



IIMC CASE RESEARCH CENTRE (IIMCCRC)

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## CRISIL: FROM CREDIT RATINGS TO GLOBAL ANALYTICS

*"What is interesting and unique about CRISIL is that it touches the smallest SME in India to the world's largest investment bank with very different product offerings, with very different business models and with very different sales and distribution processes."*

- Roopa Kudva, February 2014

In early 2014, Roopa Kudva, the articulate CEO of CRISIL (Credit Rating Information Services of India Limited), India's largest credit ratings company was reflecting on the likely challenges the company would face in the coming years. CRISIL had grown rapidly since its inception while maintaining high profitability over the years. **Exhibits 1 and 2** provide details related to CRISIL's financial performance. The transformation of CRISIL from a credit rating agency to a firm providing a highly diversified portfolio of products such as risk management, market analysis, and equity and fixed income research had impressed many observers.

However, Kudva realized that despite CRISIL's impressive track record in the past, growth could not be taken for granted in the coming years. Kudva believed that the increasing complexity of the business portfolio, the growing diversity of the customer base and the global spread of revenues posed several challenges.

Following the global financial crisis of 2007-08, credit rating companies had come under the scanner. Many economists argued that the credit ratings companies had displayed a laid

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*This case was written by Professor Preetam Basu, Professor Indranil Bose, and A. V. Vedpuriswar of the Indian Institute of Management Calcutta and Ravi Santhanam of MetaDrsti Advisory. The case was prepared solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation.*

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back attitude while rating structured products. In giving high ratings to these products, they seemed to have grossly underestimated the risks involved. So questions remained over the viability of their business model which depended heavily on the fees collected from the entities being rated.

Though the global credit ratings companies had been affected by the performance of structured product ratings during the financial crisis, the minimal use of complicated structured products in India meant a negligible impact in the Indian scenario. As a result, there was practically no effect on CRISIL in India. Moreover, CRISIL had proactively diversified its business well before the onset of the financial crisis. But some of these non-financial services segments were relatively new for CRISIL and were also highly competitive, characterized by the presence of strong rivals. While in the core domestic market, competition continued to intensify, in overseas markets, the CRISIL brand was relatively unknown. Kudva realized that leading CRISIL in the coming decade would be quite different from what it had been in the past.