



2012 Analyst Meet

Roopa Kudva
Managing Director and CEO, CRISIL

April 16, 2012

Key messages



- **CRISIL has delivered strong business and financial performance over its 25-year history**
 - This performance continued in 2011, and in Q1 2012
- **CRISIL is today a globally diversified analytical platform with leading positions in multiple high-growth segments**
- **CRISIL's operating and financial metrics are stronger today than ever before**
- **For the years ahead, CRISIL has an ambitious strategy for leveraging its strengths for growth and profitability**

Q1 2012 results

Q1 2012 Results



Metrics		Q1 2012	Q1 2011	Q4 2011	Growth	
					Y-o-Y	Q-o-Q
Revenue	Income from Operations (Rs. Mn.)	2,292	1,767	2,176	29.7%	5.3%
	Total Income (Rs. Mn.)	2,345	1,814	2,337	29.3%	0.4%
Profit	Operating Profit (Rs. Mn.)	744	515	717	44.4%	3.8%
	EBITDA (Rs. Mn.)	817	563	730	45.2%	12.0%
	PAT (Rs. Mn.)	570	460	558	23.9%	2.1%
Margin	Operating Profit (%)	32.5	29.2	32.9		
	EBITDA (%)	35.7	31.8	33.5		
	PAT (%)	24.8	25.7	24.8		
EPS	Basic (Rs.)	8.13	6.48	7.86	25.5%	3.5%
	Diluted (Rs.)	8.08	6.48	7.82	24.7%	3.4%

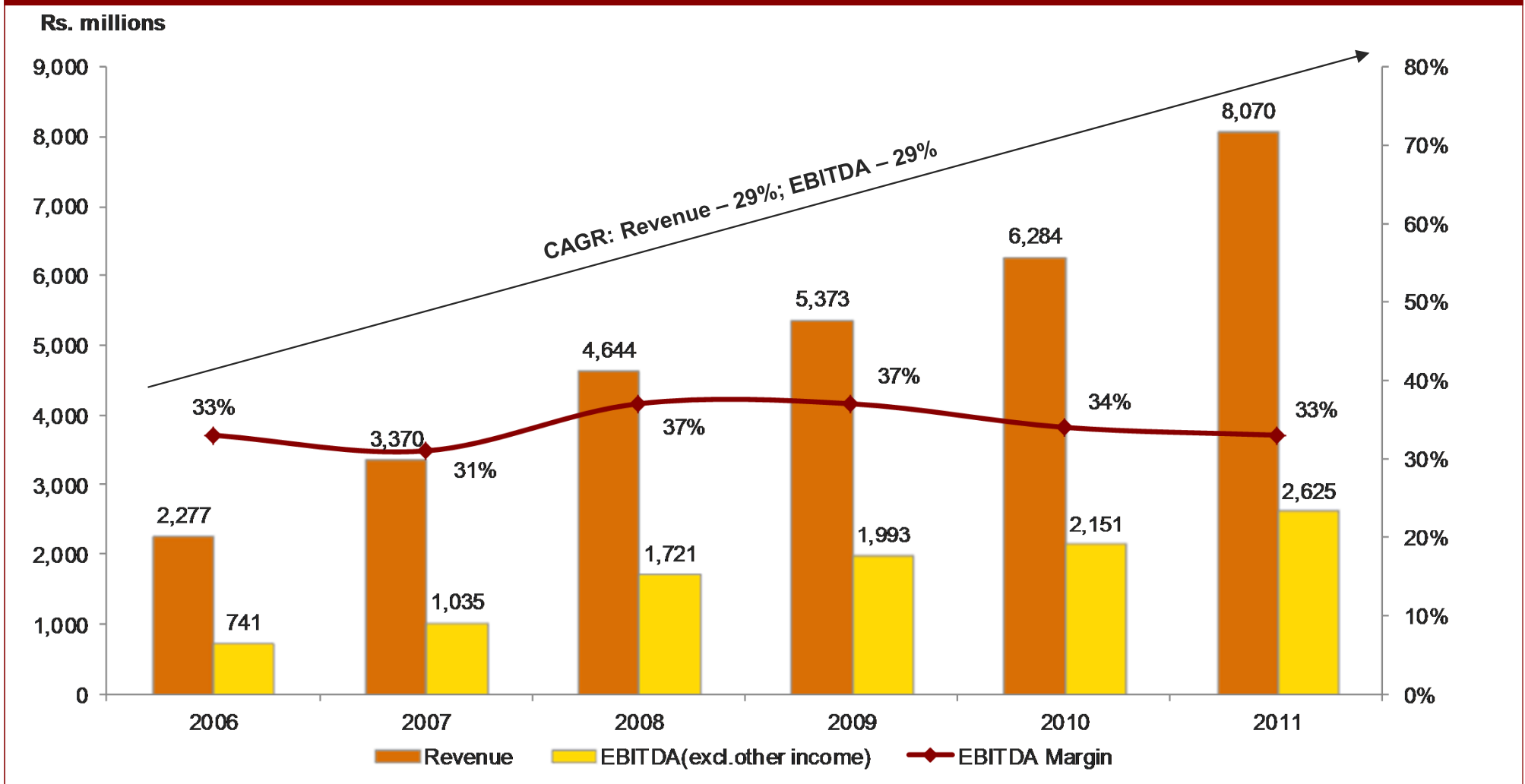
■ Strong financial performance

- 30% growth in Revenue; 44.4% growth in operating profit.
- Operating profit margin grew by 3.3%
- Dividend for Q1: Rs. 3 per share; in addition Silver Jubilee dividend of Rs. 3 per share

Key financial and operating metrics

Maintaining profitability with rapid growth despite smaller ticket sizes

Revenue and EBITDA

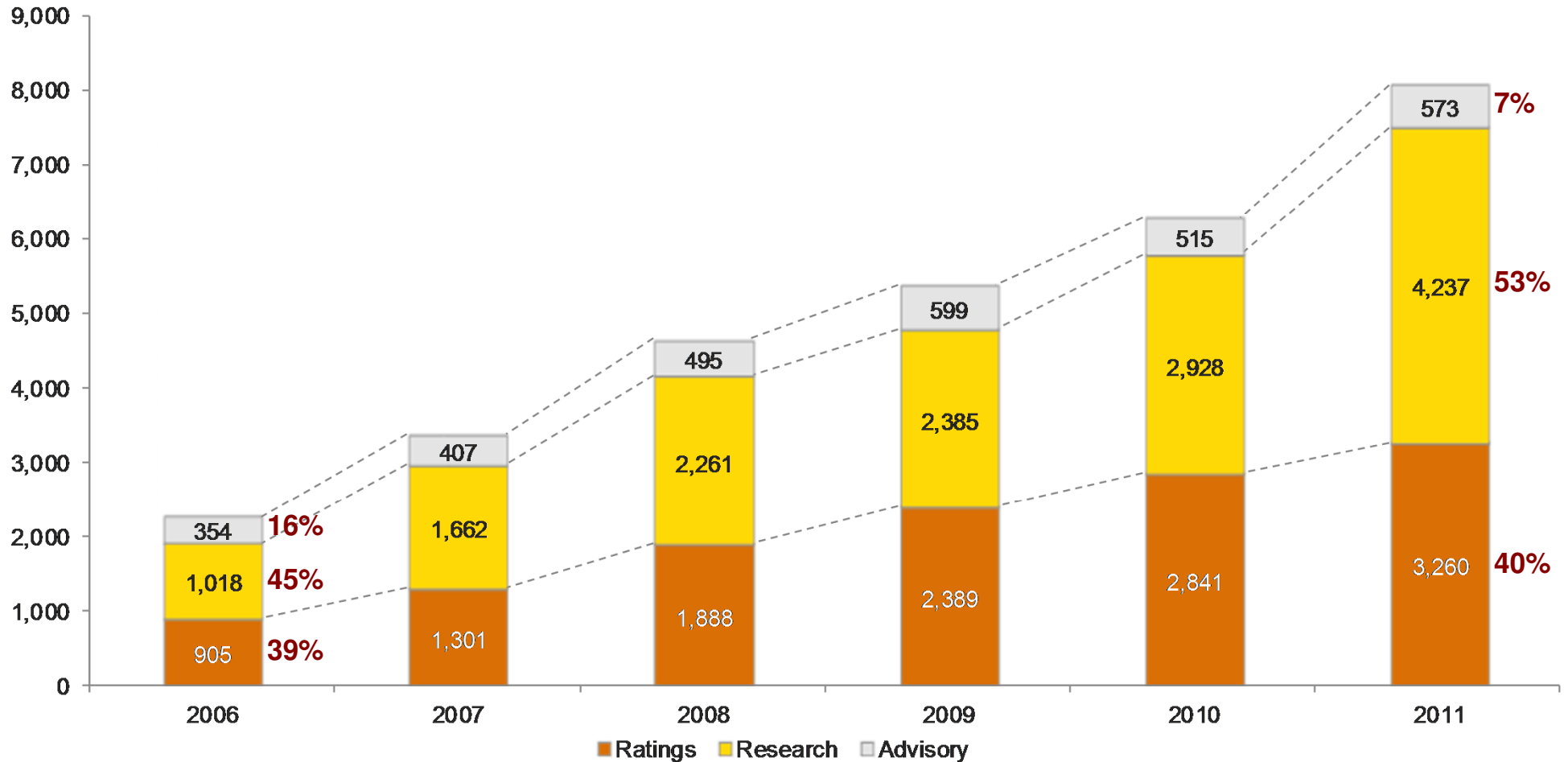


1. Results for continuing operations – figures do not include Gas Strategies Group and CRISIL MarketWire
2. CAGR for Revenues would be 23% and EBITDA would be 26% if we take into account the contribution from divested businesses

Diverse and rapidly-growing revenue streams

Revenue by segment

Rs. millions

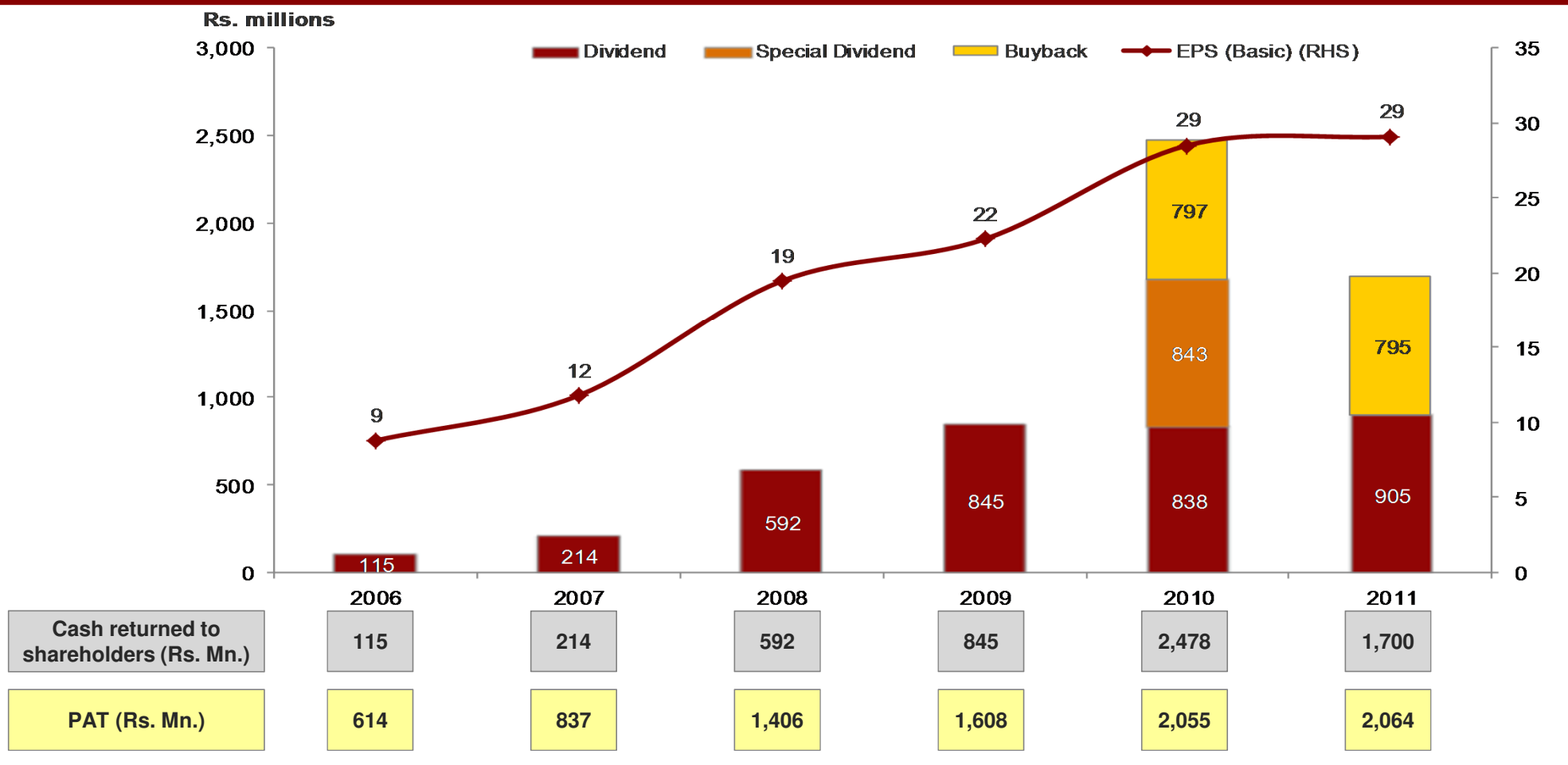


Results for continuing operations

Strong track-record of returning cash to shareholders



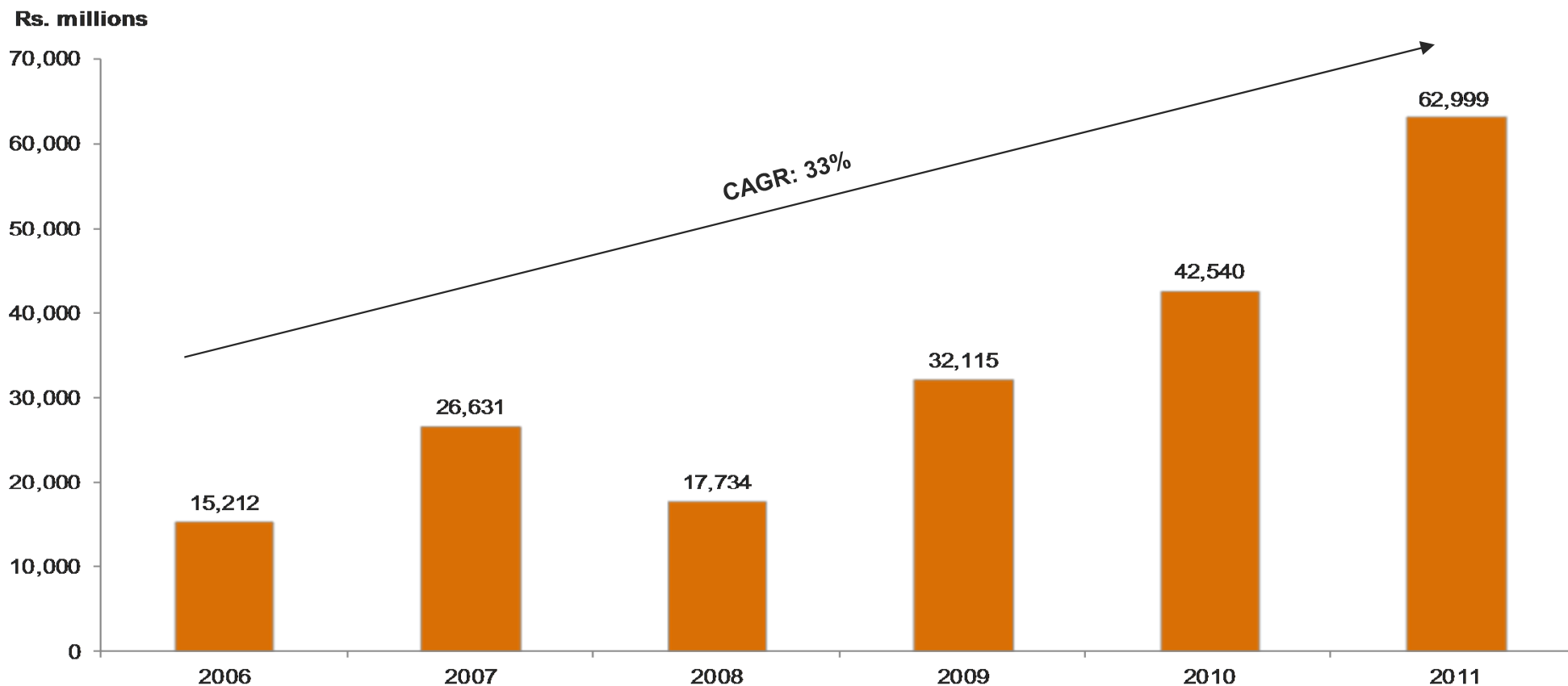
PAT, EPS, and Cash Returned to Shareholders



- Returned 69% of cumulative six-year PAT (CY06-CY11) to shareholders through dividends and two share buyback programmes

Cash returned to shareholders is the sum of dividends paid and amounts spent on share buyback

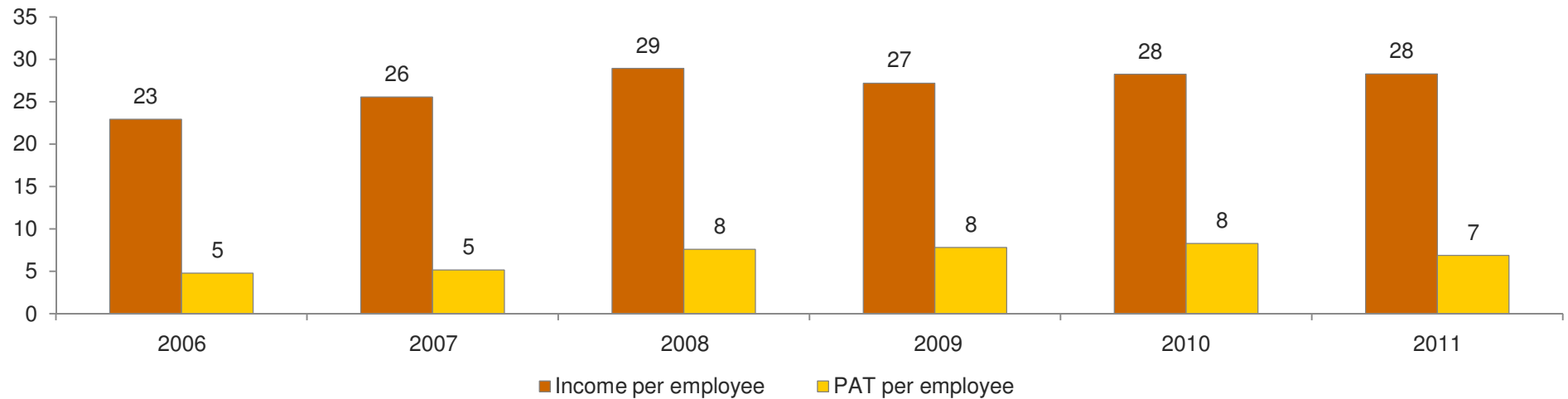
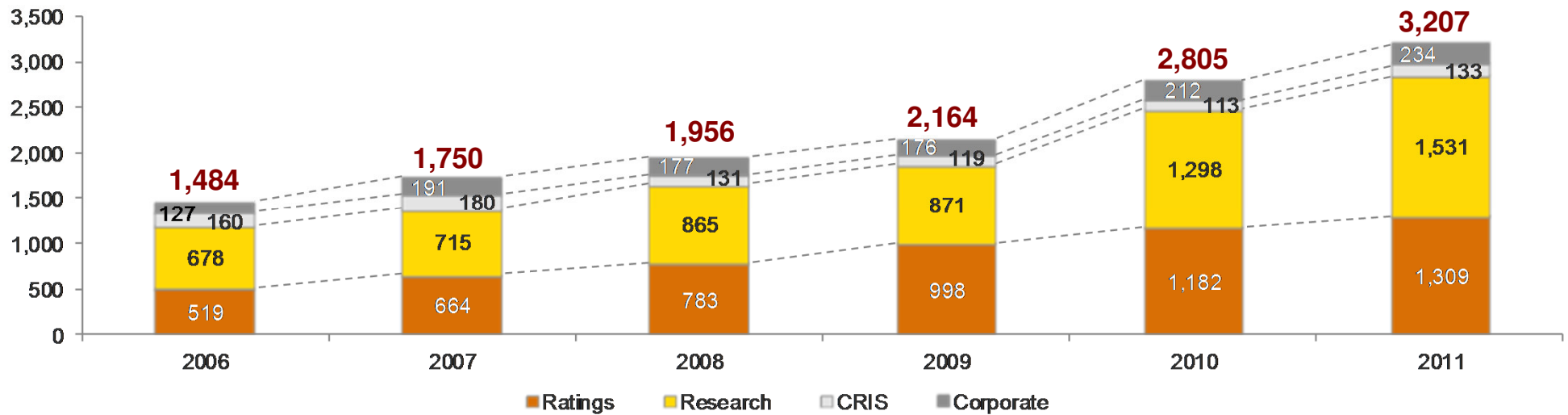
Market capitalisation



- **Stock price appreciation of 478% over a 6-year period from 2006 to 2011**
 - 10th highest price appreciation among S&P CNX 500 companies
 - 9th highest total return (price appreciation plus dividend) among S&P CNX 500 companies

An expanding and diverse workforce

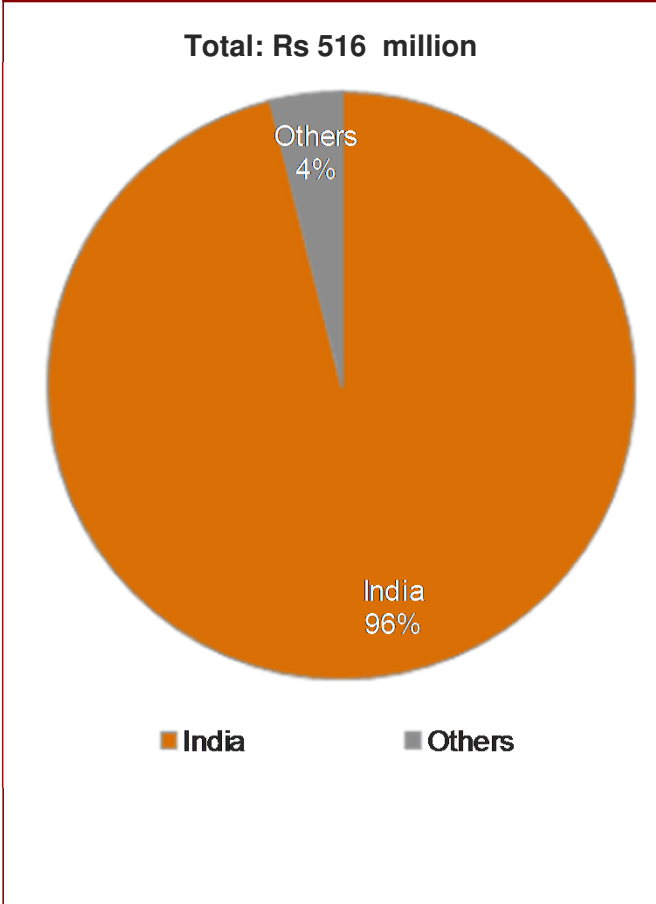
Headcount by segment and employee productivity



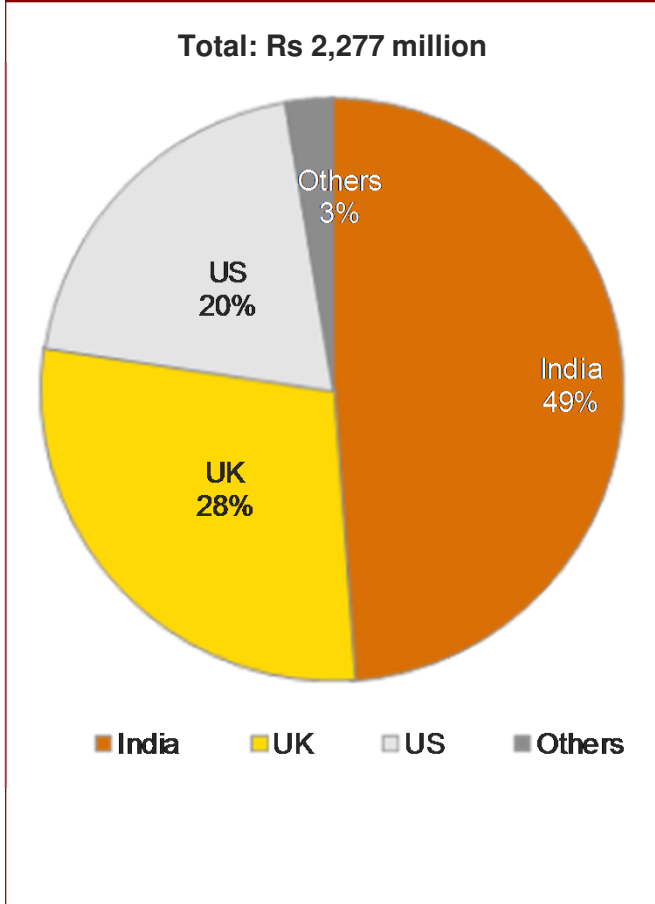
Increasing geographical diversity with revenue expansion



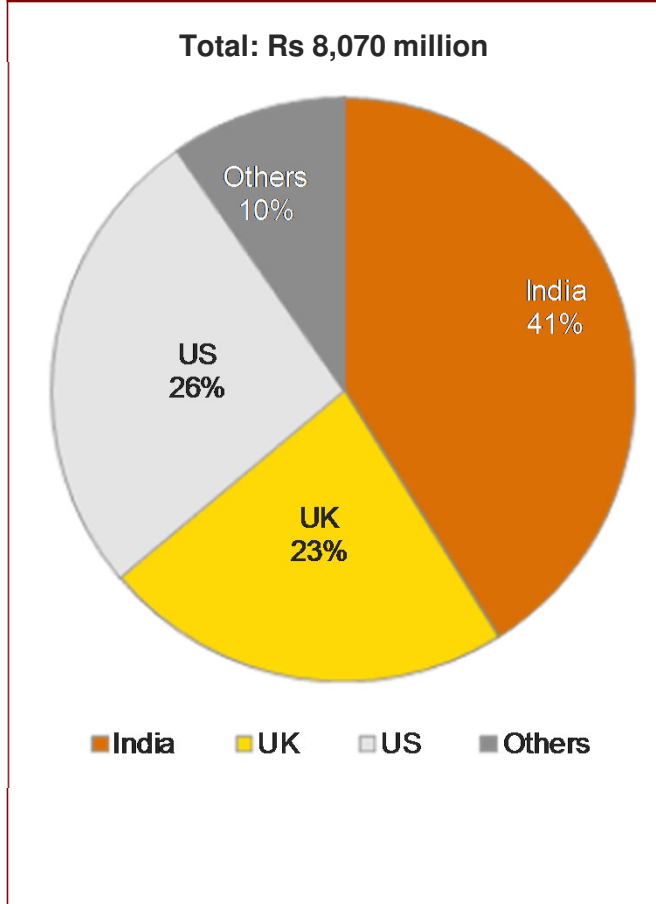
Business mix by geography 2000-01 (12 months)



Business mix by geography 2006



Business mix by geography 2011

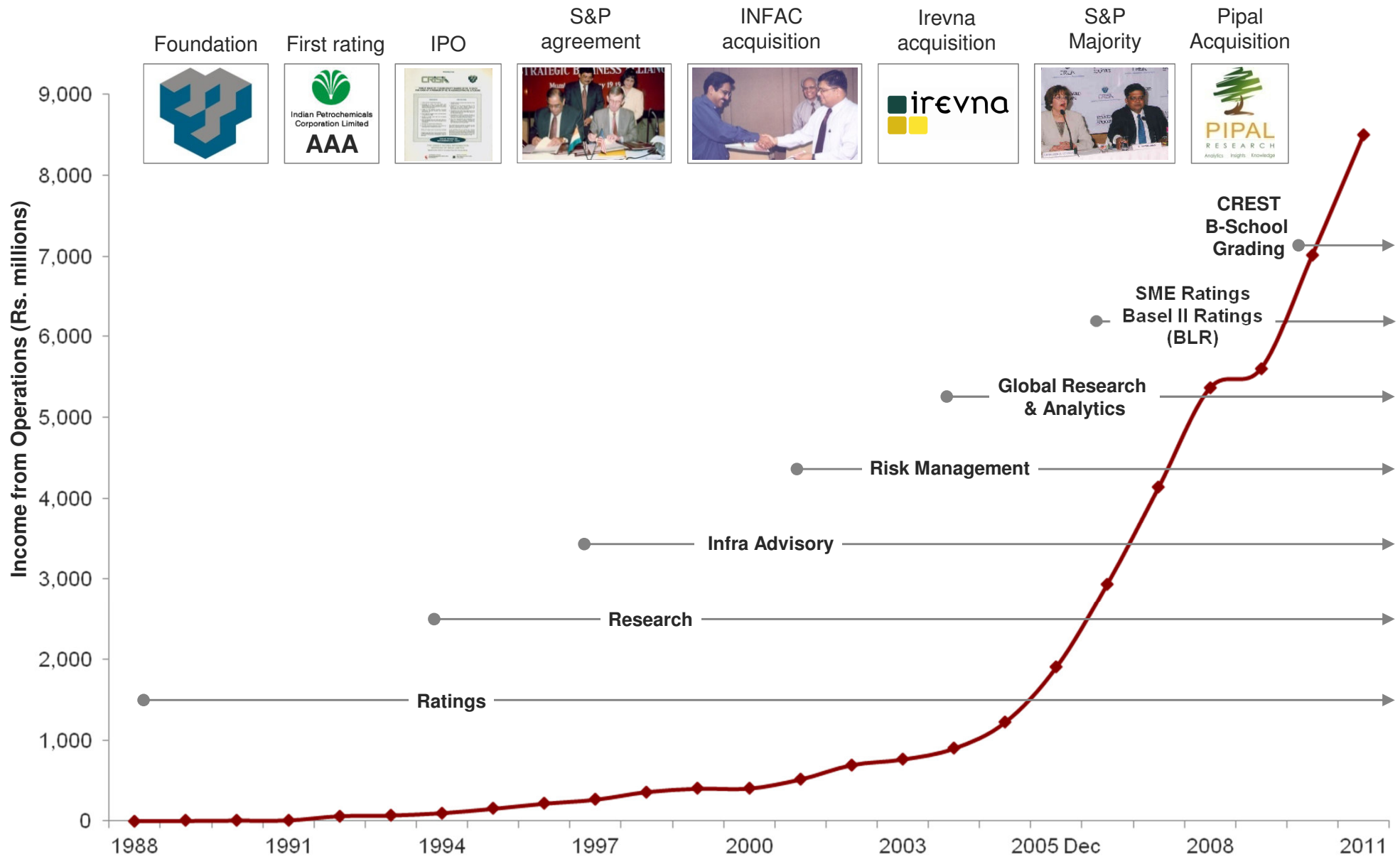


Results for continuing operations

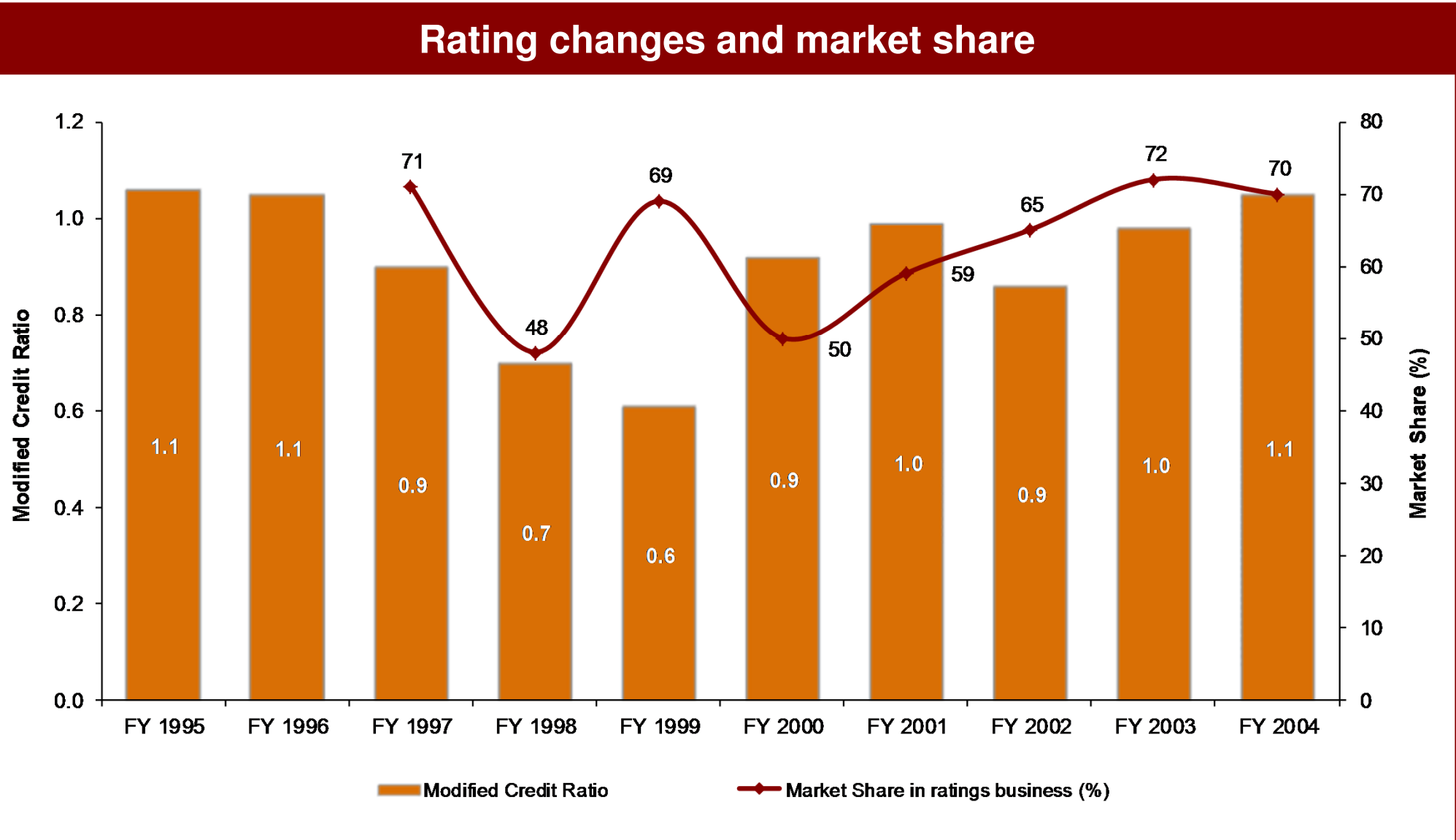
Historical milestones

25 years of making markets function better

The evolution of CRISIL



Analytical rigour and independence



How our experience has shaped us – values and culture



CRISIL's values

- Analytical Rigour
- Independence
- Innovation
- Integrity
- Commitment

CRISIL's culture

- Entrepreneurial and experimental
- Growth-oriented
- Decisive in business
- Nurturing
- Deep domain expertise at the highest levels
- Encourages horizontal teamwork
- Result-oriented
- Open and non-political
- Strong sense of ethics

How our experience has shaped us – a tradition of innovation



- **1987: Pioneered the concept of credit rating in India**
- **First to market with all new rating products**
- **SME Ratings:** A non-traditional product with a non-traditional business model is CRISIL's fastest growing business today
- **Bank Loan Ratings:** Scaled up from 450 to 7,300 ratings through innovative sourcing strategy and top class workflow developed in-house in record time
- **CRISIL Certified Analyst Program:** A world-class talent augmentation practice aimed at providing cost-effective, high-quality, custom-trained talent
- **Pioneered outsourcing of equity research and derivatives**
- **Cutting Edge platform for delivering research to clients**
- **Pioneering back-end financial database:** Centralized and harmonized all of CRISIL's analytical data
- **Only Platinum Rated (highest rating), LEED Certified office building in McGraw-Hill Corporation across the globe, project-managed by an in-house team**

The strategic outcome

Article from *The Economist*,
March 17-23, 2012, p.68



Credit-rating agencies

Letters from India

India's ratings agencies are thriving—without a CDO in sight

Mar 17th 2012 | MUMBAI | from the print edition

THERE'S a land far from Wall Street, where credit-rating agencies are not outcasts and can look in the mirror without feeling sick. This paradise is India, with six licensed ratings agencies, the biggest of which, CRISIL, has a market value that has just soared beyond \$1.3 billion. (Moody's, one of the three big Western agencies, is worth \$8.9 billion.) These outfits use the same model—the issuer of debt pays for the rating—as their counterparts in rich countries, where the resulting conflict of interest helped devastate the economy. How exactly has India got things right?



Cynics might say the rot has just not had time to set in. Debt markets are still puny and the three big agencies, CRISIL, CARE and ICRA, were all set up between 1988 and 1993 and sponsored by worthy financial firms that were often state-controlled. But India's financial supervisor, SEBI, has also been on the ball, passing rules on agencies in 1999, about a decade before the West got serious. If an agency wants to rate bank loans it also needs permission from India's central bank, which takes a dim view of financial gymnastics.

The rupee debt market is ring-fenced from the outside world, which may have stopped sloppy habits immigrating. And those agencies with foreign shareholders seem to be fairly independent. Standard & Poor's owns 52% of CRISIL, a position it took in 2005, and Moody's owns 29% of ICRA. Both American outfits rate non-rupee debt issued by Indian firms separately.

Good regulation and distance from the rest of the industry have helped, but India's agencies have also diversified cleverly. Rather than growing by rating structured products, most firms have stretched the business to small companies and beyond. ICRA rates local-currency debt in Indonesia (it leaves hard-currency stuff to Moody's, its shareholder). Vivek Kulkarni of Brickwork, a newish agency, says it may offer quality ratings for hospitals.

Most firms are spreading beyond ratings altogether. CARE, which had been wary, wants to develop its consultancy business "as long as we can take care of conflicts of interest," says D.R. Dogra, its chief. Nareish Takkar, the

managing director of ICRA, sees most of its shares come from services other than ratings. CRISIL, an impressive outfit, is furthest down this path with half its sales from abroad, mainly from helping banks with equity research and risk-management models, demand for which has soared thanks to more regulation in the rich world. Its boss, Roopa Kudva, says that in the mid-1990s it downgraded lots of its ratings and saw customers pull business from it as a result. The experience helped convince it that it needed to have other income streams to protect its independence.

In this section

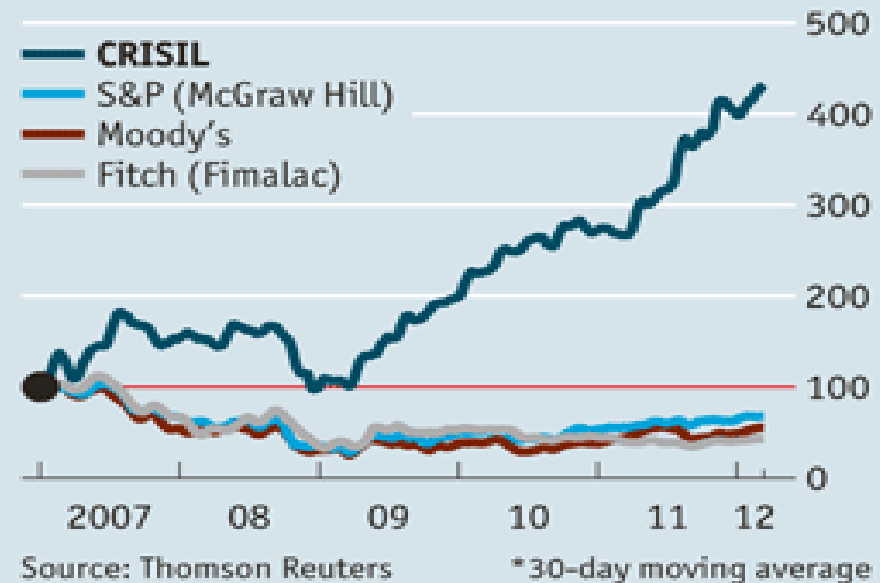
- Shares and shibboleths
- Death of a non-salesman
- The wait is over
- Letters from India
- Distressing news
- Emerging appetites
- Fears of a hard landing
- Body of evidence
- Reprints

Related topics

- Moody's
- Business
- Companies
- India
- Corporate credit ratings

Upgraded

Share prices, January 1st 2007=100*




"...CRISIL, an impressive outfit, is furthest down this [diversification] path with half its sales from abroad, mainly from helping banks with equity research and risk-management models, demand for which has soared thanks to more regulation in the rich world. Its boss, Roopa Kudva, says that in the mid-1990s it downgraded lots of its ratings and saw customers pull business from it as a result. The experience helped convince it that it needed to have other income streams to protect its independence."

What unifies our businesses

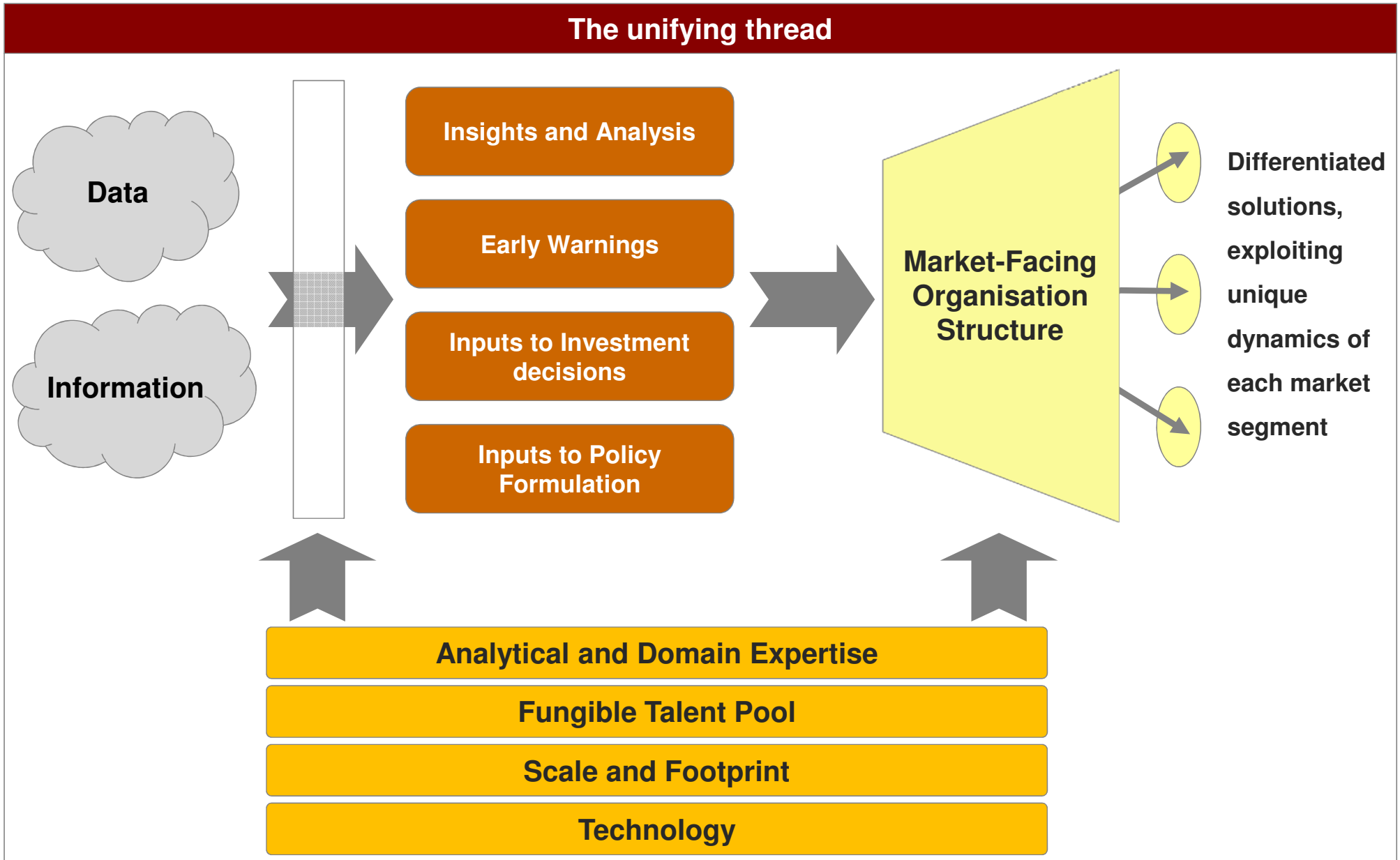
CRISIL's businesses



Ratings	SME Ratings	Global Analytical Center
<ul style="list-style-type: none"> ▪ Market leader in all segments ▪ Bank loan ratings have been a growth driver ▪ Client base of 8,000+ <p> Slide 31</p>	<ul style="list-style-type: none"> ▪ Market leader in retail SME, 50%+ share ▪ Rated over 25,000 SMEs ▪ Assessed over 5000 SMEs for institutional clients 	<ul style="list-style-type: none"> ▪ Supports S&P ▪ Provides data, analytical, modeling and product support ▪ Enables S&P to improve quality and reduce time to market

CRISIL Global Research and Analytics	CRISIL Research	Risk Solutions	Infrastructure Advisory
<ul style="list-style-type: none"> ▪ High-end global research ▪ Equity, derivatives fixed income credit research ▪ Capabilities in corporate vertical with the addition of Pipal Research 	<ul style="list-style-type: none"> ▪ Leader in economy, industry, equity, funds research ▪ 90% of banks in India are customers 	<ul style="list-style-type: none"> ▪ Credit scoring, capital calculation tools for banks ▪ Leader in the Indian market ▪ More than 30 financial Institutions are clients 	<ul style="list-style-type: none"> ▪ Policy-level support in infrastructure in India and 22 other countries ▪ Strong franchise benefits with government and regulators

CRISIL's businesses – The unifying thread



CRISIL's businesses – The value proposition

All our businesses offer similar value propositions to our clients



All our businesses make markets function better

All our businesses make markets function better (1/2)



■ Credit Ratings

- Unmatched coverage: one out of every two companies rated in India has a CRISIL rating
- Rates 2/3rd of India's corporate bonds and 45 banks that account for 90 per cent of India's banking
- Rated more than 550 retail loan portfolios aggregating Rs 1.2 trillion

■ SME Ratings

- Pioneered the concept in India, designed affordable and tailor-made rating products
- Rated 31,000 SMEs, by far the highest number anywhere in the world
- 40+ large banks use our ratings as inputs for evaluation and monitoring of SMEs; several of India's largest companies use our assessment services to evaluate their vendors, dealers, franchisees etc.

■ CRISIL Research

- India's largest independent and integrated research house covering economy, industries, capital markets and companies
- Largest independent equity research house in India covering more than 100 mid and small cap companies; produce company reports on all 1,401 companies listed and traded on the NSE
- Largest provider of fixed income valuations in India; Value more than Rs.33 trillion (USD 650 billion) of Indian debt securities, comprising 85 per cent of outstanding securities
- Sole provider of fixed income and hybrid indices to mutual funds and insurance companies;
- Retained by India's Employees' Provident Fund Organization, the world's largest retirement scheme covering over 50 million individuals, for selecting fund managers and monitoring their performance

All our businesses make markets function better (2/2)



■ CRISIL Global Research & Analytics

- Largest team of financial research analysts in the world outside of banks
- 2,000 global stocks under full coverage; 140 sector reports, 120 thematic / strategy reports, in 2011
- Insights on 65 global sectors, 9200 global firms, delivering key inputs to strategic planning activities
- Research supports 80% of global structured finance market, 60%+ of global credit markets
- Annually review over 20 per cent of outstanding exotic equity derivatives globally; generated 150+ trade ideas, back-tested 1,000+ trade ideas, built/validated 300+ models, in 2011

■ CRISIL Infrastructure Advisory

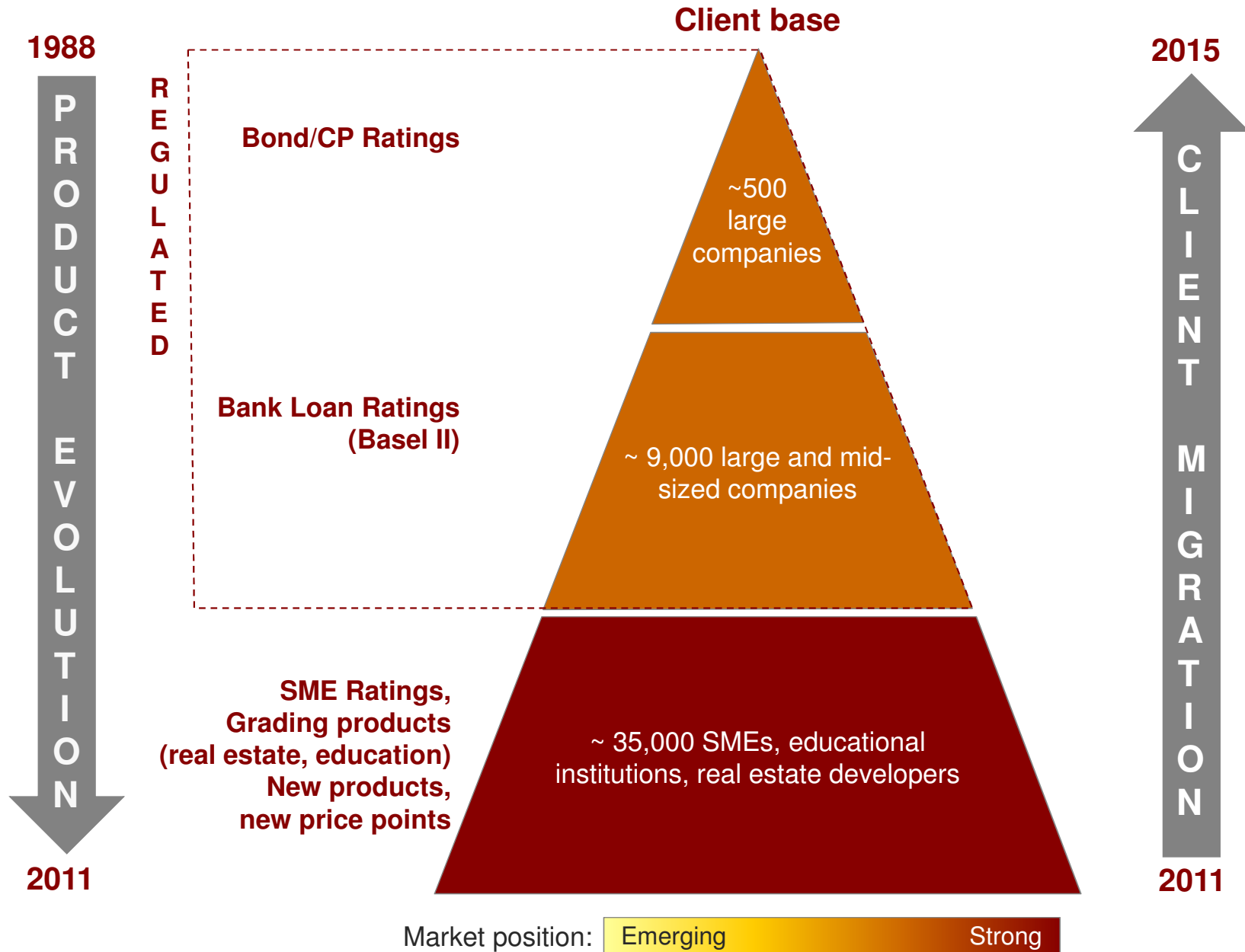
- Enable governments to shape public policy, create sustainable and transparent regulatory frameworks
- City development plans for five cities with a million plus population
- Municipal Water reforms – advising over half the water public private partnerships (PPP) in India
- Financial risk management framework in PPP projects for Govt. of India
- PPP policy frameworks for Namibia and Thailand

■ Risk Solutions

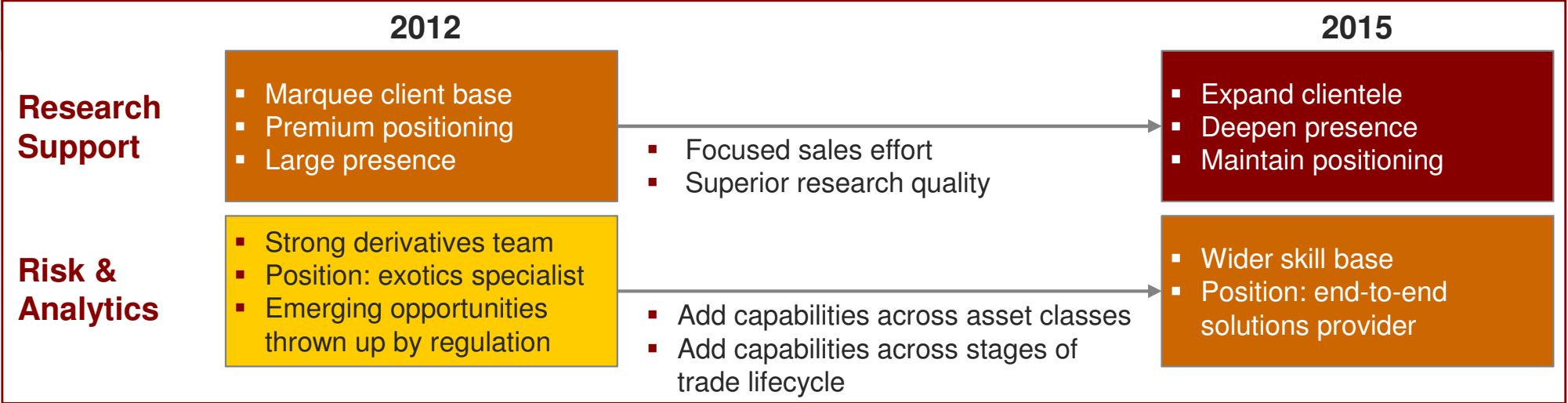
- Helped over 50 banks and financial institutions adopt best practices in risk management
- Provided risk management solutions to 8 of the top 10 Banks in India
- Strategic working relationship with S&P who are selling CRISIL Risk management tools globally

An overview of our business strategy

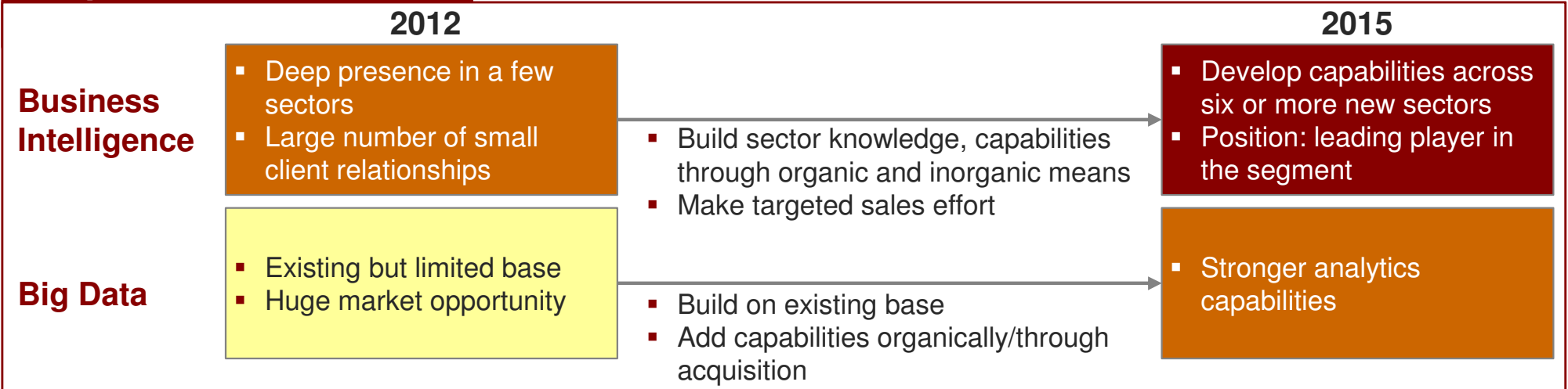
Ratings



BFSI / SIFI



Corporate



Market position: Emerging Strong

India Research

c. 2000

- Economy, Industry research for banking sector
- Marginal presence in other markets

2005

- Building presence in funds research
- Traction in customised assignments
- Introduction of IPO Grading

2009

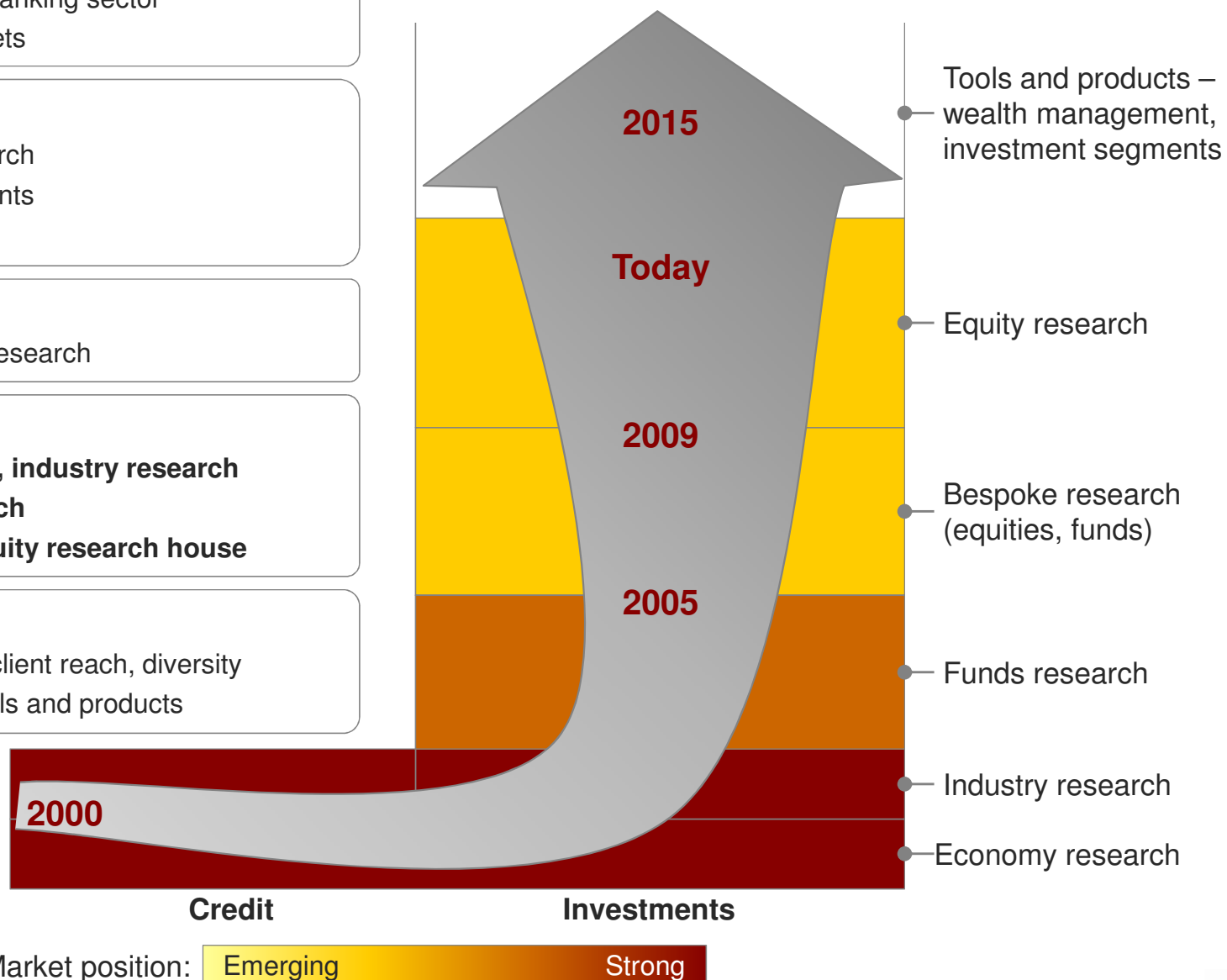
- Launch of Independent Equity Research

Today

- **Dominant position in economy, industry research**
- **Leading player in funds research**
- **India's largest independent equity research house**

2015

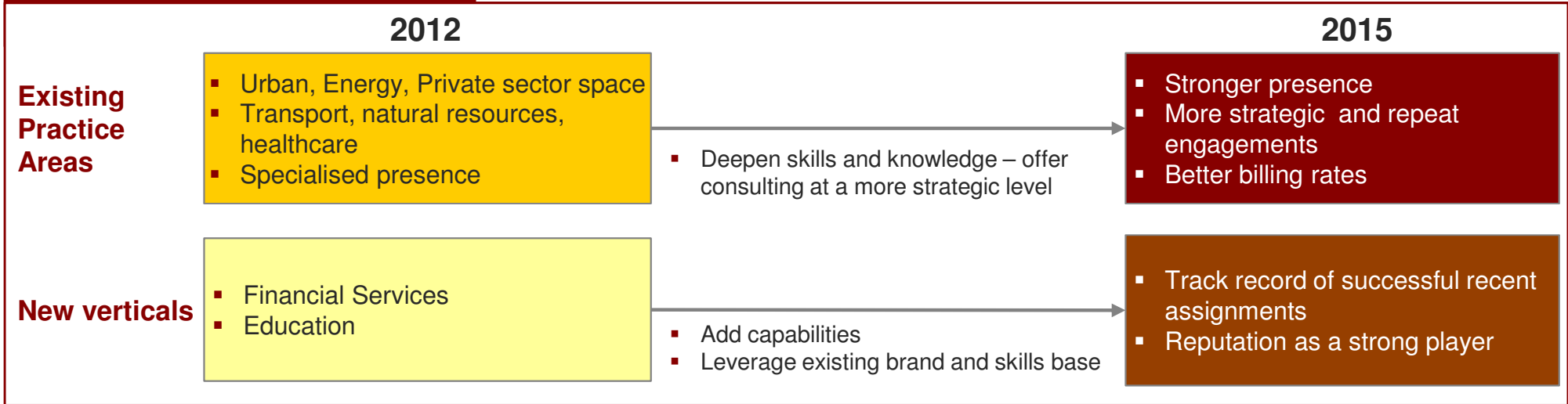
- Increase penetration – increase client reach, diversity
- Evolve with the market – new tools and products



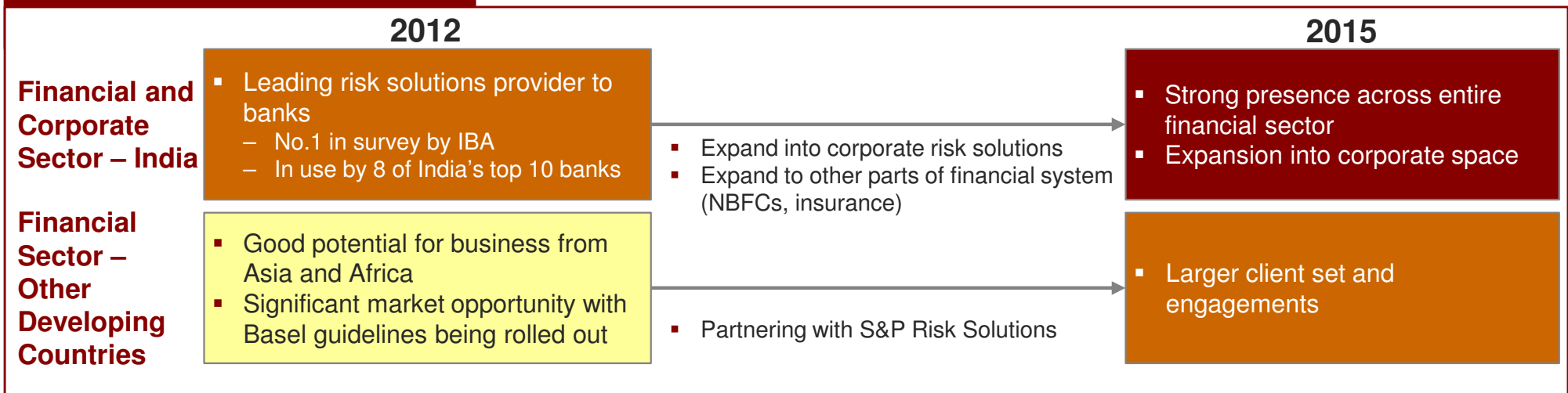
Advisory and Risk Solutions



Infra Advisory



Risk Solutions



Market position: Emerging Strong

Conclusions



- **Strong and highly profitable positions in established and growing businesses**
- **Clear plan for the future, to leverage these and deliver further growth**
- **Very high degree of business and geographical diversity**
- **Initiatives to leverage promising new business lines**
- **Young, capable, and committed team**
- **Exceptional analytics and delivery capabilities**



CRISIL Limited

www.crisil.com

www.standardandpoors.com

Bank Loan Ratings



- **CRISIL continues to lead the market**

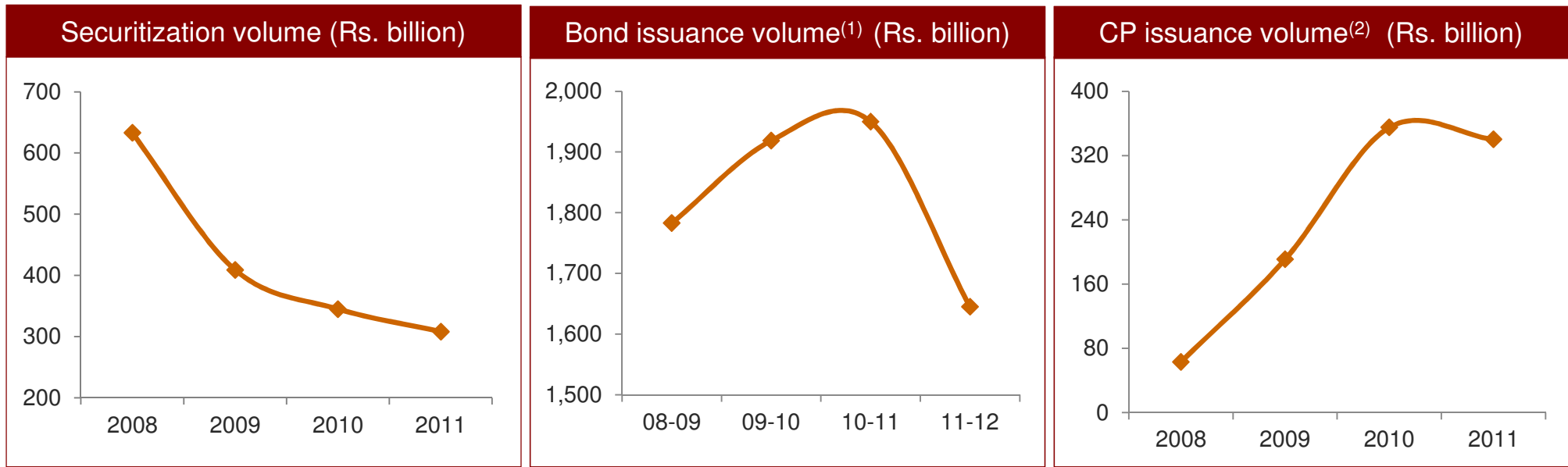
- 8323 ratings announced until Dec 2011, market share of about 50%
- Rated facilities totaling over Rs 11.31 trillion

Distribution of Bank Loan Ratings by loan size – CRISIL

Loan Size (Rs. Mn.)	No. of Ratings upto Dec 2010	% of total 2010	No. of Ratings upto Dec 2011	% of total 2010
<100	723	13%	1561	19%
100-250	2,058	37%	3222	39%
250-500	1151	21%	1602	19%
500-2,500	1231	22%	1508	18%
2,500-5,000	181	3%	198	2%
>5,000	219	4%	232	3%
Total	5,563	100	8,323	100



Ratings – Issuance trends



Note:

1. Bond issuance for 2011-12 pertains to the 9 month period ending December 2011
2. CP Issuance volume indicates the fortnightly maximum for the year.

- Business environment continues to remain challenging owing to high interest rates, tight liquidity and inflationary pressures
 - Bond market issuances in 2011 are down by 18%
 - Securitization volumes have been declining consistently and market is subdued due to regulatory uncertainty
 - CP issuances have stagnated in 2011
- Market expected to improve only by second half of 2012 driven by expectation of higher growth and reduced interest rates

