



A Standard & Poor's Company

CRISIL Analyst Meet

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Disclaimer

This presentation contains forward-looking statements, which may be identified by their use of words like plans, expects, will, anticipates, intends, all statements that address expectation and projection about the future including but not limited to statements about the Company's strategy for growth, product development, market development, market position, expenditure and financial results. These forward-looking statements are based on certain assumptions and expectation of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual result or performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend any forward-looking statements, on the basis of any subsequent developments, information or events.

Key Messages

- **Strong financial performance in 2010**

- 17% growth in revenue
- Operating profit margin 30.8% (34.3% in 2009).
 - Adverse currency movement and planned investment in new facility
- 28% growth in Profit After Tax (PAT)
 - Partly helped by planned divestment of properties and sale of investments

- **Businesses: maintained growth and leadership**

- Maintained leadership positions in all business segments
- Global Research and Analytics business: good volume growth
 - Acquisition of Pipal Research added depth (effective date December 3, 2010)
- Continued expansion of Ratings client base - 25,000 new client in 5 years; 45% of these in 2010 
- **New products:** CRISIL Real Estate Star Ratings (CREST), Education Grading, Revamped crisilresearch.com platform

Key Messages

- **Other initiatives**

- Significant expansion of currency hedging programme
- Share buyback successfully completed; special dividend of Rs 100 per share
- Initiated new employee stock option scheme to increase retention

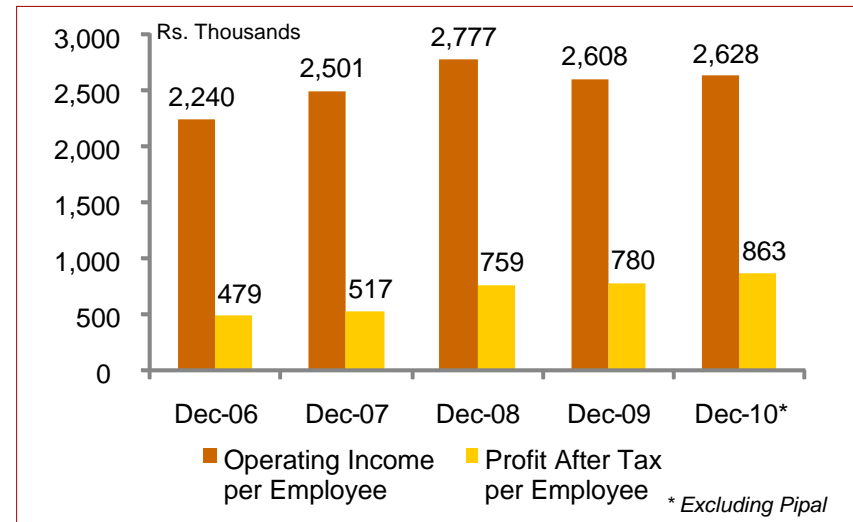
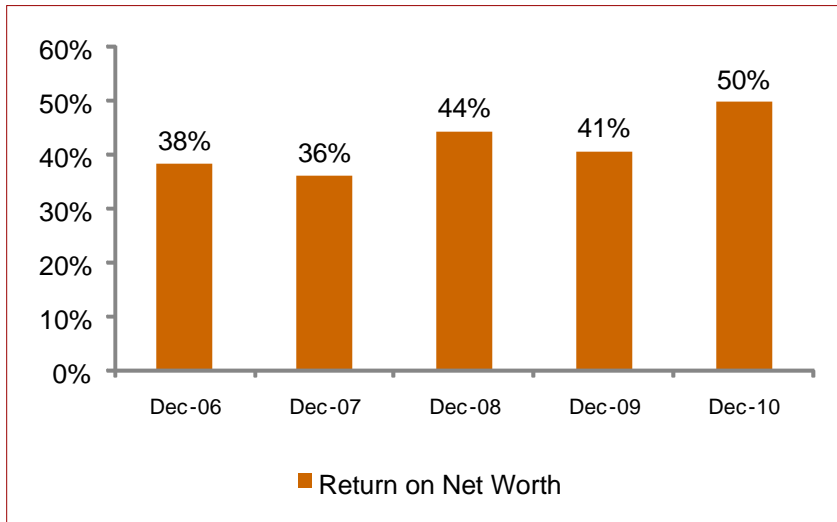
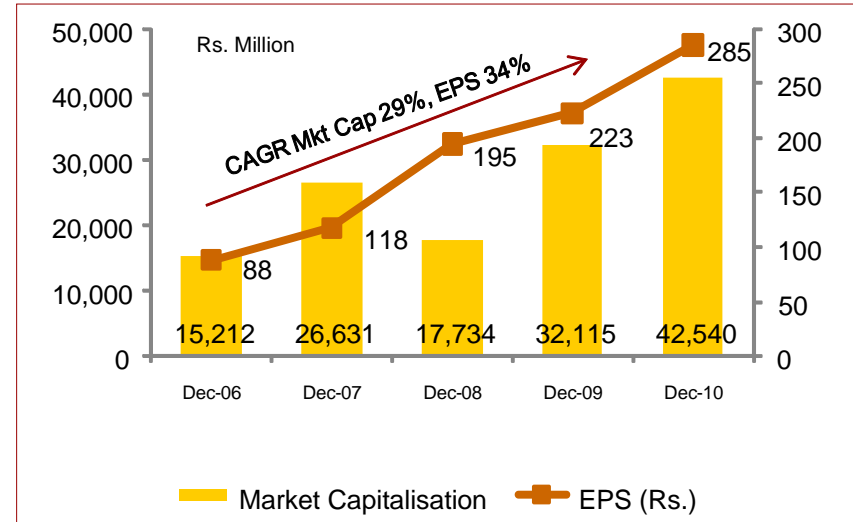
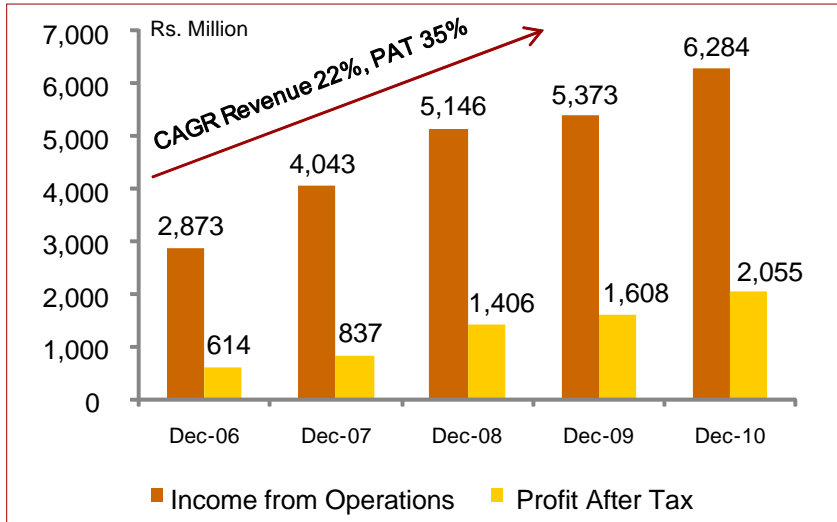
- **Outlook**

- Bank Loan Ratings (BLR), SME and new rating products will drive ratings growth
- Pipal acquisition and new verticals to contribute strongly in Global Research and Analytics
 - Pipal consolidated since December 2010
- Equity and customised research will drive India research business growth
- Key challenges: unexpected rupee appreciation, bond market stagnation, high interest rates, pricing pressures and talent attrition

Content

- **Financial Highlights**
- Business-wise Performance
- Strategic Direction and Outlook

CRISIL: 2006-2010 Financial Trends



CRISIL 2010 Financial Summary

		Rupees Million		
Metrics		2009	2010	YoY
Revenue	Income from Operations (Rs. mn)	5,372.7	6,284.4	17.0%
	Total Income (Rs. mn)	5,602.8	7,014.7	25.2%
Profit	Operating Profit (Rs. mn)	1,844.6	1,938.6	5.1%
	EBITDA (Rs. mn)	2,223.1	2,881.4	29.6%
	PAT (Rs. mn)	1,607.8	2,054.7	27.8%
Margin	Operating Profit (%)	34.3%	30.8%	
	EBITDA (%)	39.7%	41.1%	
	PAT (%)	28.7%	29.3%	
EPS	Basic and Diluted (Rs.)	222.5	285.1	28.1%

- **Continued strong financial performance**

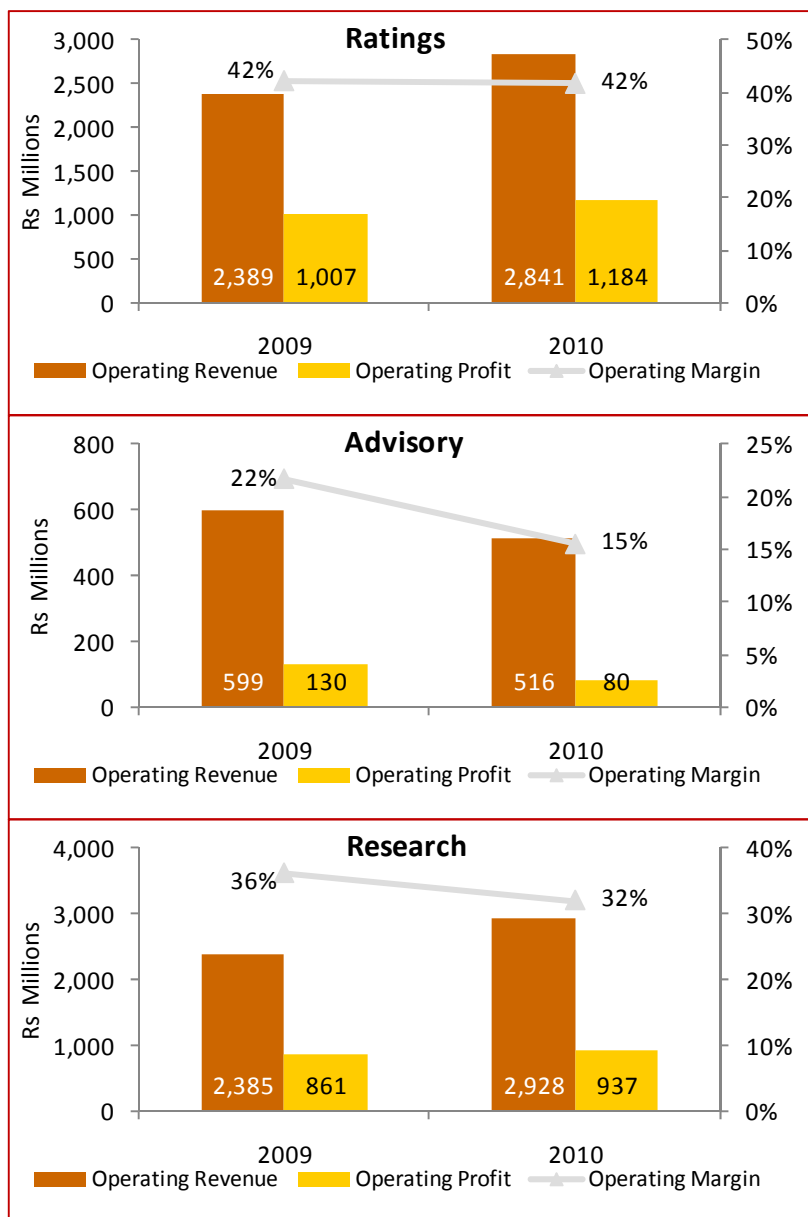
- 23% growth in Research and 19% growth in Ratings drove higher revenues
- Operating profit margins impacted due to planned investment in new facility and adverse currency movement
- Profit After Tax (PAT) includes planned divestment of properties and sale of investment

CRISIL Income and Expenses – Comparison of 2009 vs. 2010

Operating P&L (Rs Million)	2009	% of Income	2010	% of Income
Income from Operations	5,372.7		6,284.4	
Expenses				
Employee Cost	2,078.6	38.7%	2,581.7	41.1%
Selling, General and Administrative Expenses				
<i>Rent</i>	287.6	5.4%	435.7	6.9%
<i>Professional Fees</i>	334.9	6.2%	335.9	5.3%
<i>Others</i>	678.6	12.6%	779.9	12.4%
Total SG&A	1,301.1	24.2%	1,551.6	24.7%
Depreciation and Amortization	148.5	2.8%	212.6	3.4%
Total Operating Cost	3,528.2	65.7%	4,345.9	69.2%
Operating Profit	1,844.6	34.3%	1,938.6	30.8%

- **Revenue grew by 17% despite negative foreign currency impact**
 - Irevna registered robust volume growth: billable headcount grew by 28%
- **3.5% margin drop largely due to lower revenue on account of negative foreign currency impact (2.4%) and due to higher rental cost (1.5%) for shifting to new and larger office facility**

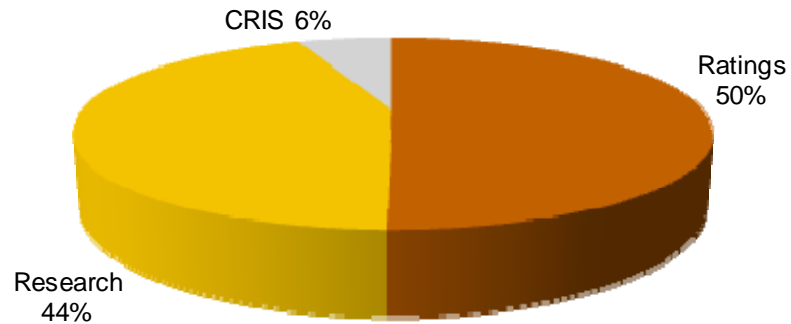
CRISIL Segment Results



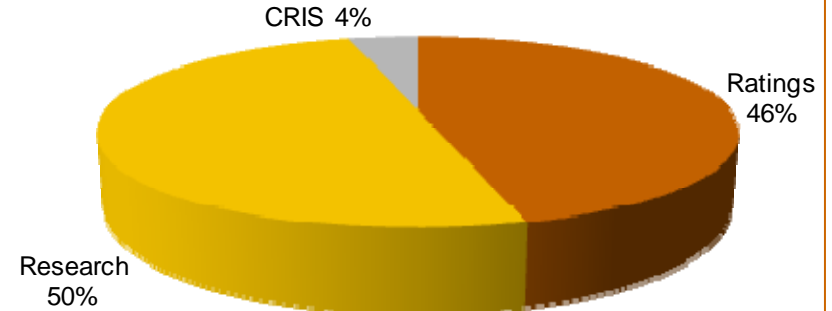
- **Growth in revenues driven by Research (23%) and Ratings (19%)**
- **Continued high and stable margins**
 - Ratings 42% in 2010 (42% in 2009)
 - Despite change in business mix with growth in SME and BLR, which are at lower price points
 - Research 32% in 2010 (36% in 2009)
 - Largely impacted due to foreign currency fluctuation

Headcount

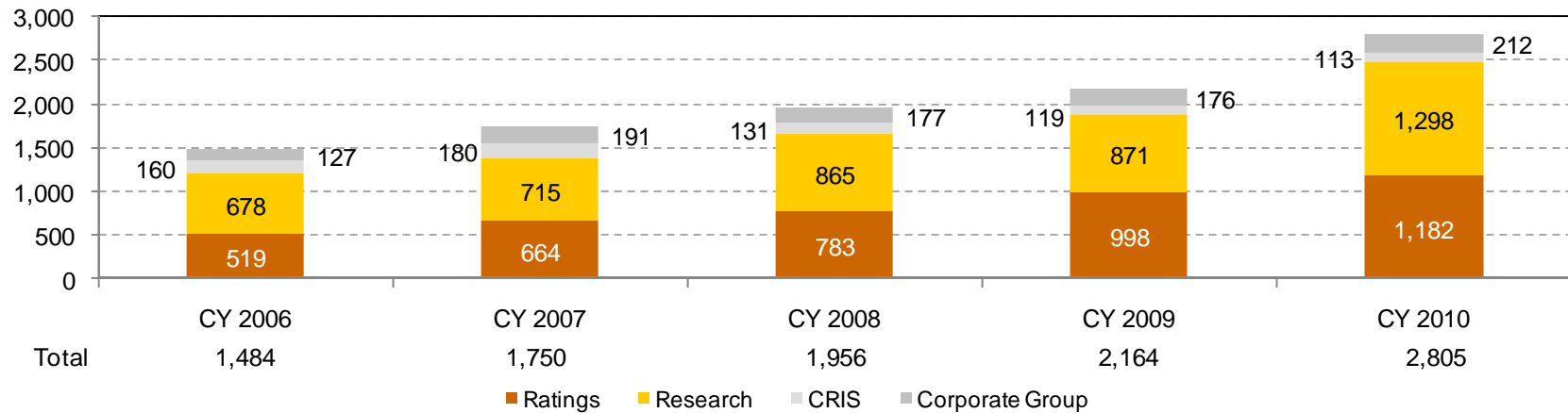
2009



2010





Headcount



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- Financial Highlights
- **Business-wise Performance**
- Strategic Direction and Outlook

Business Segments – 2010 Performance Highlights (1/2)

Segment	Performance Highlights
Ratings	<ul style="list-style-type: none"> • Credit market steady for most part of the year, except for Q4, when debt issuances were impacted by sharp rise in interest rates; Commercial paper (CP) issuances gained momentum  • Continued strong performance in BLR and SME ratings <ul style="list-style-type: none"> – 2,434 ratings announced in BLR and 7,800 ratings in SME – BLR market share continues to be high at over 51%  • New product launches: CREST and grading of educational institutions • Good growth at Global Analytical Centre
Global Research and Analytics	<ul style="list-style-type: none"> • Acquisition of Pipal Research helps to expand presence in the business research and investment research verticals • Irevna acquired 22 new customers. Current customer base is 63 • Argentina & Poland saw strong growth • Expanded geographical presence with research centre in China and sales office in Sydney • Positive market response in the insurance and actuarial verticals

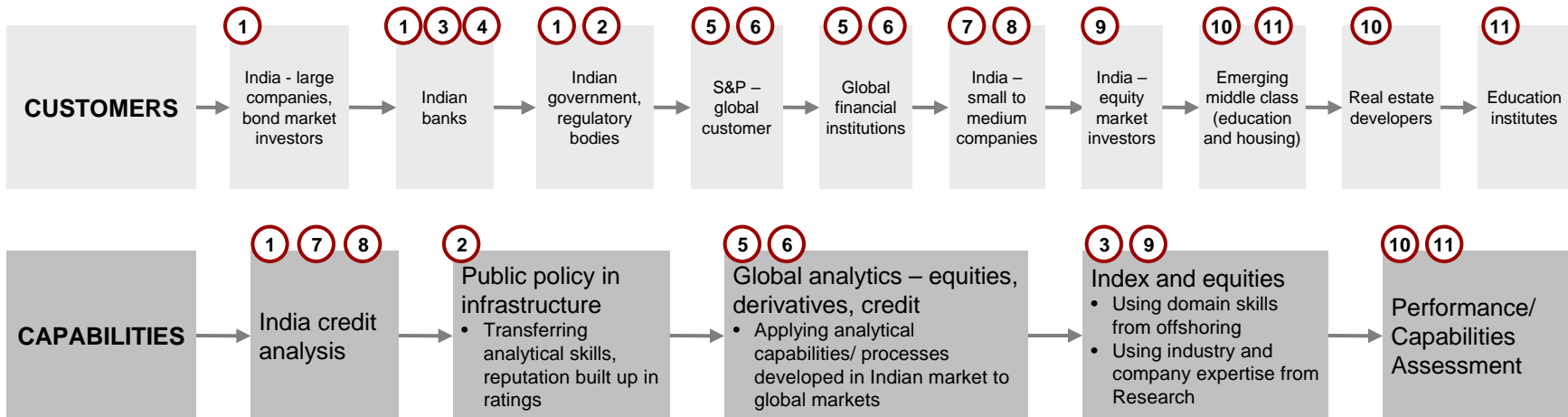
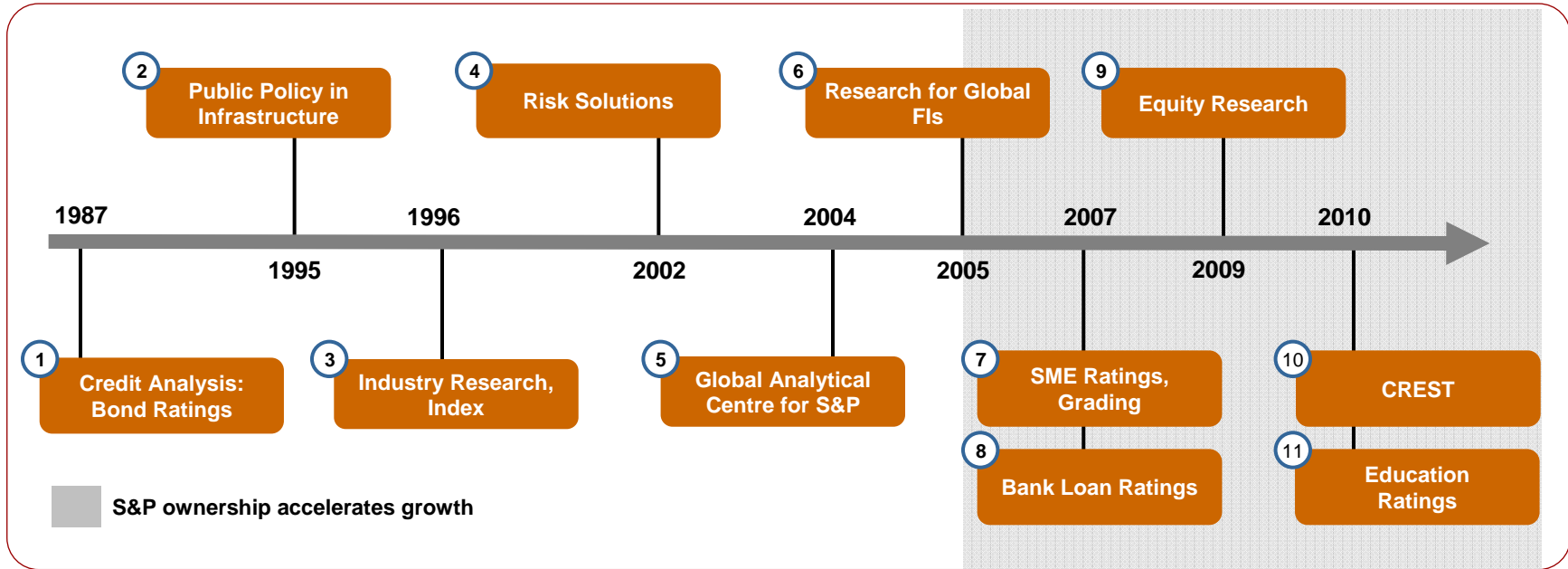
Business Segments – 2010 Performance Highlights (2/2)

Segment	Performance Highlights
India Research	<ul style="list-style-type: none"> • Strong pick-up in equity research and customised research <ul style="list-style-type: none"> – Released 65 Independent Equity Research (IER) reports – Received a mandate from NSE to provide reports on entities listed on the exchange • Received a prestigious mandate from Employees Provident Fund Organisation (EPFO) in funds services • Revamped crisilresearch.com website – interactive and near real-time research platform
CRIS	<ul style="list-style-type: none"> • CRIS diversified its client profile in international geographies from multilateral and government agencies to private investors and developers • Risk Solutions executed several high value mandates from private sector, public sector and foreign banks

Content

- Financial Highlights
- Business-wise Performance
- **Strategic Direction and Outlook**

CRISIL's Evolving Footprint Around Core Capabilities



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2006-2010: How We Have Grown

Year	2006	2010	CAGR
Income	2,873	6,284	22%
PBT	802	2,669	35%

Figures in Rs. Millions except Growth

Growth Since 2006

Explosive growth in customer base

- Expanded from 521 to 25,000
- Tapped fast-growing midsize/small companies in India
- Added new customers in Irevna

Vastly expanded reach

- 9 cities to 150 cities in India
- Centers in Argentina, Poland, China
- Infrastructure Advisory in 22 countries

Continuously introduced new products/services

- BLR, SME evaluations for aggregators, Independent Equity Research, CREST, Derivatives, Quants

Built capability to run scale businesses

- Using networks and partnerships for customer acquisition - a key enabler
- Invested in technology
- Change in skill mix, employing more graduates; getting the right people for specific jobs
- Extensive use of workflow to strengthen process
- Culture change to manage scale operations

New building

Organisational strengthening

- Systematic leadership development
- Stronger corporate functions
- External visibility and internal communication

Ready for the Next Level

- **CRISIL is geared for the next level**
 - 6,000 mark in credit ratings
 - 17,500 SME ratings makes us India's largest SME rating agency
 - 11 of the world's top 15 investment banks are Irevna's clients
 - Strong growth in Polish and Argentinian operations
 - Poised to become the largest provider of equity research in India
 - Acquired Pipal Research to expand our footprint in the global corporate sector
 - Firmly positioned to make markets function better globally
- **Our key strengths**
 - Analytical Rigour
 - Strong credibility
 - Track record of being first to market with new products and processes
 - Large customer base

2011 Outlook

- **Bond markets expected to remain subdued in the initial part of 2011; but long-term prospects remain strong**
- **The BLR market is likely to remain steady in 2011, as banks become increasingly compliant with Basel II requirements**
- **The demand for SME ratings is expected to remain robust in 2011**
- **Demand for research and analytical services expected to remain good**
 - The Irevna-Pipal Research combine is the leader in this market
- **Continued activity expected in the energy sector; revival of deferred projects in the urban sector**

Key Risks and Mitigants

- **Foreign currency movement could impact revenues**
 - We started hedging programme to cover substantial portion of foreign currency revenues
 - Rs.138 crore of 2011 revenues hedged
- **Bond market stagnation**
 - CRISIL's diversified business counters the risk
- **Key employee retention is a core enabler of our growth prospects**
 - Focused employee engagement initiatives, stock option scheme
- **Pricing pressure is a challenge in competitive markets**
 - Clearer communication of customer value proposition, coupled with product and process redesign to increase efficiency

CRISIL Quarterly Results – Q1 2010 vs. Q1 2011

Rupees Million

Metrics		Q1'2010	Q1'2011	Growth
Revenue	Income from Operations (Rs. mn)	1,427.9	1,767.3	23.8%
	Total Income (Rs. mn)	1,641.4	1,814.0	10.5%
Profit	Operating Profit (Rs. mn)	409.7	515.4	25.8%
	EBITDA (Rs. mn)	669.6	609.5	-9.0%
	PAT (Rs. mn)	461.5	459.8	-0.4%
Margin	Operating Profit (%)	28.7%	29.2%	
	EBITDA (%)	40.8%	33.6%	
	PAT (%)	28.1%	25.3%	
EPS	Basic (Rs.)	63.88	64.80	1.4%
EPS	Diluted (Rs.)	63.88	64.76	1.4%

Strong financial performance

- 24% growth in Revenue
- Operating profit margin grew by 0.5%
- 25.8% growth in operating profit
- Maintained PAT in Q1 2011 despite one time income from sale of properties of Rs 183.3 mn in Q1 2010.



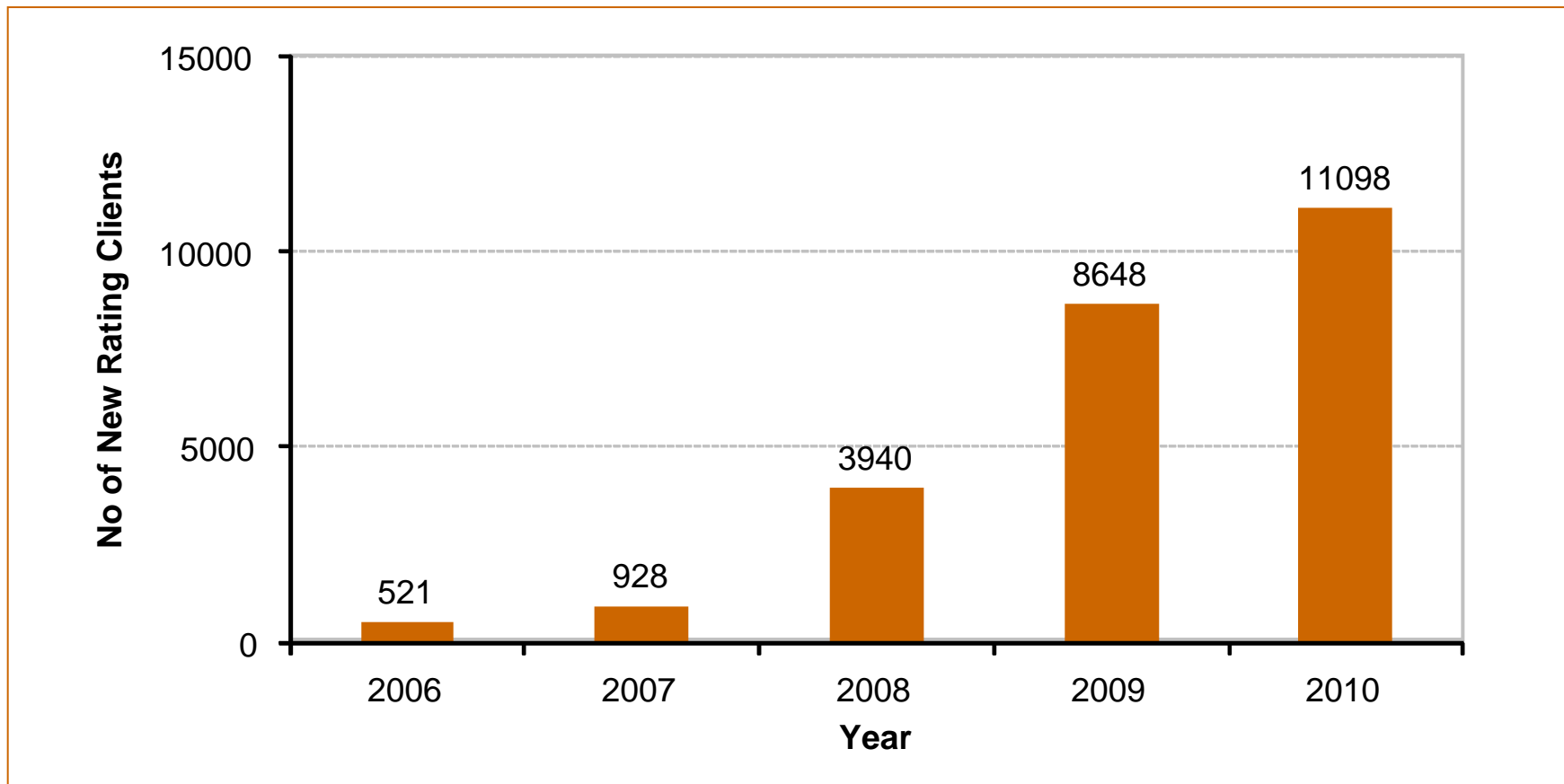
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www.crisil.com

www.standardandpoors.com

Substantial Growth in New Client Relationships



- **BLR: 2,434 ratings announced in 2010; 2,268 in 2009; 845 in 2008**
- **SME Ratings: 7,800 ratings assigned in 2010; 5,178 in 2009; 2,437 in 2008**



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Bank Loan Ratings

- **CRISIL continues to lead the market**

- 5563 ratings announced until Dec 2010, market share of about 51%
- Rated facilities totaling over Rs 10.34 trillion

CRISIL Market Share			Distribution of Bank Loan Ratings by loan size - CRISIL				
Period	# Ratings announced	Market Share %	Loan Size (Rs. Mn.)	No. of Ratings upto Dec 2009	% of total 2009	No. of Ratings upto Dec 2010	% of total 2010
2007	15	42	<100	239	8%	723	13%
2008	845	46	100-250	990	32%	2,058	37%
			250-500	662	21%	1151	21%
2009	2268	55	500-2,500	900	29%	1231	22%
			2,500-5,000	154	5%	181	3%
2010	2435	51	>5,000	183	5%	219	4%
Total	5,563	51	Total	3,128	100	5,563	100



Ratings – Bond Market Trends

Segment-wise Debt Volumes (Rs. Bn)	FY – 06	FY – 07	FY – 08	FY – 09	FY – 10	Apr – Dec 10
Financial Sector	651	833	1,058	1,191	1,213	964
Structured Finance	184	221	714	507	436	202
Corporate and Infrastructure	143	102	96	573	722	482
Total	978	1,156	1,868	2,271	2,371	1,648
Commercial Paper #	173	213	338	471	755	825 ^

- **Bond market growth was sluggish during later part of last year owing to high interest rates and restrained liquidity**
- **2011 has also begun on a similar note. However bond market can see some growth in 2011 due to**
 - Focus of the government and regulator to increase access of the infrastructure sector to the bond market.
 - Increase in FII limit in corporate bonds to USD 40 bn from USD 20 bn.
 - CDS draft guidelines issued by RBI
 - Credit enhancement schemes for Infrastructure entities

Source: Prime database for non-structured issuances, press releases of rating agencies /market data for structured issuances

Source :RBI data on Commercial Paper. Amounts refer to average CP outstanding for the year

^ Data is as on Dec 31, 2010



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