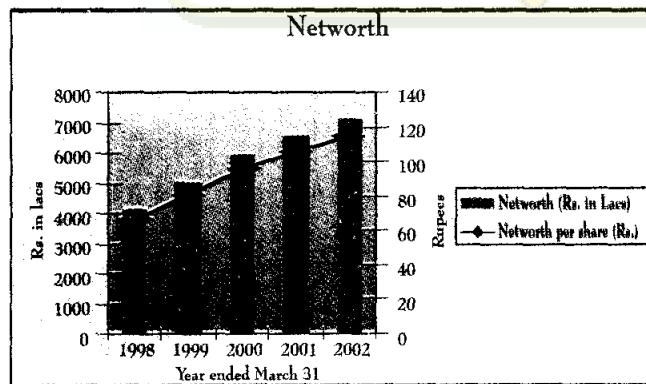
To the Members,

Your Directors present the Fifteenth Annual Report of the Company with the Audited Accounts for the financial year ended March 31, 2002.

Performance

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

	Year ended March 31, 2002 (Rs. lacs)	Year ended March 31, 2001 (Rs. lacs)
Total Income for the year was	6929.46	5153.72
Profit before depreciation and taxes was	3563.52	1876.60
Deducting therefrom depreciation of	701.25	538.16
Profit before tax was	2862.26	1338.44
Deducting therefrom taxes of	1554.51	372.00
Profit after tax was	1307.75	966.44
The proposed appropriations are :-		
Dividend	403.00	341.00
Corporate Dividend Tax	--	34.78
General Reserve	800.00	800.00
Balance carried forward	442.73	337.98



Dividend

The Directors recommend for approval of the shareholders at the Annual General Meeting to be held on August 2, 2002, payment of 65% dividend for the year under review (previous year 55%).

Review of Operations

A. Ratings Services

The Ratings business exhibited robust growth during the year 2001-02 notwithstanding the shrinkage in primary debt issuance volumes, indifferent corporate performance and the uncertainties caused by the events of September 11 and December 13, 2001.

Three key trends have underpinned the growth of the Ratings business in 2001-02. The first was the increased activity in the debt markets with declining interest rates. Although primary issuance volumes declined to Rs.39,900 crores in the first nine months of 2001-02 from Rs.66,100 crores in 2000-01, traded volumes in the secondary markets increased sharply to almost Rs. 25,000 crores. The market has shown resilience and bounced back after the setbacks of September 11, 2001 and December 13, 2001. As interest rates moved to historic lows, refinancing of debt witnessed an upsurge.

The second trend was the increased investor demand for ratings. Around 90% of the primary debt issuance in 2001-02 was rated compared to around 70% in 2000-01. This despite the fact that the market is dominated by private placements, where ratings are not mandatory. A growing risk consciousness amongst investors is increasing the demand for ratings. Your Company benefitted the most from this demand as its ratings enjoy the best credibility in the market place.

The third trend was the increased merger & amalgamation activity and the pick-up in the Government's disinvestment programme. Towards the end of FY 2001-02, this trend spurred the demand for rated borrowings. We believe that the above trends would sustain in 2002-03 as well. Other expected growth drivers for the ratings business include increased activity in the debt market with a continued shift in the funding profile towards traded instruments vis-à-vis traditional sources of funding (bank borrowings), higher capital adequacy requirements for financial sector players and reduced sovereign support to state-owned entities. Structured finance is also expected to significantly increase in the coming years and CRISIL is well positioned to capitalise on this business opportunity. The growing use of ratings for credit decisions augurs well for your Company due to its well-established analytical credentials.

Some landmarks achieved by the Ratings division in 2001-02 are highlighted below:

- Grading of healthcare institutions launched with the announcement of grades assigned to three hospitals
- Introduction of a new rating symbol (with "r" subscript) to indicate non-credit risk
- First rated debt transaction for an acquisition
- Two new State Government ratings
- Government of India guaranteed debt ratings
- First rated take-out cum guarantee facility by an infrastructure development finance institution.

Corporate Sector Rating Services (CSRS)

Revenue growth in corporate sector ratings was mainly driven by refinancing of debt due to the continuous drop in interest rates. New offerings such as the Advance Rating Service and structured ratings have grown significantly and account for 30% of the CSRS billings. The 42 new companies rated during 2001-02 constituted 30% of CSRS initial rating fees. The CSRS has also made significant progress in generating business from Standard and Poor's. Although this is still a small component of its revenues, there is a significant order book as on date and CSRS expects



to double its international revenues in the current year. Government's disinvestment programme and a further round of refinancing by stronger corporates, are expected to drive CSRS revenues in the coming year.

Financial Sector Rating Services (FSRS)

2001-02 was a year of buoyant revenues and diverse activity for FSRS. During the year, CRISIL rated Tier II capital issues of seven banks. Three new ratings were assigned to bond funds. The NBFC sector continued to witness increased issuance of rated paper by the larger players. Increasing risk aversion by lenders/investors and restricted avenues for raising capital led to a greater demand for structured finance ratings.

With stringent capital requirement norms on the anvil and increasing provisioning pressures, the banks' appetite for Tier II borrowings is expected to remain high. Funding requirements for growth, the thrust on retail lending and clear trends towards convergence in the financial sector would drive demand for ratings in this sector.

Infrastructure Sector Rating Services (ISRS)

Power, public finance (for infrastructure projects) and oil & gas sectors have been significant contributors to the revenue mix in the infrastructure ratings business. A number of new issuers, primarily Government and quasi-Government entities, have been added to CRISIL's portfolio. Lack of policy level clarity in the infrastructure sector continues to deter investment in infrastructure projects. However, business growth would be driven by project-specific funding by existing issuers in the power and telecom sectors and a second round of refinancing. Investments in retailing and distribution infrastructure in the oil sector following the dismantling of the Administered Price Mechanism, divestment of Government shareholding in Public Sector Undertakings and mergers & acquisitions/network rollouts in the telecom sector are also expected to provide opportunities for ISRS.

Formation of Structured Finance Rating Services (SFRS)

Revenues from rating of structured finance transactions grew significantly in 2001-02 and several new asset classes and instruments were rated. These included office equipment receivables and single and multiple credit Collateralised Loan Obligations (CLO) transactions. Your Company expects the significant growth in structured finance ratings to continue. In an endeavour to provide focused analytical expertise to its clients in this sector and to establish its core competence SFRS was created towards the end of FY 2001-02.

Your Company expects the traditional Asset Backed Securities and Mortgage Backed Securities transactions to continue to be a key revenue source in the coming year. CBO/CLO transactions and newer forms of securitisation such as trade receivables and credit card receivables are also expected to contribute to the growth in the coming year.

Rating Criteria & Product Development Centre (RCPD)

RCPD is the policy research, rating quality assurance and new product development wing of the ratings division. During 2001-02, RCPD developed rating criteria for several new products. The market response for the Healthcare Institution Grading product developed by RCPD has been encouraging. Your Company has already assigned grades to three healthcare institutions. The Broker Evaluation Service was also launched and CRISIL has already assigned the first ratings. RCPD has also developed a Quick Rating Model, a PC-based model to generate indicative rating scores based on financial information. The accuracy of the model is comparable with other similar international products. The product will be launched shortly.

The data-mining activity undertaken by RCPD has led to the compilation of default and transition statistics of CRISIL over the last decade. These find extensive application in the area of credit risk solutions and structured finance transactions.