

CRISIL Limited  
2010 **annual**  
**report**

Ready for the next level.



CRISIL

A Standard & Poor's Company

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For more details visit [www.crisil.com](http://www.crisil.com)

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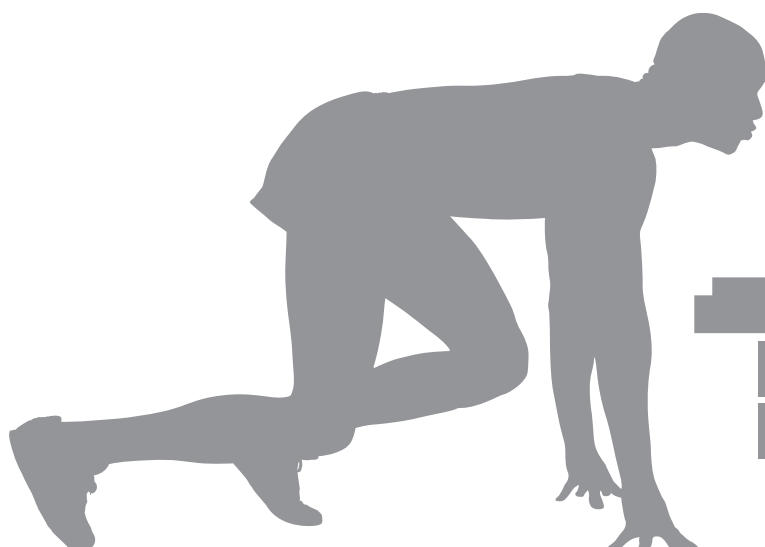
2010 - a glance

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We built scale in 2010, which will enable us to be a force in the financial markets as never before.

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.

## CRISIL - MAKING MARKETS FUNCTION BETTER



### Who We Are

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services.

We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from our strong brand, unmatched credibility, market leadership across businesses, and large customer base, we deliver analysis, opinions, and solutions that make markets function better.

Our defining trait is our ability to convert data and information into expert judgements and forecasts across a wide range of domains, with deep expertise and complete objectivity.

At the core of our credibility, built up assiduously over the years, are our values: Integrity, Independence, Analytical Rigour, Commitment and Innovation.

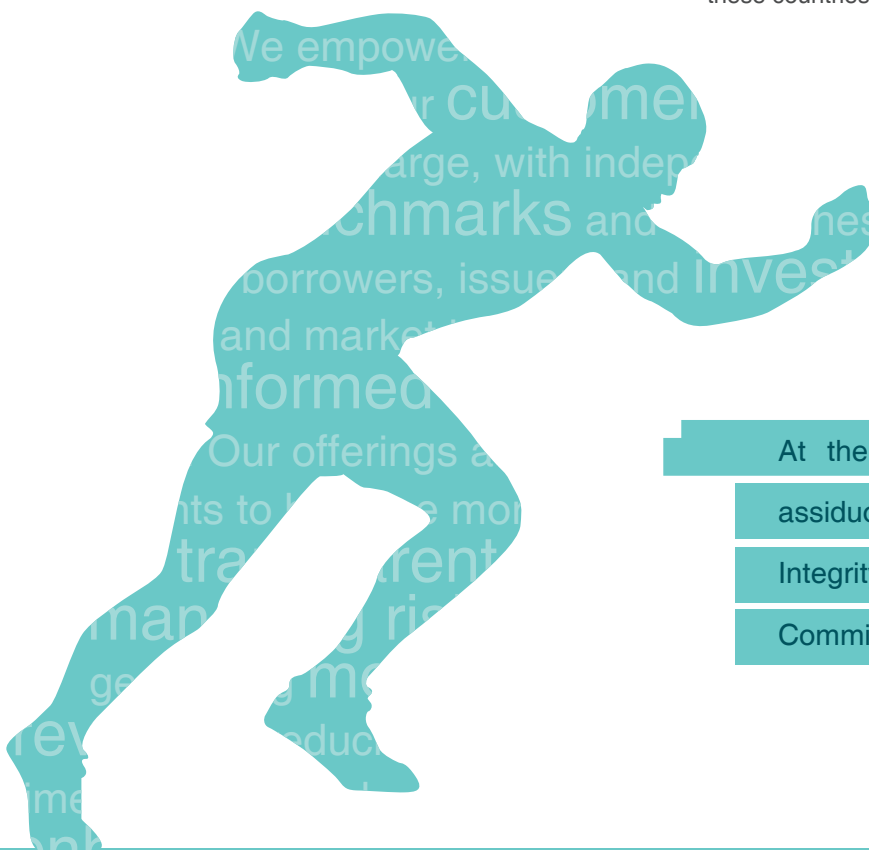
CRISIL's majority shareholder is Standard and Poor's (S&P). Standard & Poor's, a part of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of credit ratings.

## Who We Serve

We address a rich and globally-diversified client base. Within India our customers range from small enterprises to the largest corporations and financial institutions; outside India our customers include the world's largest banks and leading corporations. We also work with governments and policy-makers in India and other emerging markets in the infrastructure domain.

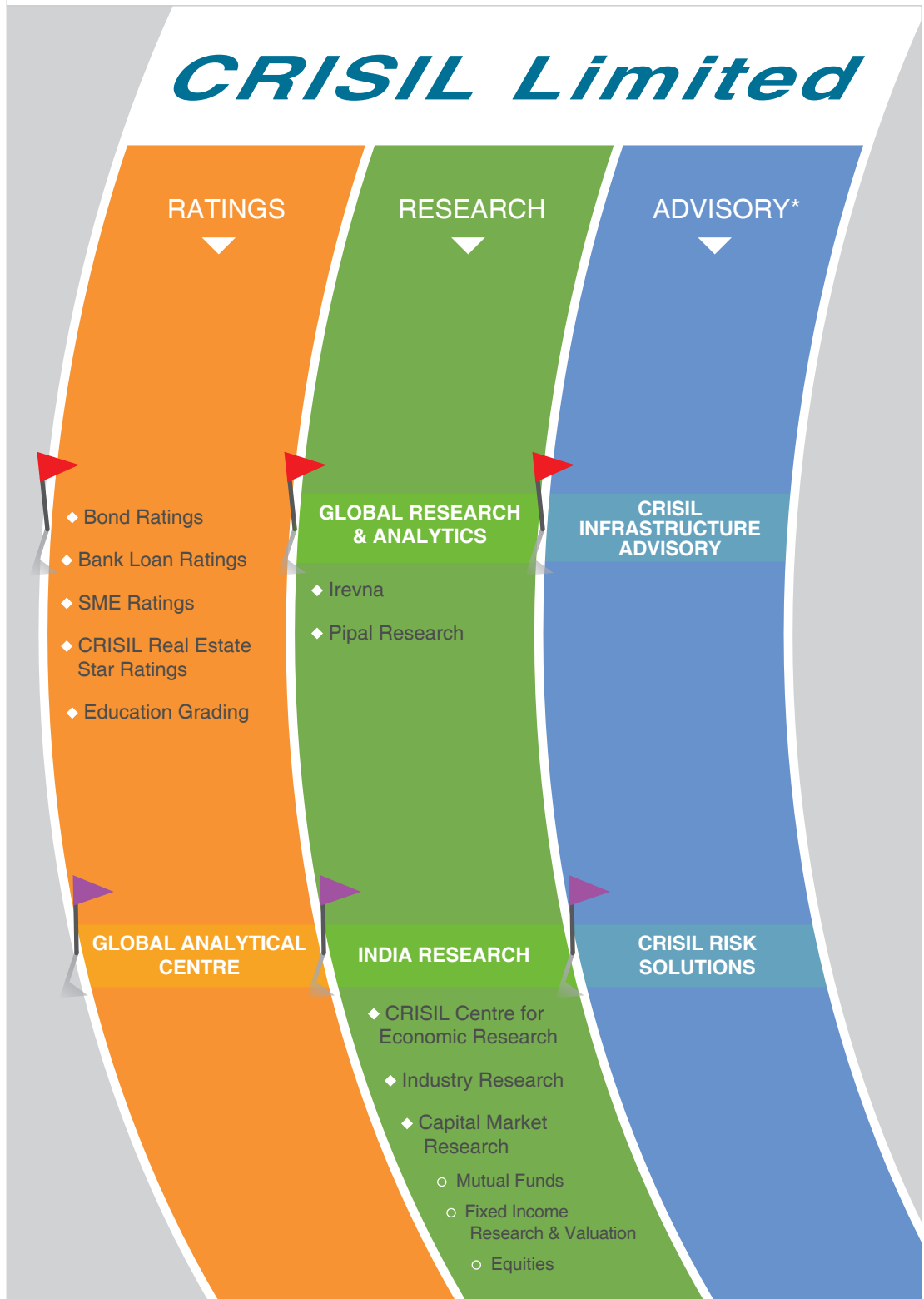
## How We Add Value

We empower our customers, and the markets at large, with independent analysis, benchmarks and tools. These help lenders and borrowers, issuers and investors, regulators, and market intermediaries make better-informed investment and business decisions. Our offerings allow markets and market participants to become more transparent and efficient - by mitigating and managing risk, taking pricing decisions, generating more revenue, reducing time to market and enhancing returns. By helping shape public policy on infrastructure in emerging markets, we help catalyse economic growth and development in these countries.



At the core of our credibility, built up assiduously over the years, are our values: Integrity, Independence, Analytical Rigour, Commitment and Innovation.

CRISIL BUSINESSES



\* Wholly-owned subsidiary - CRISIL Risk and Infrastructure Solutions Limited

## A. RATINGS

CRISIL is India's first, largest, and most prominent credit rating agency. CRISIL pioneered the concept of credit rating in India more than 20 years ago, and has played a pivotal role in the development of India's debt market. CRISIL has rated more than 10,000 borrowers, covering around 32,400 debt instruments of a value exceeding Rs.36 trillion. CRISIL has also rated around 17,500 Small and Medium Enterprises (SMEs), and has the highest number of SME ratings outstanding in India. Today, CRISIL rates two-thirds of corporate bonds outstanding in India.

CRISIL's Global Analytical Centre (GAC) supports the Global Resource Management initiative of Standard & Poor's (S&P). GAC supports analytical processes and information processing, executes complex modelling assignments, and assists Standard & Poor's (S&P) in improving workflow efficiencies.

“  
Rs. 36 trillion of debt rated.  
Market share in bank loan ratings exceeds 50 per cent.  
Rates two-thirds of bonds outstanding in India.  
Highest number of outstanding SME ratings in India.  
”

## B. RESEARCH

### B1. Global Research and Analytics Services

CRISIL is the leading provider of high-end research and analytics to the world's largest financial institutions and leading global corporations. Operating from seven research centres around the world, CRISIL's Global Research & Analytics business delivers insight driven high end financial and business research.

### B1.a. Irevna

Irevna provides high-end financial research and analytics to investment banks, insurance companies, and asset management firms across the world. Irevna's teams of highly-trained professionals at research centres in Buenos Aires in Argentina, Chennai and Mumbai in India, and Wroclaw in Poland, provide coverage across time zones to the world's major financial centres. Irevna is now preparing to commence operations in China.

“  
Works with 11 of the top 15 global investment banks.  
Best-in-class service quality and talent base.  
At the right locations and in the right time zones to deliver maximum value to clients.  
”

### B1.b. Pipal Research

Pipal Research is a leading knowledge services firm delivering high-quality financial and business research to organisations worldwide. Its clients include leading global firms in the telecommunications, technology, consumer packaged goods, and industrial sectors, and in the financial services space. Pipal has three research centres in India (Gurgaon, Noida and Bangalore), and an office in Chicago.

CRISIL acquired Pipal in December 2010. Pipal's services, clients and delivery locations are complementary to Irevna's, enabling the combine to strengthen its leadership in the global research & analytics.

“  
Client list includes 30 fortune 500 companies, across a range of industries.  
”

## CRISIL BUSINESSES (contd.)

### B2. India Research

#### B2.a. CRISIL's Centre for Economic Research (C-CER)

CRISIL Centre for Economic Research (C-CER) offers a credible, objective, and analytical view on the Indian economy. It also provides premium services and products based on economic analysis. C-CER's core strength is its solid understanding of macroeconomics, financial economics, public finance, and environmental economics, coupled with its deep knowledge of real-world dynamics.

“

Among the most credible commentators on the Indian economy.

The foundation of CRISIL's integrated research capabilities.

”

#### B2.b. Industry Research

CRISIL Research is India's largest independent research house, providing comprehensive research coverage to more than 1200 Indian and global customers. It also provides incisive customised research, enabling customers to take sharper business and investment decisions. With “Cutting Edge”, its recently-introduced service, CRISIL Research is adding a globally unique dimension of customisability to the provision of Research services.

“

Provides coverage on 65 industries.

90% of India's commercial banks are our customers.

”

#### B2.c. Capital Market Research

“

Largest independent equity research house in India.

Official provider of valuations to all mutual funds in India.

Helps employees' provident fund organisation (EPFO) select fund managers.

”

#### Mutual Fund Research – CRISIL Fund Services

CRISIL Fund Services (CFS) is India's leading provider of services, tools, and indices to mutual funds, provident funds, and wealth managers. Its mutual fund rankings have been the industry standard for mutual fund evaluation in India for more than a decade.

#### Fixed Income Research & Valuation

CRISIL provides valuations for all debt instruments to the entire mutual funds industry. Banks, custodians, pension funds, and life insurers also use this service to value their fixed income portfolios.

CRISIL is the sole provider of standard indices for debt and hybrid portfolios. All fund houses benchmark the performance of their funds to these indices.

#### Equity Research

CRISIL Equity Research provides independent equity research and initial public offer (IPO) grading. CRISIL has released 81 research reports, many of them on companies that were previously thinly researched or had no research at all outstanding. CRISIL received a prestigious mandate to publish reports on companies listed on the National Stock Exchange of India.



## C.

### CRISIL RISK AND INFRASTRUCTURE SOLUTIONS (CRIS)

CRIS is a wholly-owned subsidiary of CRISIL. CRIS offers a wide range of solutions focused on infrastructure policy, corporate advisory, integrated risk management and associated consulting services, to a variety of clients including government bodies, multilaterals, banks, and infrastructure companies. CRIS operates through its divisions CRISIL Infrastructure Advisory and CRISIL Risk Solutions.



Practical and innovative solutions in 31 countries.

Client roster includes 50 financial institutions in India and abroad.

Flagship product, RAM, is India's leading internal risk rating solution.



#### C1. CRISIL Infrastructure Advisory

CRISIL's infrastructure advisory activities range from developing enabling legislation and proactive sector policies to undertaking feasibility studies and assisting with reforms through public-private partnerships in energy, urban infrastructure, and transportation.

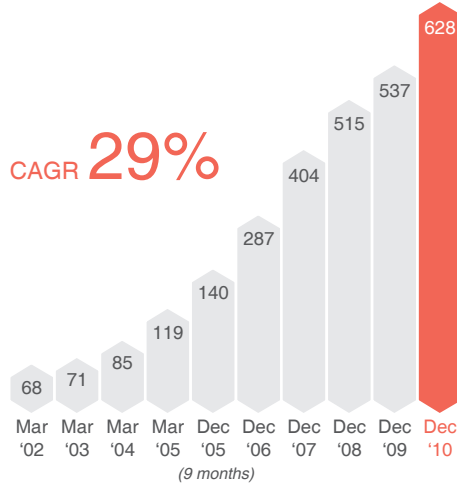
#### C2. CRISIL Risk Solutions (CRS) Business

CRISIL Risk Solutions (CRS) Business deploys its unique experience and skills in the areas of credit and market risk to provide a comprehensive slate of risk-related services. It partners leading public and private sector banks for enterprise risk management and Basel II preparedness.

## CRISIL CONSOLIDATED TEN YEAR FINANCIAL HIGHLIGHTS

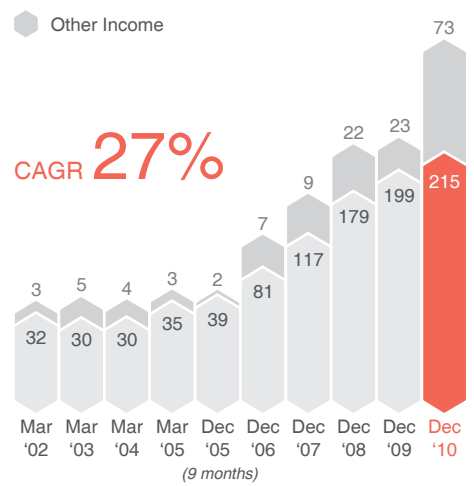
### INCOME FROM OPERATIONS

(Rs. in Crores)



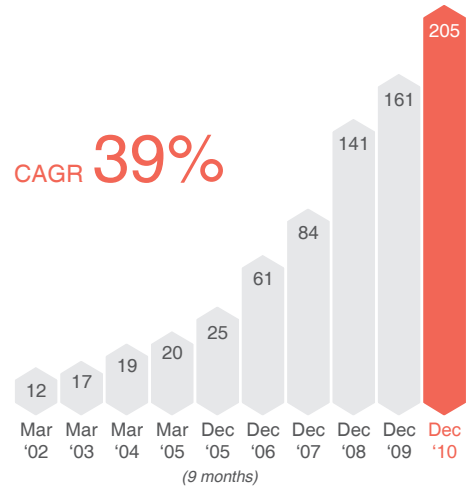
### EBITDA

(Rs. in Crores)



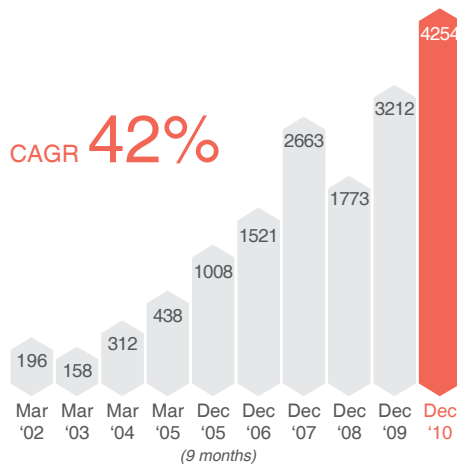
### PROFIT AFTER TAX

(Rs. in Crores)



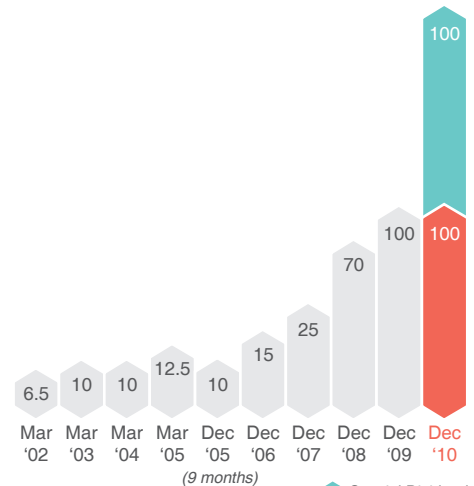
### MARKET CAPITALISATION

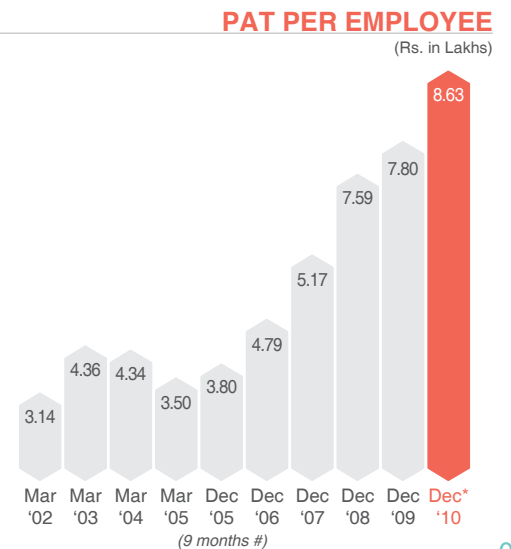
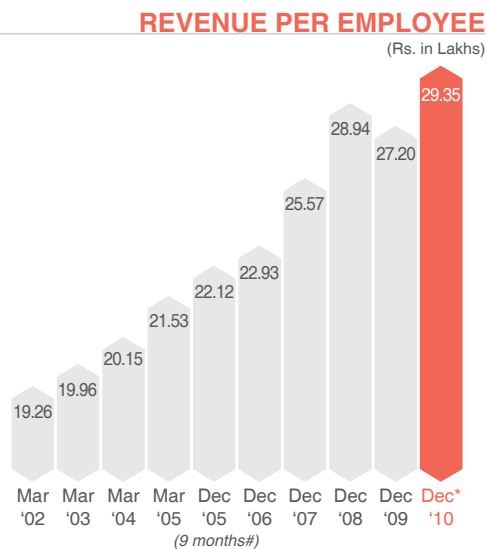
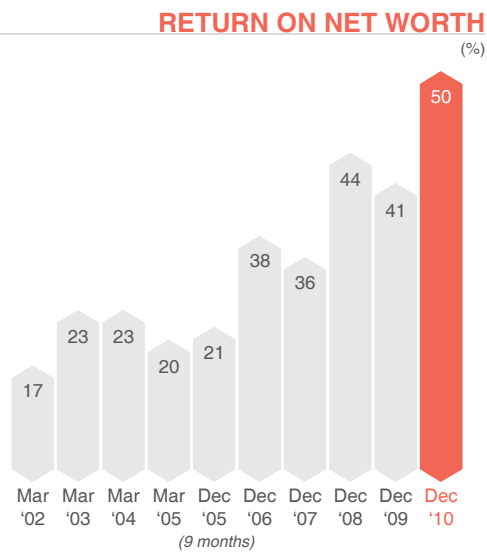
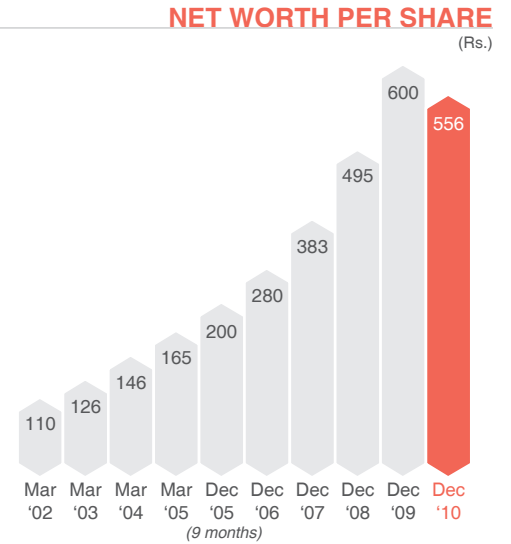
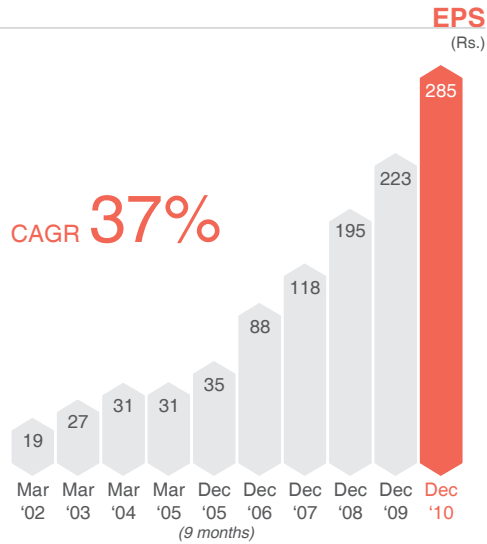
(Rs. in Crores)



### DIVIDEND

(Rs. per share)





## EVENTS



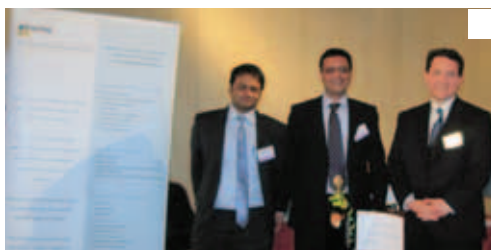
CRISIL and S&P seminar, The New Normal, Mumbai

(From L to R) **Deven Sharma** - President, Standard & Poor's, and Chairman, CRISIL, **Raman Uberoi** - Senior Director, CRISIL Ratings, **Thomas Schiller** - Executive Managing Director and Region Head, Standard & Poor's, Asia Pacific, **Roopa Kudva** - Managing Director and Chief Executive Officer, CRISIL, and Region Head, South Asia, Standard & Poor's, **William Hess** - Director, Sovereign and International Public Finance Ratings, Standard & Poor's, at the seminar, "The New Normal: The Changing Face of Financial Markets", organised jointly by CRISIL and Standard & Poor's, to discuss the fundamental shift in the functioning of economies, governments, regulators, and businesses, and how the world is adjusting to this new reality.



CRISIL knowledge partner at the India PPP Conclave, Delhi

**Mr. Pranab Mukherjee**, Minister for Finance, Government of India, addresses the Second India PPP Conclave, organised by the Department of Economic Affairs, Ministry of Finance, in cooperation with the World Bank. As knowledge partners to the event, CRISIL provided valuable insights into the renewable energy space.



CRISIL - Irevna : Global Derivatives Trading and Risk Management conference 2010, Paris

(From L to R) **Anshuman Prasad** - Head, Global Derivatives, Irevna, **Vishal Thakkar** - Director, Business Development - Europe, Irevna, **Chris Graham** - Director, Business Development - North America, Irevna, at the Global Derivatives Trading and Risk Management 2010 conference sponsored by CRISIL. Irevna displayed its cutting edge research in the derivatives and risk management domains.



CNBC TV -18 CRISIL Mutual Fund of the Year Award 2010, Mumbai

(From L to R) **K N Vaidyanathan** - Executive Director of the Securities and Exchange Board of India (SEBI), **Roopa Kudva**, and **C B Bhave** - Chairman, SEBI. The awards are based on CRISIL's objective and analytically rigorous fund ranking methodology.



CRISIL and S&P: World Bank Singapore Infrastructure Finance Summit 2010, Singapore

(From L to R) **Nguyen Hong Truong** - Vice Minister for Transportation, Vietnam, **Li Zuwei** - Chairman, Chongqing Expressway Group, **Sinthya Roesly** - President Director, Indonesia Infrastructure Guarantee Fund, **Kamran Khan** - Program Director, World Bank-Singapore Urban Hub, **Kevin Lu** - Regional Director, Asia Pacific, Multilateral Investment Guarantee Agency, **Mark Rathbone** - Asia Leader, Global Capital Projects & Infrastructure team, PricewaterhouseCoopers, **James Harris** - Head, Asia Infrastructure and Project Finance Practice, Hogan Lovells and **Pratyush Prashant** - Director, CRISIL Risk and Infrastructure Solutions, at a panel discussion on “Showcase of Regional Government Initiatives - Pushing the Boundaries”. CRISIL and Standard & Poor’s were associate sponsors at the World Bank-Singapore Infrastructure Finance Summit 2010, showcasing our global local expertise.



CRISIL and NSE seminar: Independent Equity Research, Mumbai

(From L to R) **K G Gupta** - Managing Director, GKB Ophthalmics, **Chitra Ramakrishna** - Joint Managing Director, National Stock Exchange of India, **Roopa Kudva**, **Prashant Jain** - Executive Director & Chief Investment Officer, HDFC Asset Management Company, **Avinash Deshpande** - Whole-time Director, Eimco Elecon, at a seminar “Independent Equity Research: Empowering Investors”, organised jointly with National Stock Exchange (NSE), aimed at educating retail and institutional investors about the benefits of independent equity research.



CRISIL Real Estate Star Ratings launch, Mumbai

**Roopa Kudva** and **Akash Deep Jyoti** - Head, Corporate & Infrastructure Ratings, CRISIL Ratings, at the event to launch CRISIL Real Estate Star Ratings (CREST). CREST provides a city-specific, all-round assessment of real estate projects and helps buyers benchmark and identify quality projects within a city.

## PUBLICATIONS

### CRISIL Ratings

#### 1. SME Insights Series

CRISIL's SME Insight Series provides unique perspectives on the working of SMEs and the challenges they face. Four volumes on topical themes have been published.

#### 2. Insight into Risk - Pharmaceuticals Sector

An overview and outlook on key trends in the credit quality of India's pharmaceutical sector.

#### 3. Insight into Risk - CRISIL Default Study 2009

A detailed analysis of default rates, showcasing CRISIL Ratings' strong default-prediction abilities. For the first time in India, the default and transition statistics of an agency's rated entities have been computed using monthly data, giving investors an even clearer picture of the performance of CRISIL's ratings.

#### 4. Insight into Risk - Housing Finance Sector

A snapshot of key trends in the housing finance company (HFC) segment in India, and the financials of CRISIL-rated HFCs.



### CRISIL Research

#### 5. SME: Sector and Cluster Attractiveness

A report on key SME sectors and clusters, covering the demand growth drivers, outlook, factors influencing the competitiveness of clusters, and success stories of the various SME sectors.

#### 6. City Real(i)ty Report

A ready-reckoner on emerging trends in the realty sector in ten leading Indian cities. This subscription-based report also provides an outlook on the sector, and updates key developments on a monthly basis.

#### 7. Urban India Construction Reports

A compendium on 10 cities in India, published jointly by McGraw-Hill Construction and CRISIL Research. The reports provide an overview of market size and funding patterns, and carry details on key projects and the profiles of key Indian construction sector players.



## CRISIL Research (contd.)

### 8. S&P CRISIL Indices Versus Active Funds (SPIVA) Report

The S&P CRISIL SPIVA Scorecard compares the performance of Indian mutual funds across various time periods against appropriate indices, to provide an unbiased scorecard of active and passive fund management.

### 9. Skilling India: The Billion People Challenge

The report highlights the growth in India's working population, the current trends in the existing labour participation and unemployment rate, and the key challenges (labour mismatch and shortage) that could affect India's economic growth and create a fiscal burden to support the unemployed.

### 10. India: Raising the Growth Bar

An insightful publication on how the inherent strength of India's domestic demand will help it sustain 8.4 per cent annual growth over the next five years, and identifies five supply-side bottlenecks that would need to be addressed for placing India on a sustained 10 per cent growth trajectory.

### 11. Economonitor:

A special monthly publication on Indian macro-economy, industry and financial markets for private circulation amongst senior policy makers and bank chairmen.



## CRISIL Infrastructure Advisory

### 12. Indian Power Sector

CRISIL Infrastructure Advisory published a background paper "Indian Power Sector: Integrated Planning and Implementation - XIIth Plan and Beyond" as knowledge partner of the India Electricity 2010 Conference, jointly organised by the Ministry of Power, Government of India, and the Federation of Indian Chambers of Commerce and Industry (FICCI).

### 13. PPP Online Toolkit and Compendium

A web-based PPP toolkit, and a compendium of PPP case studies, were developed in association with Economic Consulting Associates (ECA), UK. These were launched by the Finance Minister, Mr. Pranab Mukherjee, at the Second India PPP Conclave, organised by the Department of Economic Affairs, Ministry of Finance, in cooperation with the World Bank.



## CORPORATE SUSTAINABILITY INITIATIVES

### CRISIL for Sustainable Development

A brief account of CRISIL's corporate sustainable development initiatives during 2010:

a.

#### GREEN INITIATIVES



“ CRISIL House received LEED India Platinum rating, the highest green building certification. ”

CRISIL House, the state-of-the-art, eco-friendly building in Mumbai, received the Leadership in Energy and Environment Design (LEED) India Platinum rating. This is the highest green building certification under the LEED rating system. CRISIL House has also been certified one of the most energy-efficient buildings in India.

As part of its green initiative, CRISIL also consolidated its information technology infrastructure, driving a 40 per cent reduction in its server footprint.

b.

#### FINANCIAL INCLUSION



CRISIL Ratings partnered with Intellectual Capital Advisory Services Pvt Ltd at a two-day seminar, 'Srijan Financial Inclusion Forum 2010', attended by a large number of micro finance institutions (MFIs), bankers and lenders to MFIs, investors and multi-lateral organisations. The partnership entails providing critical inputs and perspectives on the MFI sector to enable a better understanding of the issues affecting them.

c.

#### INCLUSIVE GROWTH FOR SMEs



CRISIL tied up with Doordarshan (DD) and National Small Industries Corporation (NSIC) to make a series of 13 episodes on 'Kamyabi Ki Udaan' for Small and Medium Enterprises. This tie-up helps address a key challenge faced by small entrepreneurs: access to knowledge and expertise.



d. MAKING AND FACILITATING DONATIONS



CRISIL's culture of giving continues - steadily growing employee contributions improve the lives of the underprivileged.

CRISIL partners a number of non-governmental organisations (NGOs) to ensure that CRISILites have many options and opportunities to donate.

Our 'Joy of Giving' Week was held in two phases: 'Pledge your Eyes', and 'Clothes and Toys Donation'. Introduced in CRISIL for the first time, the 'Pledge your Eyes' campaign received an overwhelming response, with more than 200 persons—CRISILites and their family members—registering and pledging their eyes. The 'Clothes and Toys Donation' drive, launched in partnership with a number of NGOs, saw more than 5400 articles of clothing and toys being donated by CRISILites. These were distributed among the underprivileged during Diwali.

Under the McGraw-Hill initiated Global Volunteer Day (GVD) activities, CRISIL conducted the 'Build' and 'Tree Plantation' drives. Under the same initiative, in partnership with SMILE Foundation, CRISILites across locations spent a day with underprivileged children, playing games, and organising dance and art competitions. More than 160 CRISILites participated in the GVD activities, spreading joy and happiness among the needy.

CRISIL also assisted employees to form volunteer groups, and enabled them to choose and work on specific projects or with NGOs. In 2010, three such groups were formed to work on projects/with NGOs of their choice.

CRISIL's association with Give India for the payroll giving programme continues; close to 300 employees have signed up.



Balanced growth includes social responsibility, a key element of CRISIL's corporate philosophy.

## BOARD OF DIRECTORS



### 1. Mr. Deven Sharma, *Chairman*

Deven Sharma is President of Standard & Poor's, a part of The McGraw-Hill Companies, and the world's foremost provider of independent credit ratings. Mr. Sharma joined Standard & Poor's in 2007 as Executive Vice President, Investment Service and Global Sales. Before joining Standard & Poor's, he was Executive Vice President, Global Strategy, at The McGraw-Hill Companies for five years.

Mr. Sharma joined The McGraw-Hill Companies in January 2002 from Booz•Allen & Hamilton, a global management consulting company, where he was a partner. During his 14 years with that firm, he provided guidance to client companies on business strategy and globalization, as well as on branding and sales management. Much of his experience includes work with global corporations in U.S., Latin America, Europe and parts of Asia. Before joining Booz•Allen, Mr. Sharma worked with manufacturing companies, Dresser Industries and Anderson Strathclyde.

Mr. Sharma holds a bachelor's degree from the Birla Institute of Technology in India, a master's degree from the University of Wisconsin and a doctoral degree in Business Management from Ohio State University.

He has authored several publications on competitive strategy, customer solutions, sales and marketing. Mr. Sharma is also a member of the Council on Foreign Relations and the International Advisory Board of the British-American Business Council and serves on the Asia Society Business Council.



### 2. Mr. BV Bhargava, *Director*

Mr. BV Bhargava has been associated with CRISIL since 1992, and was Chairman from May 1999 to July 2008. He is Chairman of CRISIL's Rating Committee. He was associated with ICICI Limited for three decades, and retired as Vice-Chairman and Managing Director in 1996. He was associated with the Tariff Commission of India and the Indian Investment Centre, New York. He is on the Board of ICICI Lombard General Insurance Company Limited, Supreme Industries Limited, Grasim Industries Limited, L&T Infrastructure Finance Limited, L&T Finance Holdings Limited, and other companies.

### 3. Mr. HN Sinor, *Director*

Mr. HN Sinor started his career in 1965 with Central Bank of India and in 1969 moved to Union Bank of India where he worked for 28 years. In 1996, he was appointed Executive Director of Central Bank of India. In 1997, he joined ICICI Bank as Executive Director and took over later as Managing Director and CEO of the bank. After the merger of ICICI with ICICI Bank, in March, 2002, he worked as Joint Managing Director until May 2003. Thereafter, he joined the Indian Banks' Association as Chief Executive and held this position until July 2008. He was appointed Chief Executive Officer of the Association of Mutual Funds of India (AMFI) in February 2010. He is also on the boards of 3i Infotech Limited, ICICI Lombard General Insurance Company Limited, ICICI Venture Funds Management Co. Limited, Tata Investment Corporation Limited, Tata Motors Finance Limited,



Tata Capital Limited, and several other Companies.

**4. Ms. Rama Bijapurkar, Director**

Ms. Rama Bijapurkar is a recognised thought leader on marketing strategy and consumer related issues in India. She is an independent management consultant and works across a wide range of organisations in diverse sectors helping them develop market-focused business strategy. Her prior work experience in market strategy consulting and market research includes McKinsey & Co., MARG (Marketing and Research Group) and MODE Services. She is an independent director on the board of some of India's most respected organizations and is also a visiting faculty and on the board of governors at the Indian Institute of Management (IIM) Ahmedabad, from where she also holds a post graduate diploma in management. She also holds a B.Sc. (Hons) degree in Physics from Delhi University. She is the author of "Winning in the Indian Market" (John Wiley and sons), the Indian edition of which is titled "We are like that only - Understanding the Logic of Consumer India" (Penguin).

**5. Dr. Nachiket Mor, Director**

Dr. Nachiket Mor is a Yale World Fellow; has a Ph.D. in Economics from the University of Pennsylvania with a specialization in Finance from the Wharton School; an MBA from the Indian Institute of Management, Ahmedabad; and an undergraduate degree in Physics from the Mumbai University.

While completing his Ph.D., he was associated with a Philadelphia-based

hedge fund (Quantitative Financial Strategies) for three years. He has worked with ICICI from 1987 to 2007 in a variety of positions, including Corporate Planning, Project Finance, Rural Finance, and Treasury, and was a member of its Board of Directors from 2001 to 2007. From October 2007 to August 2010, he assisted ICICI in setting up a philanthropic foundation, the ICICI Foundation for Inclusive Growth, and served as its founding President. He is now the Chairman of the Boards of Sughavazhvu Health Care, CARE India, and IFMR Trust, and is closely involved in the evolution of these three organisations.

Dr. Mor is currently also an independent member of a few other Boards including IKP Trust; IKP Centre for Technologies in Public Health; IKP Centre for Advancement in Agricultural Practice; and the Institute for Financial Management and Research. In the past he has served as the Chairman of the Fixed Income Money Market and Derivatives Association of India for two years, and as a Board Member of Wipro Limited for five years.

**6. Mr. Thomas Schiller, Director**

Mr. Thomas Schiller is Executive Managing Director and Region Head for Standard & Poor's business in Asia-Pacific. He assumed this position in August 2004 and is responsible for further developing Standard & Poor's leading position in the region's financial markets. He helped build Standard & Poor's strong regional franchise through a series of management and market development positions held over the years, including Tokyo Office Head, Chief Marketing Officer for Asia-

## BOARD OF DIRECTORS (contd.)



Pacific, and, most recently, Managing Director and Region Head for Standard & Poor's in Japan and Korea. He joined Standard & Poor's in 1987 as a Corporate analyst in the Industrial Ratings group.

### 7. Mr. David Pearce, Director

Mr. David Pearce joined Standard & Poor's in 1997 when McGraw-Hill acquired Micropal, where he was Group Financial Controller. Following this, he served as Finance Director for Standard & Poor's Funds Services. More recently Mr. Pearce was Vice President and European Controller for the McGraw-Hill Companies. In July 2002, he took up the position of Vice President, European Finance for Standard & Poor's providing strategic and managerial direction for Standard & Poor's European financial operations. In early 2006, he was promoted to Senior Vice President, Finance for Standard & Poor's Europe/Asia.

### 8. Mr. Ravinder Singhania, Director

*(Alternate to Thomas Schiller, David Pearce and Deven Sharma)*

Mr. Ravinder Singhania is the Managing Partner of Singhania & Partners, Solicitors & Advocates. Mr. Singhania currently serves on the boards of several multinational companies' Indian subsidiaries such as America Online, Fedders Corporation, National Instruments, and American Bureau of Shipping, as well as listed companies such as Unitech Limited. He is a former governing body Member of the Indian Council of Arbitration, and Vice Chairman of the Asia Pacific Committee of the



American Bar Association. He is a member of Law Society of England & Wales, Chartered Institute of Arbitrators, London, and the Supreme Court Bar Association. He is a consultant to the World Bank and Organisation for Economic Co-Operation and Development (OECD).

He is the country representative for Sweet & Maxell's International Company & Commercial Law Review, and has authored India chapters in two books, "Product Liability in Asia Pacific" and "Employment Laws in Asia". He holds bachelor's degrees in commerce and law from Delhi University. He is admitted to practice law in India as an Advocate and as a Solicitor of the Supreme Court of England and Wales.

### 9. Ms. Roopa Kudva, Managing Director and Chief Executive Officer

Ms. Roopa Kudva is Managing Director and Chief Executive Officer of CRISIL and Region Head, South Asia, Standard & Poor's. Prior to this, she was the Executive Director and Chief Rating Officer of CRISIL. She is also a member of Standard & Poor's Asia-Pacific Executive Committee. She joined CRISIL in 1992. She has worked in emerging markets in the Mediterranean and Middle Eastern countries during her secondment to Standard & Poor's, Paris, as Director, Financial Institutions Ratings. Previously, she worked at Industrial Development Bank of India for six years in the Project Finance department. She is a graduate in Statistics and a post-graduate in management from IIM, Ahmedabad.

## Senior Management

Mr. Raman Uberoi	<i>Senior Director - Ratings</i>
Mr. GV Mani	<i>Senior Director - Global Research and Analytics</i>
Mr. Mukesh Agarwal	<i>Director - Research</i>
Mr. M Ramsekhar	<i>CEO - CRISIL Risk and Infrastructure Solutions Limited</i>
Mr. Arun Panicker	<i>Senior Director - Operations</i>

## Allotment Committee

Dr. Nachiket Mor, *Chairman*  
Ms. Rama Bijapurkar  
Ms. Roopa Kudva

## Audit Committee

Mr. HN Sinor, *Chairman*  
Mr. BV Bhargava  
Dr. Nachiket Mor  
Mr. David Pearce

## Compensation Committee

Mr. BV Bhargava, *Chairman*  
Mr. Deven Sharma  
Ms. Rama Bijapurkar  
Mr. Thomas Schiller  
Mr. HN Sinor

## Investment Committee

Mr. BV Bhargava, *Chairman*  
Mr. Thomas Schiller  
Mr. David Pearce  
Ms. Roopa Kudva

## Investor Grievance Committee

Mr. BV Bhargava, *Chairman*  
Mr. Thomas Schiller  
Ms. Roopa Kudva

## Rating Committee

Mr. BV Bhargava, *Chairman*  
Ms. Roopa Kudva

## Auditors

Messrs. S. R. Batliboi & Co.

## Solicitors

Messrs. Wadia Ghandy & Co.

## Company Secretary

Mr. Shrikant Dev

## Bankers

ICICI Bank Limited  
Andhra Bank  
Indian Overseas Bank

## Share Transfer Agent

Karvy ComputerShare Private Limited  
Karvy House, 21, Avenue – 4,  
Plot No.17 to 24, Near Image Hospital  
Vittalrao Nagar, Madhapur.  
Hyderabad – 500 081

## Registered Office

CRISIL House,  
Central Avenue,  
Hiranandani Business Park,  
Powai, Mumbai – 400 076.

## DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 24th Annual Report of CRISIL Limited, along with the audited accounts for the year ended December 31, 2010.

### PERFORMANCE

A summary of the Company's financial performance in 2010 is given below:

	(Rupees Lakh)	
	Year ended December 31, 2010	Year ended December 31, 2009
Total Income for the year was	60,233.44	46,445.36
Profit before depreciation and taxes was	26,918.21	20,422.09
Deducting depreciation of	2,020.85	1,387.93
Profit before tax was	24,897.36	19,034.16
Deducting taxes of	5,321.90	4,000.44
Profit after tax was	19,575.46	15,033.72
<b>The proposed appropriations are:</b>		
Dividend	14,417.96	7,225.00
Corporate Dividend Tax	2,387.67	1,227.89
General Reserve	1,957.54	1,503.37
Balance carried forward is	23,553.37	22,741.09

### DIVIDEND

The Directors recommend, for approval of the members at the Annual General Meeting to be held on April 15, 2011, payment of final dividend of Rs. 25 per share for the year under review. During the year, the Company paid first, second and third interim dividends of Rs. 25 per share each. The Company also paid a special dividend of Rs. 100 per share. The total dividend for the year works out to Rs. 200 per share as against Rs.100 per share in 2009.

### BUYBACK OF EQUITY SHARES

The Board of Directors, at its meeting held on September 9, 2010, approved the buyback of equity shares of the Company for a total consideration not exceeding Rs. 80 crore and at a price not exceeding Rs. 6500 per equity share of Rs.10 each from the open market through the stock exchanges. The Company received shareholders' approval through postal ballot for the buyback on October 18, 2010 and issued a public announcement on October 20, 2010.

The buyback commenced on November 3, 2010 and closed on November 10, 2010. The Company bought back 128,156 equity shares at an average price of Rs. 6199.87 per equity share.

The paid-up equity share capital of the Company (pre and post buyback of shares) is as follows:-

Share Capital of the Company (Pre and Post Buyback)

Sr No.	Particulars	No. of shares	Share Capital (Rupees)
1.	Paid up Equity Share Capital (Pre Buyback)	72,25,000	7,22,50,000
2.	Total Equity Shares bought back	1,28,156	12,81,560
3.	Paid up Equity Share Capital (Post Buyback)	70,96,844	7,09,68,440



Strong credibility, a track record of being first to market with new products and processes, and a large customer base have geared CRISIL for the next level.

## REVIEW OF OPERATIONS

### A. RATINGS

#### Highlights

- Over 5500 bank loan ratings (BLR) outstanding, the largest number of BLR in India; 2434 new ratings assigned during the year
- Crossed milestone of 17,500 small and medium enterprises (SME) ratings; 7800 new SME ratings assigned in 2010
- Launched CRISIL Real Estate Star (CREST) Rating, a first-of-its-kind service for retail investors in the real estate sector
- Expanded operations at Global Analytical Centre (GAC) to support Standard & Poor's (S&P)

#### Business Environment

The business environment remained steady for Ratings for the better part of 2010, except for the last quarter of the year, when liquidity constraints led to a sharp increase in interest rates and impacted fresh debt issuances. India's corporate bond market was active during the year, with interest rates at the short and long-term ends remaining attractive, and the investment climate turning positive. Issuances of commercial paper (CP) gathered momentum, with volumes growing by 50 per cent over the previous year. There were also bond issuances from entities rated 'A' and 'BBB' by CRISIL, a positive trend for India's corporate bond market. Bank loan ratings maintained steady growth. The number of SME Ratings continued to grow rapidly, backed by increasing acceptance by banks.

S&P's demand for support from GAC continued to grow steadily in line with S&P's focus on deeper analysis, and quicker response to market, and on improving data accuracy and enhancing support for its products.



The bond markets are expected to remain subdued in the initial period of 2011 as liquidity conditions are expected to remain tight with the monetary policy focusing on controlling inflationary pressures. However, the long term prospects remain strong with substantial demand for funds from infrastructure companies and the need for the financial sector to tap the bond market for funding the Indian economy's growth. CP issuances are also expected to increase, driven by the introduction of base rates in the banking sector. 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.

GAC's operations are expected to maintain their growth momentum in 2011, fuelled by recovery in the global credit markets and S&P's continuing focus on extending its leadership in the global financial information, data and, analytics businesses.

### Operations

CRISIL Ratings maintained its market leadership in 2010, backed by a steady performance in BLRs and strong growth in SME ratings. During the year, CRISIL assigned 2434 new BLRs and 7800 SME ratings. To manage the increasing volume of business, processes and work flows were upgraded to maintain quality of output and timeliness of delivery. Analytical teams received additional training to keep them abreast of global and local developments. These measures have ensured that CRISIL is current on all its ratings and rating publications, despite significantly increased volumes.

In 2010, CRISIL Ratings assigned India's first-ever ratings for securitisation of toll-road receivables, and multiple-asset securitisation of microfinance institution (MFI) loans. These set the trend for a number of similar transactions.

CRISIL Real Estate Star (CREST) Ratings, a first-of-its-kind service for India's fast-growing real estate sector, provides a city-specific all-round assessment of real estate projects, and helps buyers benchmark and identify quality projects within a city. The product has received an encouraging response from all stakeholders—developers, buyers, investors, and bankers. CRISIL has already evaluated 29 projects across 10 cities.

CRISIL continued to conduct regular outreach programmes for the benefit of investors and market participants. Around 150 seminars, including the CRISIL Leadership Series for BLR customers, and MSME CEO conferences for SMEs, were conducted across the country; these seminars helped extend CRISIL's reach to more than 8500 companies and bankers across the country.

CRISIL also published India's first-ever comprehensive report on the performance of all outstanding structured finance transactions. CRISIL Ratings' commentaries, including those on the introduction of base rate, floating savings rate, capital provision for real estate assets, capital infusion by Government of India (GoI) in public sector banks, impact of 3G license on telecom companies, and GoI's fertiliser policy changes, received extensive media coverage.

GAC continued to be an active partner in S&P's initiatives to adapt to the evolving regulatory environment, and penetrated the commercial fixed income data and analytics segment. With the revival of the global economy, the demand for S&P's ratings and McGraw-Hill Financial's data/information services is expected to grow. This will translate into increasing requirements for GAC support. GAC is well positioned to strengthen its relationship with S&P, and maintain its growth trajectory.



## B. RESEARCH

### B.1. GLOBAL RESEARCH & ANALYTICS

#### B.1.a. IREVNA

##### Highlights

- Expanded geographic presence with sales office in Sydney and research centre in China
- Ranked # 1 firm in the world in financial services research, risk management and actuarial services, corporate finance support and financial services analytics by the Black Book of Outsourcing – a Datamonitor company.

##### Business Environment

The slowdown in the global financial markets in 2008-09 had a positive impact on the global analytics and research industry, with customers looking increasingly to research providers such as Irevna as a strategic means of restructuring their businesses. Demand for Irevna's services remained buoyant through 2010, driving robust growth in business volumes. Investments in new services such as actuarial and risk analytics, and in expanding Irevna's global footprint, have yielded positive results.

The demand for knowledge services is expected to remain buoyant, as global players look for ways to grow their revenues and become more efficient. The Irevna-Pipal Research combine is the leader in this market, and has a proven track record of helping clients increase their revenues, provide deeper and faster analysis to the market, and improve returns on investment (ROI). This will help us benefit from the growing demand for our services.

##### Operations

Irevna continued to lead the global knowledge services industry, adding 22 new clients in 2010, significantly growing all client accounts, and firmly establishing actuarial and risk analytics as growth verticals. Irevna's international research centres in Buenos Aires (Argentina) and Wroclaw (Poland), together with those in Mumbai and Chennai, facilitate round-the-clock servicing of client requirements, bridging talent gaps, and providing multi-lingual capabilities. Irevna's new research centre in China will help enhance these capabilities, particularly in the Mandarin language, and extend the reach of its services further.

### B.2. INDIA RESEARCH

#### Highlights

- Released 65 CRISIL Independent Equity Research (IER) reports during 2010, providing investors with high-quality research on listed Indian companies. Received a mandate from the National Stock Exchange to provide company reports on entities listed on the exchange
- Received a prestigious mandate from Employees Provident Fund Organisation (EPFO) to assist in selecting, and monitoring the performance of fund managers
- Launched the new, enhanced website, [www.crisilresearch.com](http://www.crisilresearch.com), to deliver near-real-time industry research to customers

##### Business Environment

The favourable domestic economic environment and increasing investments in 2010 revived demand for CRISIL Research's offerings. A number of companies that were raising funds approached CRISIL Research for valuation reports and sector studies to aid in their decision-making. Opportunities in the wealth management space also increased because of a shift in the industry's business model, from products to value-based advice.

### Operations

CRISIL Research continued to build on its powerful value proposition of providing macro and micro integrated research. It also intensified efforts to reach out to the corporate sector with industry studies and customised research offerings. The revamped website [www.crisilresearch.com](http://www.crisilresearch.com) gives customers near-real-time access to research. The website enables clients to track and forecast the performance of 50 industries, using CRISIL Research data and analysis, and the clients' own assumptions about key variables.

Market participants, including listed companies, drove strong demand for CRISIL's Independent Equity Research (IER): On a cumulative basis 81 reports have been published, including 20 sponsored by the National Stock Exchange Investor Protection Fund Trust (NSE IPFT). CRISIL also received a mandate from NSE IPFT to provide company reports on the entities listed on the exchange. Investors can access the equity research and company reports sponsored by NSE IPFT at [www.crisil.com](http://www.crisil.com) and [www.nse-india.com](http://www.nse-india.com).

CRISIL FundServices has been re-appointed by EPFO, to assist in selecting fund managers and monitoring their performance, for a three-year period. CRISIL FundServices also worked closely with the Indian mutual fund industry to help it transition to revised valuation norms for money market instruments.

## C. ADVISORY

CRISIL carries out its infrastructure advisory and risk solutions businesses through its subsidiary, CRISIL Risk and Infrastructure Solutions Limited (CRIS).

### C.1. CRISIL INFRASTRUCTURE ADVISORY BUSINESS

#### Highlights

- Assisted the Ministry of Rural Development, Government of India (GoI), in a unique and innovative public-private-partnership project to provide urban services in rural areas (PURA); the pilot project promises to be the first of many such endeavours
- Helped the Ministry of Non-Conventional Energy, GoI, design the framework for exchange of renewable energy purchase obligations, and a platform for trading in renewable energy certificates
- Received a renewed mandate from the World Bank to conduct training programmes in enhancing the regulatory reform capabilities of member regulators of the East Asia Pacific Infrastructure Regulators' Forum (EAPIRF)

#### Business Environment

Activity levels in the urban and energy sector—the two key areas for CRIS's advisory business showed contrasting trends in 2010. The energy sector saw significant investments in conventional energy projects by the public and private sectors, strong policy and regulatory initiatives in the renewable energy sector, and downstream activity to deploy natural gas available in the country. The urban sector, however, witnessed a slowdown in investments and activity in 2010, particularly in the second half, as the first phase of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) reached maturity.

The outlook for 2011 suggests continued activity in the energy sector, and a revival of deferred projects in the urban sector. State governments are also expected to undertake infrastructure development projects.

#### Operations

Revenues in the infrastructure advisory business were constrained by the slowdown in urban sector projects investments, although an investment revival in the energy sector mitigated the impact of the

slowdown. To broad-base revenue, CRIS's advisory business has set up a team to exclusively pursue opportunities in the transport and logistics sector. The business will also focus on growing its presence in the mineral and social infrastructure sectors.

The strong domain expertise that CRIS brings to the table is likely to help it benefit from the renewed developer and private equity interest in conventional energy projects. CRIS's growing credentials in renewable energy, transportation and logistics, and oil, gas, and minerals will add to our range of operations in the private sector.

CRIS's international operations remain strongly focused on Africa, backed by a slew of assignments in Namibia, Mozambique and South Africa. The World Bank's renewal of the mandate to CRIS to assist the East Asia Pacific Infrastructure Regulators' Forum (EAPIRF) to enhance the regulatory reform capabilities of member regulators, is a strong testimonial to CRIS's credentials as an enabler of regulatory efficiency.

CRIS made significant progress in 2010 in streamlining operations with respect to staffing, and improving the quality of its deliverables and collection processes. CRIS expects to carry this momentum forward into 2011, and benefit from improvements in knowledge management to better harness our capabilities and experience.

## **C.2. CRISIL RISK SOLUTIONS (CRS)**

### **Highlights**

- Won key accounts in the public and private banking sector - portfolio of customers now includes 9 of India's top 10 banks
- Entered the global arena, winning two prestigious mandates including a reputed multilateral development institution in South East Asia
- Developed a loan origination system to enable automation of a bank's credit appraisal process as an important module in its internal rating platform

### **Business Environment**

Over the past five years, most banks have invested considerable resources in their processes, especially those pertaining to credit risk, as part of their initiative to comply with Basel II. Most banks and financial institutions have now developed strong practices with regard to credit risk, and the Standardised Approaches of Basel II, and have, therefore, begun to shift their focus to strengthening other processes, such as those that relate to Advanced Approaches.

CRS believes that banks and financial institutions will, over the medium term, continue to invest in systems and processes, and move from a compliance-based approach in risk management to a best-practices-based approach. CRS's services are, therefore, likely to be in increasing demand.

### **Operations**

CRS remained focused on both consulting and software solutions, and concluded multiple assignments in both.

CRS added vital enhancements to all its products such as Risk Assessment Model (RAM), Capital Assessment Model (CAM), CRISIL Operational Risk Evaluator (CORE) and Credit Capital (CC). CRS aims to expand its product coverage and increase its product usability. Various enhancements have helped strengthen the product positioning as a comprehensive end-to-end solution encompassing both risk measurement as well as associated process management.

Intensified business development initiatives in countries such as Mauritius, Sri Lanka and Bangladesh, have also begun to yield results. The business successfully renewed its ISO9001:2008 certification.

#### D. COLLABORATION WITH S&P

The various business verticals of CRISIL and S&P collaborated extensively.

Key initiatives included a joint seminar by CRISIL Ratings and S&P on 'The New Normal: The changing face of Financial Markets'. More than 100 invitees, including media and investors, attended the event.

CRISIL and S&P jointly released the Standard & Poor's Indices Vs Active (SPIVA) report for India's mutual funds industry. This report, a bi-annual publication, compares the performance of indices and active funds.

CRISIL Infrastructure Advisory collaborated with S&P to co-sponsor the 'World Bank-Singapore-Infrastructure Finance Summit'. This summit was organised by the World Bank, the Singapore Ministry of Finance and the Monetary Authority of Singapore in association with the Financial Times and the World Bank-ASEAN Infrastructure Finance Network.

Additionally, CRISIL Risk Solutions worked closely with S&P to market its products and services in several geographies, including the Middle East and Asia Pacific.

As part of the collaborative efforts, C-CER published 11 reports/articles on Asia-Pacific economies for S&P.

#### E. CRISIL CENTRE FOR ECONOMIC RESEARCH (C-CER)

C-CER continued to focus on research on macro economics in India and the Asia Pacific, consistently building CRISIL's franchise in the Indian media and positioning the Company as the foremost analytics-based voice on the economy in the region.

C-CER published two special reports during the year—'Skilling India: The Billion People Challenge', and 'India: Raising the Growth Bar'. It also introduced two new products—CRISIL EcoMonitor and South Asia Economic Outlook. C-CER continues to work with the Egyptian Institute of Directors (EIoD), and Hawakmah, the Institute for Corporate Governance (a subsidiary of the Dubai International Financial Centre) for creation of an Environmental, Social & Governance (ESG) Index in their respective regions.

#### F. HUMAN RESOURCES

CRISIL's Human Resources team continued to focus on attracting, retaining, and growing talent. In 2010, 1083 employees were hired, up from 579 hired in 2009. The total headcount in CRISIL increased to 2805 as on December 31, 2010 from 2164 a year previously.

##### Highlights of CRISIL's Talent Attraction Initiatives

- Strengthened the senior management team
- Maintained strong presence on campuses—42 business schools were visited during the year and job offers were extended to 186 students
- Increased the number of seats on offer at the CRISIL Certified Analyst Programme (CCAP), which entered its fourth year, with 47 interns from the programme joining during the year.
- Inducted all 17 interns from the first batch of the Irevna Certified Analyst Programme (ICAP)

### Retaining Talent

CRISIL followed a structured approach towards people development, by understanding the functional and behavioural competencies required for each role, and then devising a comprehensive training plan to address gaps in skill sets.

More than 1100 training sessions were conducted organisation-wide, during the year, aggregating 77,752 man-hours of training. These trainings ranged from technical subjects to functional and behavioural skill-building programmes.

To increase employee engagement, the Rewards and Recognition programme, 'CRISIL AWARDS - Celebrating Winning Performances' was revamped, expanding the scope of the awards, increasing the transparency of the process, and providing greater visibility to award winners.

CRISIL's brand-building and thought leadership initiative, the CRISIL Young Thought Leader (CYTL) competition, received 153 responses from students of 62 business colleges and graduate schools.

During the year, 93 employees received remuneration of Rs. 2.4 million or more per annum. In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annexure to the Director's Report. In terms of the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders without this annexure. Shareholders interested in obtaining a copy of the annexure may write to the Company Secretary at CRISIL's registered office.

### G. SUBSIDIARIES

CRISIL has been granted an exemption by the Ministry of Corporate Affairs from attaching individual annual reports of its subsidiary companies to its annual report. A statement containing brief financial details of these companies is included in the annual report. The annual accounts of the subsidiary companies and the related information will be made available to shareholders who seek such information.

### H. ACQUISITION OF PIPAL RESEARCH

CRISIL signed agreements on September 22, 2010 for the acquisition of the assets of Pipal Research Corporation (PRC) including 100% of the share capital of Pipal Research Analytics and Information Services India Private Limited. After completion of all conditions precedent, the transaction was completed with effect from December 3, 2010.

### I. JOINT VENTURE - INDIA INDEX SERVICES AND PRODUCTS LIMITED

India Index Services and Products Limited (IISL), CRISIL's 49:51 joint venture with National Stock Exchange of India Limited (NSE), provides a variety of indices and index-related services and products to the capital markets. IISL has a licensing and marketing agreement with S&P, the world's leading provider of investible equity indices.

IISL issued licenses to various clients such as Insurance Companies, Asset Management Companies, etc. within India for facilitating the launch of Index Funds, Exchange Traded Funds and issuance of debentures that carry returns linked to the S&P CNX Nifty Index. IISL also concluded licensing agreements for issuance of structured products linked to the S&P CNX Nifty Index outside India.



**J. DIRECTORS**

In accordance with the articles of association of the Company and the provisions of the Companies Act, 1957, Mr. BV Bhargava and Dr. Nachiket Mor retire by rotation and being eligible, offer themselves for reappointment.

**K. AUDITORS**

The Statutory Auditors, M/s. SR Batliboi & Co, Chartered Accountants, hold office up to the ensuing Annual General Meeting and the Board recommends their reappointment.

**L. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

**M. CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

The report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under Clause 49, is attached to this report.

**N. OTHERS**

**N.1 PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

The particulars regarding foreign exchange earnings and expenditure appear at Item No. 8 and 9 in the notes to the Accounts. Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

**N.2. DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER THE PROVISIONS CONTAINED IN SECTION 217(2AA) OF THE COMPANIES ACT, 1956**

Your Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

### **Employees Stock Option Scheme**

The shareholders of the Company by postal ballot on February 4, 2011 approved the Employees Stock Option Scheme for employees and Whole-time Directors of CRISIL and its subsidiaries.

### **Acknowledgements**

The Board of Directors wishes to thank the employees of CRISIL for their exemplary dedication and the excellence they have displayed in conducting the operations of CRISIL. The Board also wishes to place on record its sincere appreciation of the faith reposed in the professional integrity of CRISIL by customers and investors who have patronised its services. The Board acknowledges the splendid support provided by market intermediaries. The affiliation with Standard and Poor's has been a source of great strength. The Board of Directors also wishes to place on record its gratitude for the faith reposed in CRISIL by the Securities and Exchange Board of India, the Reserve Bank of India, the Government of India, and the state governments. The role played by the media in highlighting the good work done by CRISIL is deeply appreciated.

On behalf of the Board of Directors,

Mumbai, February 14, 2011

Deven Sharma  
Chairman

Annexure to the Directors' Report

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### BUSINESS AND INDUSTRY OVERVIEW

CRISIL is a globally diversified analytical company providing ratings, research and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations. CRISIL's majority shareholder, Standard and Poor's, is the world's foremost provider of independent credit ratings. Standard & Poor's is a part of The Mc Graw-Hill Companies.

The business environment remained steady for Ratings during 2010. Growth for CRISIL's Ratings business was driven by overall improvement in investor sentiment, leading to improvement in the bond and commercial paper market. The Bank Loan Ratings (BLR) and Small and Medium Enterprise Ratings (SME) segments maintained consistent growth. Increasing interest rates towards the end of the year could impact fresh bond and commercial paper issuance in the near term, while momentum in BLR and SME ratings is expected to continue. The Global Analytical Centre (GAC) operations are expected to maintain growth momentum, in line with recovery in the global credit markets.

CRISIL's Global Research and Analytics business performed well in 2010, with business volumes growing considerably. Irevna continued to maintain leadership in equity, fixed income, derivative, quantitative and actuarial services. During 2010 Irevna's research centers based in Poland and Argentina saw good growth, with several new roles being added. Irevna's investment in new products and the new international research centre in China will support the division's growth in the future. CRISIL's India research business benefited from an improvement in the domestic business environment.

CRISIL's Infrastructure Advisory business has two main segments—energy and urban development. While the energy segment benefited from investments and policy initiatives, the urban development segment witnessed a slowdown in the second half of 2010. The outlook for 2011 continues to be positive for the energy sector; improvement is also expected in the urban development segment as the government initiates steps to arrest the slowdown in this segment.

The outlook for CRISIL Risk Solutions (CRS) is positive as banks and financial institutions continue to invest in Risk Management Systems. CRS is also looking at expanding its business, particularly in the ASEAN market.

### ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The accompanying financial statements have been prepared in accordance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles and accounting standards prevailing in India. CRISIL's management accepts responsibility for the integrity and objectivity of these financial statements, and for the estimates and judgments used therein.



## A. Financial Condition

### 1) Fixed Assets

At the end of the year, the company's investments in fixed assets were as follows:

Details	Dec. 31, 2010 (Rupees Lakh)	Dec. 31, 2009 (Rupees Lakh)	Growth ( %)
Gross Block	17738.69	10,990.08	61%
Less : Accumulated Depreciation	7753.99	6,045.55	28%
<b>Net Block</b>	<b>9,984.70</b>	<b>4,944.53</b>	<b>102%</b>
Add : Capital Work in Progress	8.3	6,366.83	-100%
<b>Net Fixed Assets</b>	<b>9,993.00</b>	<b>11,311.36</b>	<b>-12%</b>
Depreciation as a % of Total Income	3%	3%	
Accumulated Depreciation as % of Gross Block	44%	55%	

During the year, the company's investment in fixed assets and capital work in progress was Rs. 930.92 lakh, whereas sale of assets realised Rs.3,189.67 lakh. The assets acquired included equipment, computers, and leasehold improvements to support expansion of business and to provide for replacement of existing assets. The assets sold were mainly office properties, computers and furniture. Depreciation as a percentage of total income remained constant at 3% and accumulated depreciation as a percentage of the gross block was 44% as against 55% in the previous year. The company expects to fund its investments in fixed assets and infrastructure from its internal accruals and liquid assets. It may, however, borrow to fund capital expenditure, if considered necessary.

### 2) Investments and Treasury

The company's treasury as on December 31, 2010, was Rs.13,119.02 lakh, as against Rs. 23, 415.88 lakh in the previous year. The details of the investments are as under:

Category	2010 (Rupees Lakh)	%	2009 (Rupees Lakh)	%
Cash and Bank Balance	3,359.75	26%	7,235.83	31%
Fixed Deposit	8,759.27	67%	6,180.44	26%
Money Market Mutual funds	-	0%	9999.61	43%
Fixed Maturity Plans	1,000.00	7%	-	0%
<b>TOTAL</b>	<b>13,119.02</b>	<b>100%</b>	<b>23,415.88</b>	<b>100%</b>

The Company's treasury position as of December 31, 2010, is lower than that of the previous year, mainly on account of payouts for a one-time special dividend, the buyback programme and the Pipal acquisition. Cash and cash equivalents constituted 34% of total assets as on December 31, 2010, as against 57% in the previous year.

### 3) Current Assets, Loans and Advances

Sundry debtors were Rs. 10,024.50 lakh as on December 31, 2010, as against Rs. 7,328.64 lakh as on December 31, 2009. The debtors constituted 19% of the total operating revenue, (representing an outstanding of 69 days of operating revenue) as against 17% (representing an outstanding of 61 days of operating revenue) during the previous year. The increase in debtors outstanding has been mainly on account of an increase in receivables in the research business.

The break-up of debtors relating to segments is given below:

Segment	As on Dec 31,2010		As on Dec 31,2009		
	(Rupees Lakh)	%	(Rupees Lakh)	%	%Change
Rating Services	3,601.10	36%	3,491.70	48%	3%
Research Services	6,423.41	64%	3,836.94	52%	67%
<b>TOTAL</b>	<b>10,024.50</b>	<b>100%</b>	<b>7,328.64</b>	<b>100%</b>	<b>37%</b>

The company believes that the outstanding debtors are recoverable. The company has adequate provision for bad debts.

Loans and advances comprise loans to staff, advances recoverable in cash or kind, sundry deposits, and loan to subsidiary. Advances recoverable in cash or kind or for value to be received are mainly towards amounts paid in advance for value and services to be received in future. Sundry deposits represent deposits for premises taken on lease, telephone, electricity and others.

#### 4) Current Liabilities & Provisions:

Sundry creditors include amounts payable to vendors for supply of goods and services, provision for bonus payable to staff and commissions payable to directors.

Advances received from clients include fees received for which services have not yet been rendered, and unearned revenue at year-end, which pertains to services to be rendered in the next financial year, for which the related costs were not yet incurred.

Provision for leave encashment and gratuity represents the company's liability for leave encashment and gratuity, valued on an actuarial basis as per Accounting Standards 15 notified by Companies Accounting Standards Rules, 2006. The valuation is made as per the Projected Unit Credit Method, taking into account qualifying salary projected upto the assumed date of cessation of employment for whatever reason.

The proposed dividend represents the dividend recommended to the shareholders by the Board of Directors, which will be paid after the Annual General Meeting upon approval by the shareholders.

## B. Results of Operations

The summary of the operating performance for the year is given below.

Results of Operations Particulars	12 Months Ended		12 Months Ended		Growth
	Dec-10	%	Dec-09	%	
Income from Operations	52,871.21	88%	44,162.34	95%	20%
Other Income	7,362.23	12%	2,283.02	5%	222%
Total Income	60,233.44	100%	46,445.36	100%	30%
Expenses					
Personnel Expenses	19,890.45	33%	15,953.90	34%	25%
Establishment Expenses	6,123.91	10%	4,741.51	10%	29%
Other Expenses	7,026.42	12%	5,327.86	11%	32%
Depreciation	2,020.85	3%	1,387.93	3%	46%
Operating Expenses	35,061.63	58%	27,411.20	59%	28%
Profit before Tax	25,171.81	42%	19,034.16	41%	32%
Provision for Taxation	5,321.90	9%	4,000.44	9%	33%
Profit after Tax & before prior period items	19,849.91	33%	15,033.72	32%	32%
Prior period expense, net of tax	274.45	0%	-	0%	0%
Profit after Tax	19,575.46	32%	15,033.72	32%	32%

During the year, total income grew by 30% and operating expenses by 28% over the previous year. The growth in operating income was on account of growth in both the rating and research segments, while the increase in operating expenses was mainly on account of depreciation and costs of moving to the new office premises. Other income growth was mainly on account of one time sale of investment and property. The net profit after tax, excluding prior period items, grew by 31 %, despite a challenging business environment.

### Operating Revenue

(Rupees Lakh)

Segment	12 Months Ended		12 Months Ended		Growth %
	Dec-10	%	Dec-09	%	
Rating Services	28,408.77	54%	23,890.16	54%	19%
Research Services	24,462.44	46%	20,272.18	46%	21%
Income from Operations	52,871.21	100%	44,162.34	100%	20%

During the year, rating income grew by 19%, mainly driven by growth in BLR and SME ratings, whereas research income recorded a growth of 21% mainly on account of strong growth in Irevna and CRISIL Research.

The composition and growth of expenses during the year was as follows:

(Rupees Lakh)

Particulars	12 Months Ended		12 Months Ended		Growth %
	Dec-10	%	Dec-09	%	
Personnel Expenses	19,890.45	38%	15,953.90	36%	25%
Establishment Expenses	6,123.91	12%	4,741.51	11%	29%
Other Expenses	7,026.42	13%	5,327.86	12%	32%
Depreciation	2,020.85	4%	1,387.93	3%	46%
Total Expenses	35,061.63	66%	27,411.20	62%	28%
Income from Operations	52,871.21	100%	44,162.34	100%	24%

During the year, personnel expenses increased by 25% due to increase in salaries and addition of 442 employees. Establishment expenses were higher due to operationalisation of new offices during the year. The revenue and profit per employee were Rs. 24.93 lakhs (+2.5 %) and Rs 9.25 Lakhs (+11.8 %) respectively. The company will continue with its initiatives to improve its revenue and profit per employee through business process re-engineering and effective use of technology. The company constantly strives to make its salary structure competitive in the market to attract and retain talent. Revenues and profits per employee for the past five years have been as under:

Year ended	Dec-10	Dec-09	Dec-08	Dec-07	Dec-06
Average number of Employees	2,121	1,817	1,627	1,168	680
Operating Revenue per employee (Rupees Lakh)	24.93	24.31	23.25	21.87	21.73
Net Profit per Employee (Rupees Lakh)	9.25	8.28	8.44	6.05	5.50

### Interest

The Company continued to be debt-free during the year and therefore, did not incur any interest expense.

### C. Risk Management

CRISIL manages risks in its business operations as follows:

#### 1) Business Risks

To mitigate the risk of high dependence on any one business for revenues, the company has adopted a strategy of launching new products/services, globalizing its operations, and diversifying into different business segments. The strategy has yielded good results and the company therefore, now has a well diversified stream of revenues. To address the risk of dependence on a few large clients and a few sectors in the business segments, the company has also actively sought to diversify its client base and industry segments.

The company strives to add value to its clients by providing services of a superior quality, and maintaining a robust franchise with investors and end-users, to mitigate the risk arising from price competition. Repeat business from large clients, nevertheless, continues to contribute significantly to the company's revenues. During the year, we launched a new product, CRISIL Real Estate Star Rating (CREST) and added multiple service offerings in Irevna. CRISIL Ratings' Centre of Excellence, and the product quality assurance wings assist in designing and refining methodologies, and facilitate knowledge accumulation and dissemination. This is aimed at improving the predictive capability of CRISIL's ratings, opinions and advice to guard its credibility in the market place. Competition in the talent market challenges the company's ability to retain employees. To address this risk, the company continues to provide its staff with regular training and challenging job opportunities within the group, and to make its salary structure merit-based and competitive in the market to attract and retain talent. The risk of disruption to its business operations is also minimized through automation of processes, business process re-engineering and effective use of technology. With increased proportion of revenues now being in foreign currencies, the risk of variation in the currency rates for exported services is now on the increase. In 2010, the company initiated a hedge programme to mitigate foreign exchange risk. The hedge programme covers a significant portion of projected future revenues over a 12 month period and is restricted to plain-vanilla forward contracts. Appropriate internal controls are in place for the hedging programme.

#### 2) Financial Risks

CRISIL has been a debt-free company since its date of incorporation. The company has followed the strategy of funding all its expansion, diversification and infrastructure-related expenditure through internal accruals.

#### 3) Legal & Statutory Risks

The company has no material litigation in relation to contractual obligations pending against it in any court in India or abroad. The company secretary functions as a compliance officer to advise the company on issues relating to compliance with law, and to preempt violations of the same. The compliance officer reports at every board meeting on the company's initiatives to comply with the laws of various jurisdictions. The company also seeks independent legal advice wherever necessary.

#### 4) Technology-Related Risks

The company uses information technology extensively for its businesses. All technology services are provided through laid-down policies and processes. These processes allow information access to personnel within the company based on identified roles. A systems audit is conducted regularly to ensure that the policies and processes are satisfactory, and in line with internationally-accepted best practices. The company's business processes are automated through customised business

applications that capture and maintain information regarding business processes, thus protecting its knowledge base. The company also possesses intellectual property rights for customised business applications. The technology used by the company at all locations provides for redundancy, and for disaster recovery. For critical business processes, the business teams have defined a business continuity plan and have tested it with the help of the IT team. The technology department keeps continuously abreast of technology changes, and suitably undertakes projects for technology upgradation to keep the technology infrastructure current, and to provide for redundancy

#### 5) **Audit and Internal Controls**

CRISIL has well-established processes and clearly-defined roles and responsibilities for people at various levels. This, coupled with adequate internal information systems embedded in business automation software, ensures proper information flow for the decision-making process. Adherence to these processes is ensured through frequent internal audits. The Executive Committee monitors business operations through regular reviews of performance vis-à-vis budgets. An extensive programme of internal audit conducted by an independent firm, reviews by the Audit Committee, and requisite guidelines and procedures augment the internal controls. The internal control system is designed to ensure that financial and other records are reliable for preparing financial statements and other information. These procedures ensure that all transactions are properly reported and classified in the financial records.

#### 6) **Policy Risks**

The company derives a significant portion of its revenues from Rating services, which depend on several factors, including regulatory policy. The Reserve Bank of India has mandated the use of ratings from approved rating agencies by Indian banks for calculating their capital requirements under the standardised approach for Basel II. At present, ratings are mandatory for all public offerings of debentures, except where the conversion or redemption is within 18 months. Ratings are also mandatory for all commercial paper issuances. The present Government policy is directed towards meeting investment requirements through resource mobilisation from the capital markets. However, to mitigate the risk of dependence on mandated businesses, the company continues to pursue its strategy of diversification, and globalising its operations. It also seeks to build a strong franchise with investors by holding investor meets and seminars for improving transparency around ratings and rating methodologies, and showcasing the utility and benefits of ratings.

The above discussion contains forward-looking statements, which may be identified by their use of words such as plans, expects, will, anticipates, intends. All such statements address the expectations from, and projections for, 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 assumptions and expectation of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance, or achievements may, therefore, differ materially from those projected in these 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.

## AUDITORS' CERTIFICATE

for Corporate Governance

### To the Members of CRISIL Limited

We have examined the compliance of conditions of Corporate Governance by **CRISIL Limited** for the year ended 31st December, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For S.R. Batliboi & Co.,  
Firm Registration No.: 301003E  
Chartered Accountants

per Shrawan Jalan  
Partner

Membership No: 102102

Mumbai, February 14, 2011

## **CHIEF EXECUTIVE OFFICER'S DECLARATION**

### **To the Members of CRISIL Limited**

I hereby confirm that all the members of the Board and Senior Management have affirmed compliance with the Code of Conduct.

For CRISIL Limited

Roopa Kudva

Managing Director & Chief Executive Officer

Date: February 14, 2011

## Report of the Directors on CORPORATE GOVERNANCE

CRISIL has been practicing the principles of good corporate governance over the years. The Company has adopted best practices for corporate governance, and disclosure standards, and enhanced shareholder value while protecting the interests of other stakeholders, clients, suppliers and its employees.

The Directors present below the Company's policies and practices on corporate governance.

### BOARD OF DIRECTORS:

#### Size and Composition of the Board:

The Board of Directors has eight members. The Board comprises of four independent Directors. As per the Articles of Association of the Company, the Board can have up to 15 members. The Company has one alternate Director. The Chairman is a non-executive Director. Mr. B. V. Bhargava, Mr. H.N. Sinor, Ms. Rama Bijapurkar and Dr. Nachiket Mor are the Independent Directors on the Board of the Company.

#### Membership Term:

As per the Articles of Association of the Company, at least two-thirds of the Board of Directors should be retiring Directors. One-third of these Directors are required to retire every year and if eligible, the retiring Directors qualify for re-appointment. The Board has adopted the following guidelines regarding the appointment and tenure of a non-whole time Director on the Board :-

1. No Director should hold directorships in more than ten Indian public limited companies.
2. Every Director is expected to attend at least 60% of the Board meetings held in a year. While re-appointing Directors on the Board and Committees of the Board, the contribution and attendance record of the concerned Director should be considered.
3. The change of Directors on the Board of CRISIL, if carried, would be so accomplished that at no point of time, the average term of the members on the Board is reduced unreasonably.
4. Whole-time Directors are appointed by the shareholders for a maximum period of five years but can be re-appointed on completion of their term, if eligible.

#### Criteria for Board Membership:

The members of the Board of Directors of the Company are eminent persons of proven competence and integrity. The Board comprises individuals with personal characteristics and core competencies such as the recognition of the importance of the Board's tasks, integrity, sense of accountability and track record of achievements. Besides having financial literacy, experience, leadership qualities and the ability to think strategically, the Directors have a significant degree of commitment to the Company and devote adequate time for the meetings, preparation and attendance. Board members possess the education, expertise, skills and experience in various sectors and industries required to manage and guide the Company.

None of the Directors is a relative of a Whole-time Director or of an independent Director and is expected not to serve any independent or executive position in any company that is a direct competitor. None of the non-whole-time Directors of the Company have any pecuniary relationships or transactions with the Company except payment for legal services provided by Singhania & Partners (Firm) in which Mr. Ravinder Singhania is a partner. Whole-time Directors are excluded from serving on the Board of any other entity unless the said entity has interests that are germane to the business of the Company.



### Succession Policy:

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the statute. Whole-time Directors are appointed by the shareholders for a maximum period of five years at one time, but are eligible for re-appointment upon completion of their term. Non-whole-time Directors do not have any term but retire by rotation as per the law.

The Board has adopted a retirement policy for its members. The maximum age of retirement of Whole-time Directors is 58 years, which is the age of superannuation for the employees of the Company.

### Memberships of other boards:

Independent Directors are not expected to serve on the boards of competing companies. No Director of the Company is a member of more than ten committees or act as chairman of more than five committees across all Indian public limited companies in which he/she is a Director. Furthermore, every Director informs the Company about the committee positions he/she occupies in other companies and notifies the changes as and when they take place. The details of other directorships held by the Company's Directors in public limited companies are given below:

Name of the Director	Memberships on other Boards	Committee Memberships*
BV Bhargava	Excel Crop Care Limited	Chairman, Audit Committee
	Grasim Industries Limited	Chairman, Audit Committee
	ICICI Lombard General Insurance Company Limited	-
	J.K. Lakshmi Cement Limited	Chairman, Audit Committee
	Supreme Industries Limited	-
	L&T Infrastructure Finance Company Limited	-
	Grasim Bhiwani Textiles Limited	Chairman, Audit Committee
	Lakshmi Precision Screws Limited	-
	L&T Finance Holdings Limited	Member, Audit Committee
	Maxx Mobile Communications Limited	Member, Investor Grievance Committee
	HN Sinor	3i Infotech Limited
ICICI Venture Funds Management Company Limited		Member, Audit Committee
ICICI Lombard General Insurance Company Limited		Member, Audit Committee
Tata Investment Corporation Limited		Chairman, Audit Committee
Tata Capital Limited		Member, Audit Committee
Tata Motors Finance Limited		-
Themis Medicare Limited		Member, Audit Committee
Sahara India Financial Corporation Limited		Member, Audit Committee
Zoroastrian Co-operative Bank Limited		-



Name of the Director	Memberships on other Boards	Committee Memberships*
Rama Bijapurkar	CRISIL Risk and Infrastructure Solutions Limited	-
	Axis Bank Limited	-
	Mahindra Holidays & Resorts India Limited	Member, Audit Committee
	Mahindra and Mahindra Financial Services Limited	Member, Audit Committee
	ICICI Prudential Life Insurance Company Limited	-
Nachiket Mor	-	-
Deven Sharma	-	-
Thomas Schiller	CRISIL Risk and Infrastructure Solutions Limited	-
David Pearce	CRISIL Risk and Infrastructure Solutions Limited	-
Ravinder Singhania (Alternate Director)	CRISIL Risk and Infrastructure Solutions Limited	-
	Unitech Limited	-
	Assets Care Enterprise Limited	-
Roopa Kudva	India Index Services & Products Limited	-
	CRISIL Credit Information Services Limited	-
	Irevna LLC, US	-
	Irevna Limited, UK	-
	CRISIL Irevna Poland Sp. Z.o.o	-
	CRISIL Irevna Information Technology (Hangzhou) Co. Ltd	-

\* Memberships/Chairmanships in Audit Committee and Shareholders'/Investors' Grievance Committee is considered.

**Details of Shareholdings of Directors as on December 31, 2010**

Name of the Director	No. of shares held
BV Bhargava	-
HN Sinor	-
Rama Bijapurkar	-
Nachiket Mor	-
Deven Sharma	-
Thomas Schiller	-
David Pearce	-
Ravinder Singhania, Alternate Director	-
Roopa Kudva, MD & CEO	16,000

### Responsibilities:

The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than four months. During the year ended December 31, 2010, the Board met six times—on February 18, April 16, July 22, September 9, October 18, and December 20. Most Board meetings were well-attended as shown below. The agenda of board meetings is sent to all the Directors well in advance and contains all the relevant information. The Company has an executive committee comprising the Managing Director and a team of senior management personnel with proper demarcation of responsibilities and authority. The Managing Director is responsible for corporate strategy, planning, external contacts and Board matters. The senior management personnel heading respective divisions are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions. Mr. Raman Uberoi heads the domestic ratings business, Mr. GV Mani heads the global research and analytics business, Mr. Mukesh Agarwal heads the research business, and Mr. Arun Panicker oversees operations. Mr. M Ramsekhar has recently joined as CEO for CRISIL Risk & Infrastructure Solutions Ltd. (CRIS) and heads the infrastructure advisory and risk solutions business, which is conducted by a wholly owned subsidiary.

Name of the Directors	No. of Board meetings held	No. of Board meetings attended	Last Annual General Meeting attendance
BV Bhargava	6	6	Yes
HN Sinor	6	5	Yes
Rama Bijapurkar	6	5	Yes
Nachiket Mor	6	4	Yes
Deven Sharma	6	3#	Yes
Thomas Schiller	6	5	Yes
David Pearce	6	4	Yes
Roopa Kudva	6	6	Yes

# In addition to the three Board meetings attended in person, Mr. Deven Sharma had attended the other three board meetings through tele-conference.

There were no personal transactions by the directors involving a conflict of interest with the Company. The Company has a Code of Ethics and Personal Trading Policy for Directors and employees. The Code of Ethics contains policies on confidentiality, gifts and favours, and false and misleading information or disclosures. The Personal Trading Policy contains regulations, policies, procedures and restrictions relating to personal investments by the Directors and employees. The policy also prohibits trading in securities of any foreign or Indian listed company on the basis of unpublished price-sensitive information.

### Remuneration Policy:

#### 1) Remuneration to non-whole-time directors:

Non-whole-time directors are paid sitting fees for each meeting of the Board or its committee attended by them and are also eligible for commissions. The commission payable to each non-whole-time Directors is limited to a fixed sum per year as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the prevailing norms. The members of the Company at the meeting held on April 27, 2007 had authorised payment of commission to the non-whole-time directors up to 3 per cent of the net profits of the Company determined in

accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, subject to the approval of the Central Government. The Company has received the approval of the Central Government to pay remuneration not exceeding 3 per cent of the net profits to the non-whole-time directors for a period of five years with effect from January 01, 2008.

2) **Whole-time Directors and other employees of the Company:**

The remuneration and reward structure for Whole-time Directors and employees comprises two broad components—short-term remuneration and long-term rewards. The Compensation Committee, comprising two independent directors, determines the remuneration of Whole-time Directors and determines guidelines for remuneration payable to the employees. These guidelines are as under:

a) Annual remuneration:

Annual remuneration refers to the annual compensation payable to Whole-time Directors and employees of the Company. This comprises two parts—a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives. Every employee signs a performance contract, which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay is directly linked to the performance on individual components of the performance contract. An employee's variable pay is, therefore, directly dependent on key performance measures that represent the best interests of shareholders.

The total remuneration is set at levels to attract, motivate, and retain high-calibre, and high potential personnel in a competitive global market. The total remuneration level is reset annually based on a comparison with the relevant peer group in the Indian market, established through an independent compensation survey. In addition to the above, incentives linked to the performance of the business unit are payable if the business unit performs better than expected. The remuneration levels and the performance contracts are finalised under the overall supervision, guidance, and approval of the Compensation Committee.

b) Long-Term Rewards:

Long-term rewards primarily comprise a long-term incentive plan, under which incentives are granted to eligible key employees based on their contribution to the profitability of the Company, relative position in the organisation, and length of service. The plan is supervised by the Compensation Committee. Non-whole-time directors are not eligible for participation in the plan.

**Sitting fees and commission paid to non-whole-time Directors**

(In Rupees)

Name of Directors	Sitting Fees	Commission	Total
BV Bhargava	320,000	2,285,280	2,605,280
HN Sinor	160,000	2,094,840	2,254,840
Rama Bijapurkar	120,000	2,094,840	2,214,840
Nachiket Mor	-	2,094,840	2,094,840
Deven Sharma	60,000	1,142,640	1,202,640
Thomas Schiller	180,000	1,428,300	1,608,300
David Pearce	180,000	1,142,640	1,322,640
Ravinder Singhania (Alternate Director)	-	-	-
<b>TOTAL</b>	<b>10,20,000</b>	<b>12,283,380</b>	<b>13,303,380</b>

### Remuneration Paid to Whole-time Director for the year ended December 31, 2010

(Rupees Lakh)	
Name	Roopa Kudva
Salary	130.02
Perquisites	4.90
Variable Pay/Commission	106.70
Provident Fund & Gratuity	4.68
Appointment valid till	July 27, 2012
Notice period	3 months

#### Dividend Policy:

CRISIL believes in maintaining a fair balance between cash retention and dividend distribution. Cash retention is required to finance acquisitions and future growth, and also as a means to meet any unforeseen contingency. CRISIL has also been conscious of the need to maintain stability in its dividend payout over the years. From 2008, CRISIL has commenced the practice of paying dividend on a quarterly basis.

#### BOARD COMMITTEES

The Board has constituted committees consisting of Whole-time and Non-whole-time Directors to focus on the critical functions of the Company.

#### Rating Committee:

The Rating Committee comprises of one Non-whole-time Director, Mr. BV Bhargava (Chairman), and one Whole-time director Ms. Roopa Kudva and other senior personnel of the Ratings Division. The Committee takes decisions on new ratings and existing rating reviews, approves new products, criteria and parameters. The Committee meets regularly.

#### Audit Committee:

The Audit Committee comprises of four non-executive directors who are well-versed with financial matters and corporate laws. Mr. HN Sinor is the Chairman of the Audit Committee. Mr. BV Bhargava, Dr. Nachiket Mor, and Mr. David Pearce are other members of the Audit Committee. The chairman of the Audit Committee remains present at the Annual General Meeting. The external and internal auditors of the Company are invited to attend the Audit Committee meetings to brief members. The Company Secretary is the secretary of the Committee. The Audit Committee met four times in 2010—on February 18, April 16, July 22, and October 18.

Director	No. of committee meetings held	No. of committee meetings attended
HN Sinor	4	3
BV Bhargava	4	4
Dr. Nachiket Mor	4	4
David Pearce	4	4

The terms of reference for the Audit Committee are as follows-

1. Overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements
2. Recommendation of the appointment and removal of statutory auditors and fixation of their remuneration and approving their payment for any other services rendered by them

3. Reviewing of the quarterly and annual financial statements before submission to the Board
4. Reviewing the adequacy of the internal control systems
5. Reviewing the adequacy of the internal audit functions, discussing any significant findings and follow thereon
6. Discussing on the nature and scope of audit with the statutory auditors
7. Reviewing the financial and risk management policies
8. Examination of reasons for substantial defaults, if any, in payment to stakeholders
9. Providing direction to the internal audit functions and monitors the quality of internal and statutory audit
10. Review the functioning of the Whistle Blower mechanism

The composition, procedures, role, powers and the terms of reference of the Audit Committee are as stipulated in Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

#### Investment Committee:

The Investment Committee comprises of three non-executive Directors - Mr. BV Bhargava (Chairman), Mr. Thomas Schiller, Mr. David Pearce, and one executive director, Ms. Roopa Kudva. The Investment Committee lays down policy guidelines and procedures for investing the Company's funds, and reviews this activity at regular intervals. The Investment Committee met once during the year—on October 18, 2010.

Director	No. of committee meetings held	No. of committee meetings attended
BV Bhargava	1	1
Thomas Schiller	1	-
David Pearce	1	1
Roopa Kudva	1	1

#### Investors Grievance Committee:

The Investors Grievance Committee comprises of two non-executive directors, Mr. BV Bhargava (Chairman), Mr. Thomas Schiller, and one executive director, Ms. Roopa Kudva. The Committee periodically reviews the status of investor grievances and redressal of the same. The Committee met four times in 2010—on February 18, April 16, July 22, and October 18.

Director	No. of committee meetings held	No. of committee meetings attended
BV Bhargava	4	4
Thomas Schiller	4	3
Roopa Kudva	4	4

#### Compensation Committee:

The Compensation Committee comprises of five non-executive directors—Mr. BV Bhargava (Chairman), Mr. Deven Sharma, Ms. Rama Bijapurkar, Mr. Thomas Schiller, and Mr. HN Sinor. The chairman of the Compensation Committee was present at the Annual General Meeting held on April 16, 2010. The Committee ensures that a proper system of compensation exists to provide performance-based compensation to all employees of the Company. The Committee considers and approves salary, commission and other emoluments payable to Whole-time directors and employees of the Company. The annual compensation of Whole-time Directors is determined by the Compensation Committee within the limits set by the shareholders at the general meeting. It also recommends to the Board, the remuneration payable to non-whole-time directors, within the limits laid down by the shareholders at the general meeting and in accordance with other applicable laws. The Committee met once during the year—on February 18, 2010.

Director	No. of committee meetings held	No. of committee meetings attended
BV Bhargava	1	1
Rama Bijapurkar	1	1
Thomas Schiller	1	1
Deven Sharma	1 <sup>#</sup>	-
HN Sinor <sup>*</sup>	-	-

\* Mr HN Sinor has been appointed member of the Compensation Committee with effect from December 20, 2010.

# Mr. Deven Sharma attended the committee meeting by tele-conference.

#### **Allotment Committee:**

The Allotment Committee has been formed to complete the formalities prescribed under the Companies Act, 1956, relating to allotment of shares and to authorise officials of the Company to file forms and returns with regulatory authorities. The Allotment Committee comprises of two non-executive directors— Dr. Nachiket Mor (Chairman), and Ms. Rama Bijapurkar—and one executive Director, Ms. Roopa Kudva. No Allotment Committee meeting was held during the year as no shares were allotted during the year.

## **SHARE HOLDERS**

#### **Means of Communication:**

1. Half-Yearly Newsletter: The Company sends a half-yearly newsletter giving details of the Company's financial performance, including a summary of significant events in the last six months to shareholders.
2. Quarter and annual financial results are published in the leading national and regional newspapers, and displayed on the Company's website.
3. News releases, press releases and presentations made to investors and analysts are displayed on the Company's website.
4. The annual report is circulated to all members, and is also available on the Company's website.

The Management Discussion and Analysis Report form a part of the annual report.

In case of appointment or re-appointment of a Director, members are provided a brief resume of the Director, the nature of his/her expertise in specific functional areas, the names of companies in which he/she holds directorship, and membership of Committees of the Board.

#### **Grievance Redressal:**

The Board has appointed an Investor Grievance Committee to review and redress complaints received from shareholders. The Committee meets periodically to consider the status of the investor grievances received and redressed along with the ageing schedules of pending complaints. The Board has authorised Mr. Shrikant Dev, Company Secretary, to approve the transfer and transmission of shares.

A secretarial audit is conducted by an independent practising company secretary on quarterly basis, to confirm reconciliation of the issued and listed capital, dematerialised capital, and status of the register of members.

The Auditors' Certificate of Corporate Governance is annexed with the Directors' report and will be sent to the stock exchange at the time of filing the annual returns of the Company.

**General Body Meetings:**

The location, time and venue of the last three Annual General Meetings were as under:

Nature of Meeting	Date and Time	Venue
Twenty First Annual General Meeting	April 23, 2008 at 3.30 pm	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, Fort. Mumbai – 400001.
Twenty Second Annual General Meeting	April 28, 2009 at 3.30 pm	Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.
Twenty Third Annual General Meeting	April 16, 2010 at 3.30 pm	Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.

No Special Resolutions were passed at the last three general body meetings.

**Postal Ballot System:**

The Central Government has notified the Companies (Passing of Resolution by Postal Ballot) Rules 2001, which lays down the businesses required to be passed by postal ballot.

The Company has passed the following resolutions by postal ballot for the period from the date of the last Annual General Meeting till the date of this report:

Sr. No	Date of Declaration of Postal Ballot Result	Description
1.	October 18, 2010	Special Resolution under Section 31 of the Companies Act, 1956 for alteration of Articles of Association
2.	October 18, 2010	Special Resolution under Section 77A of the Companies Act, 1956 for the purchase of its own shares
3.	February 4, 2011	Special Resolution for issue and offer of Equity Shares of the Company to employees and Whole-time Director(s) of the Company under section 81(1A) and other applicable provisions of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999
4.	February 4, 2011	Special Resolution for issue and offer of Equity Shares of the Company to employees and Whole-time Director(s) of the subsidiary companies of the Company under section 81(1A) and other applicable provisions of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999



**Disclosures:**

During the year, there were no material related-party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large. Other related-party transactions are mentioned in the notes to the accounts.

There was no non-compliance by the company and no penalties or strictures were imposed on the Company by the Stock Exchange or SEBI, or any statutory authority on any matter related to the capital markets during the last three years.

The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement. The Company has also complied with the non-mandatory requirements relating to publication of half-yearly results, having unqualified financial statements, having a whistle-blower policy and also has a mechanism for evaluating non-executive board members.

**CRISIL Code of Conduct for Directors and Senior Management:**

The Board of Directors of CRISIL has adopted the Code of Conduct for Senior Management; the same is available on the website of the Company.

**Whistle-Blower Policy:**

The Company has a Whistle-Blower Policy, whereby employees are free to report violations of laws, rules, and regulations, or unethical conduct to the Audit Committee. There has been no instance of employees acting under this policy.

## GENERAL INFORMATION FOR MEMBERS

- |   |   |  |
|---|---|--|
| <b>1. Annual General Meeting</b>  | : |  |
| Date and Time   |   | April 15, 2011 at 3.30 p.m.  |
| Venue   |   | Rangaswar Hall, 4th floor,<br>Yashwantrao Chavan Pratishthan,<br>Gen. Jagannath Bhosale Marg<br>Next to Sachivalaya Gymkhana<br>Mumbai – 400021  |
| <hr/>   |   |  |
| <b>2. Calendar for Financial Reporting for the</b>                                      | : |  |
| First Quarter ending March 31, 2011   |   | Friday, April 15, 2011   |
| Second Quarter ending June 30, 2011   |   | Wednesday, July 20, 2011   |
| Third Quarter ending September 30, 2011   |   | Tuesday, October 18, 2011  |
| Year Ending December 31, 2011   |   | End of February, 2012  |
| Newspaper where the results are published   |   | Business Standard and Sakal  |
| Site where the financial results, shareholding pattern, annual report etc. are uploaded |   | www.crisil.com   |
| <hr/>   |   |  |
| <b>3. Proposed Final Dividend</b>   | : | Rs. 25 per share having nominal value of Rs. 10 each.  |
| <b>4. Dates of Book Closure</b>   | : | Wednesday, March 16, 2011 to Thursday, March 17, 2011 (both days inclusive)  |
| <b>5. Dividend Payment Date</b>   | : | May 03, 2011 (if dividend payment is approved at the Annual General Meeting).  |
| <b>6. Listing Details</b>   | : | The shares of the Company are listed on: <ul style="list-style-type: none"> <li>● <b>National Stock Exchange of India Limited (NSE)</b><br/>Exchange Plaza, 5th Floor,<br/>Plot No. C/1, G Block,<br/>Bandra-Kurla Complex,<br/>Bandra (E), Mumbai – 400 051.</li> <li>● <b>Bombay Stock Exchange Limited (BSE)</b><br/>Jeejeebhoy Towers, Dalal Street,<br/>Fort, Mumbai - 400 001.</li> </ul> <p>The Company has paid listing fees at both the exchanges and has complied with the listing requirements.</p> |
| <b>7. Stock Code</b>  | : | National Stock Exchange of India Limited (NSE) CRISIL<br><br>Bombay Stock Exchange Limited (BSE) - 500092.<br>ISIN Number: INE007A01017  |
| <b>8. Registrars and Share Transfer Agents</b>  | : | <b>Karvy Computershare Private Limited</b><br>Karvy House, 21, Avenue – 4,<br>Plot No.17 to 24, Near Image Hospital<br>Vittalrao Nagar, Madhapur.<br>Hyderabad –500 081<br>Phone No. 040-23420818-828<br>Fax. No. 040-23420814   |

<b>9. Compliance Officer</b>	: Mr. Shrikant Dev, Company Secretary CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. Phone: 022-33423000 Fax: 022-33423810
<b>10. Depository System</b>	: Currently, 99.58% of the Company's Share Capital is held in dematerialised form. For any assistance in converting physical shares in electronic form, investors may approach Karvy Computershare Private Limited or Mr. Shrikant Dev, Compliance Officer, at the addresses given above.
<b>11. Electronic Clearing Service (ECS)</b>	The Company has extended the ECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail of this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants, apart from eliminating loss/damage of dividend warrants in transit and correspondence with the Company on revalidation/issuance of duplicate dividend warrants.
<b>12. Bank Details for Electronic Shareholding</b>	: Members are requested to notify their Depository Participant (DP) about the changes in the bank details. Members are requested to furnish complete details of their bank accounts including the MICR codes of their banks to their DPs.
<b>13. Furnish Copies of Permanent Account Number (PAN)</b>	: The members are requested to furnish their PAN which will help us to strengthen compliance with KYC norms and provisions of Prevention of Money Laundering Act, 2002.  For transfer of shares in physical form, SEBI has made it mandatory to the transferee to submit a copy of PAN card to the Company .
<b>14. Investor Complaints to be addressed to</b>	: Registrars and Share Transfer Agents or to Mr. Shrikant Dev, Compliance Officer, at the above mentioned address.
<b>15. Email ID of Grievance Redressal Division</b>	: investors@crsil.com

#### Shareholding Pattern as on December 31, 2010

Sr. No.	Category	No. of shares held	% Holding
1.	Group Holding of the The McGraw-Hill Companies		
	a) Standard & Poor's International LLC	600,000	8.45
	b) S&P India LLC	3,120,948	43.98
2.	Individuals	1,248,090	17.59
3.	FII's	715,265	10.08
4.	Mutual Funds/UTI	566,136	7.97
5.	Insurance Companies	474,452	6.69
6.	Financial Institutions/Banks	215,011	3.03
7.	Bodies Corporate	124,576	1.75
8.	Directors	16,000	0.23
9.	NRIs	16,366	0.23
	<b>TOTAL</b>	<b>7,096,844</b>	<b>100.00</b>

**Members holding more than 1% of the paid-up share capital as on December 31, 2010.**

Sr. No	Name of the Shareholder	No. of shares held	% Holding
1.	Group Holding of the The McGraw-Hill Companies		
	a) Standard & Poor's International LLC	600,000	8.45
	b) S&P India LLC	3,120,948	43.98
2.	Jhunjhunwala Rakesh & Rekha	550,000	7.75
3.	General Insurance Corporation of India	303,039	4.27
4.	Unit Trust of India	245,820	3.46
5.	State Bank of India	200,390	2.82
6.	Acacia Partners, LP/Acacia Institutional Partners, LP	171,688	2.42
7.	Life Insurance Corporation of India	171,413	2.42
8.	Franklin Templeton Investment Funds	154,232	2.17
9.	Bright Star Investments Pvt Ltd	94,238	1.33
10.	Variable Insurance Products Fund III – Mid Cap	88,255	1.24
11.	Wasatch Fund	77,280	1.09
12.	Tata Trustee Co. Pvt. Ltd- A/c Tata Mutual Fund	74,110	1.04
13.	Templeton Mutual Fund A/c-Franklin India	72,122	1.02
	<b>TOTAL</b>	<b>5,923,535</b>	<b>83.47</b>

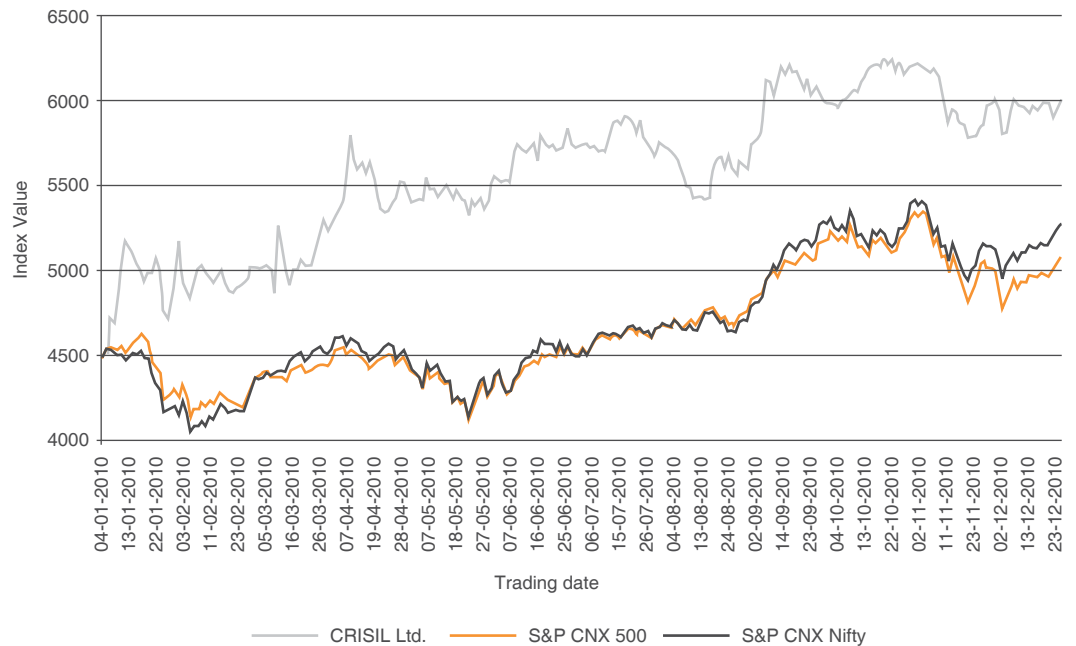
**Status report on number of shareholder requests/complaints received and resolved by the Company during the year ended December 31, 2010**

Nature of Correspondence	Received	Resolved	Pending
Transfer/Transposition/Transmission	13	13	-
Dematerialisation/Remat/ECS/other Request	49	49	-
Registration of Power of Attorney	-	-	-
Issue of duplicate share certificate/correction/process queries	5	5	-
Non-receipt of dividend warrant	50	50	-
Issue of duplicate drafts in lieu of warrants/revalidation of warrants	46	46	-
Incorporation of change of address	10	10	-
Incorporation of bank mandate	3	3	-
<b>TOTAL</b>	<b>176</b>	<b>176</b>	<b>-</b>

**Price movements of the company's shares on National Stock Exchange of India Ltd and Bombay Stock Exchange Limited for the period from January to December 2010.**

NSE			BSE		
Month	High (Rupees)	Low (Rupees)	Month	High (Rupees)	Low (Rupees)
January	5700.00	4450.10	January	5300.00	4290.30
February	5300.00	4601.00	February	5271.00	4700.00
March	5784.45	4821.10	March	5555.50	4873.30
April	6050.00	5228.00	April	6066.00	5249.70
May	5649.00	5252.00	May	5600.00	5255.05
June	5880.00	5275.00	June	5900.00	5300.00
July	6000.00	5610.00	July	6090.90	5640.00
August	6048.00	5376.00	August	6100.00	5391.10
September	6265.00	5565.00	September	6300.00	5571.00
October	6999.00	5931.00	October	6350.00	5910.00
November	6300.00	5700.00	November	6343.00	5655.55
December	6880.00	5721.60	December	6150.00	5704.05

### CRISIL Ltd. v/s S&P CNX 500, S&P CNX Nifty



### Shareholders Rights:

A shareholder in a Company enjoys certain rights, which are as follows:

- To receive share certificates, on allotment or transfer as the case may be, in due time.
- To receive copies of the Annual Report, Balance Sheet and Profit and Loss Account and the Auditor's Report.
- To participate and vote in General Meetings either personally or through proxies.
- To receive dividends in due time once approved in General Meetings.
- To receive corporate benefits like rights, bonus etc. once approved.
- To apply to the Company Law Board to call or direct the Annual General Meeting.
- To inspect the minute books of the General Meetings and to receive copies thereof.
- To proceed against the Company by way of civil or criminal proceedings.
- To apply for the winding-up of the Company.
- To receive the residual proceeds.
- Other rights are as specified in the Memorandum and Articles of Association available on the website, [www.crisil.com](http://www.crisil.com).

Apart from the above rights, an individual shareholder also enjoys the following rights as a group:

- To appoint the Directors and Auditors of the Company.
- To requisition an Extraordinary General Meeting.
- To demand a poll on any resolution.
- To apply to the Company Law Board to investigate the affairs of the Company.
- To apply to the Company Law Board for relief in cases of oppression and/or mismanagement.

The above-mentioned rights may not necessarily be absolute.

At CRISIL, the end of one journey marks the beginning  
 of another in a continuous pursuit of holistic excellence.

## standalone financial statements

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## AUDITORS' REPORT

### To the Members of CRISIL Limited

1. We have audited the attached Balance Sheet of CRISIL Limited ('the Company') as at December 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ['the Order'] issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose, in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on December 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2010;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Shrawan Jalan

Partner

Membership No.: 102102

Place: Mumbai

Date: February 14, 2011



## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: CRISIL Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets were physically verified by the management in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company is engaged in the business of providing rating and research services and therefore the provisions of clause
  - (ii) of paragraph 4 of the said Order are not applicable to the Company and hence not commented upon.
  - (iii) The Company has not granted/taken any loan to/from parties covered under section 301 of the Companies Act, 1956 and therefore the provisions of clause iii (c) to iii (g) are not applicable to the Company and hence not commented upon.
  - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
 

The Company is providing rating and research services and do not have inventory. Hence adequacy of internal control pertaining to purchase and sale of inventory are not commented upon.
  - (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Accordingly, the provisions of clause (v) (b) of paragraph 4 of the said Order are not applicable to the Company and hence not commented upon.
  - (vi) The Company has not accepted any deposits from the public.
  - (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
  - (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
  - (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax and cess and other material statutory dues have been regularly deposited with the appropriate authorities. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same. The provisions relating to custom duty and excise duty are not applicable to the Company.
    - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.





- (c) According to the records of the Company, the dues outstanding of income-tax as well as sales tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands raised against the Company	6,968,429	A.Y. 2001 – 02	High Court
		986,735	A.Y. 2002 – 03	High Court
		2,743,256	A.Y. 2003 – 04	High Court
		7,653,227	A.Y. 2004 – 05	High Court
		276,914	A.Y. 2005 – 06	Deputy Comm. Of Income Tax
		1,619,600	A.Y. 2006 – 07	Deputy Comm. Of Income Tax
		5,053,440	A.Y. 2007 – 08	Comm. of Income Tax (Appeals)
Sales Tax Act, 1956	Sales Tax demands raised on the company	4,534,537	A.Y. 2004 – 05	Asst. Comm. Of Sales Tax (Appeals)
		5,069,846	A.Y. 2005 – 06	Asst. Comm. Of Sales Tax (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has not taken any loans from financial institution, bank and not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place: Mumbai  
Date: February 14, 2011

## BALANCE SHEET

as at December 31, 2010

Particulars	Schedule	(Rupees)	
		December 31, 2010	December 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	70,968,440	72,250,000
Reserves and Surplus	B	3,554,086,835	4,050,013,397
<b>TOTAL</b>		<b>3,625,055,275</b>	<b>4,122,263,397</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	1,773,869,090	1,099,008,181
Less: Accumulated Depreciation/Amortization		775,399,236	604,554,675
Net Block		998,469,854	494,453,506
Capital Work-In-Progress (including Capital Advances)		829,817	636,682,868
		999,299,671	1,131,136,374
<b>Investments</b>	D	1,175,057,829	1,814,901,674
Deferred Tax Assets (Net) (Refer Note 6 - Schedule P)		121,763,199	87,908,504
<b>Current Assets, Loans And Advances</b>			
Sundry Debtors	E	964,189,743	694,978,977
Cash and Bank Balances	F	1,219,895,840	1,345,360,048
Loans and Advances	G	782,050,670	618,332,273
Other Current Assets	H	74,950,779	109,724,102
		3,041,087,032	2,768,395,400
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	I	1,283,396,888	1,329,089,698
Provisions	J	428,755,568	350,988,857
		1,712,152,456	1,680,078,555
<b>Net Current Assets</b>		1,328,934,576	1,088,316,845
<b>TOTAL</b>		<b>3,625,055,275</b>	<b>4,122,263,397</b>
Significant Accounting Policies and Notes to the Accounts	P		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our report of even date.

For **S.R. BATLIBOI & CO.**

Firm Registration No.: 301003E

Chartered Accountants

For and on behalf of the Board of Directors of CRISIL Limited

per Shrawan Jalan  
Partner

Membership No.: 102102

Mumbai, February 14, 2011

Rama Bijapurkar  
Director

Roopa Kudva  
Managing Director &  
Chief Executive Officer

Shrikant Dev

Company Secretary

Mumbai, February 14, 2011

Thomas Schiller  
Director

B. V. Bhargava  
Director

H.N. Sinor  
Director



## PROFIT AND LOSS ACCOUNT

for the year ended December 31, 2010

Particulars	Schedule	(Rupees)	
		Year Ended December 31, 2010	Year Ended December 31, 2009
<b>INCOME</b>			
Income from Operations	K	5,287,120,859	4,416,234,450
Other Income	L	736,222,592	228,301,849
<b>TOTAL</b>		<b>6,023,343,451</b>	<b>4,644,536,299</b>
<b>EXPENDITURE</b>			
Personnel Expenses	M	1,989,045,470	1,595,390,298
Establishment Expenses	N	612,391,462	474,151,290
Other Expenses	O	702,641,687	532,786,491
Depreciation		202,085,414	138,792,701
		3,506,164,033	2,741,120,780
<b>Profit Before Tax</b>		2,517,179,418	1,903,415,519
<b>Tax Expense (Refer Note 4 - Schedule P)</b>			
Current Tax		565,438,050	416,894,000
Fringe Benefit Tax		-	3,308,000
Wealth Tax		694,760	759,960
Deferred Tax Benefit		(33,854,695)	(20,918,303)
Income Tax of earlier years		(88,469)	-
		532,189,646	400,043,657
Profit After Tax and before prior period items		1,984,989,772	1,503,371,862
Prior period expense, net of tax		27,444,953	-
(Refer Note 25- Schedule P)			
<b>Profit After Tax</b>		1,957,544,819	1,503,371,862
Balance brought forward from previous year		2,274,109,516	1,766,363,716
<b>Profit Available for Appropriation</b>		<b>4,231,654,335</b>	<b>3,269,735,578</b>
<b>Dividend</b>			
Interim		1,264,375,000	541,875,000
Proposed Final Dividend		177,421,100	180,625,000
<b>TOTAL</b>		<b>1,441,796,100</b>	<b>722,500,000</b>
Dividend Tax on Interim and Proposed final dividend		238,766,646	122,788,876
Transfer to General Reserve		195,754,482	150,337,186
Balance carried to Balance Sheet		2,355,337,107	2,274,109,516
		4,231,654,335	3,269,735,578
Basic and Diluted Earnings Per Share - Nominal value of Rs.10		271.61	208.08
Number of Shares used in Computing Earnings Per Share (Refer Note 23-Schedule P)		7,207,093	7,225,000
Significant Accounting Policies and Notes to the Accounts	P		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date.

For S.R. BATLIBOI & CO.

Firm Registration No.: 301003E For and on behalf of the Board of Directors of CRISIL Limited

Chartered Accountants

per Shrawan Jalan  
Partner

Membership No.: 102102

Mumbai, February 14, 2011

Rama Bijapurkar  
Director

Thomas Schiller  
Director

B. V. Bhargava  
Director

Roopa Kudva  
Managing Director &  
Chief Executive Officer

H.N. Sinor  
Director

Shrikant Dev  
Company Secretary  
Mumbai, February 14, 2011

## CASH FLOW STATEMENT

for the year ended December 31, 2010



	(Rupees)	
	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Profit before tax</b>	2,517,179,418	1,903,415,519
Adjustments for :		
Depreciation	202,085,414	138,792,701
Provision for leave encashment	32,277,116	28,779,951
Provision for gratuity (Refer Note 25- Schedule P)	22,472,536	(11,697,236)
Unrealised Foreign exchange loss	7,176,625	4,730,151
Loss / (Profit) on sale of fixed assets	(250,971,101)	6,260,835
Profit on sale of investments	(355,262,165)	(96,467,976)
Provision for bad debts	49,702,921	46,223,090
Interest on deposits	(71,261,822)	(103,316,981)
Foreign Currency Translation Reserve	(2,880,388)	-
Interest on loan to subsidiary	(2,694,835)	(3,472,603)
Dividend Income - Other Investments	(6,603,721)	(3,932,500)
Dividend income from current investments	(23,732,040)	(4,062,840)
<b>Operating profit before working capital changes</b>	2,117,487,958	1,905,252,111
<b>Movements in working capital</b>		
- (Increase)/decrease in sundry debtors	(326,090,312)	57,239,978
- (Increase)/decrease in sundry deposits	81,319,460	(125,816,612)
- (Increase)/decrease in loans	88,570	(2,935,407)
- (Increase)/decrease in advances	39,301,568	(7,693,160)
- (Increase)/decrease in accrued revenue	36,219,356	(35,532,491)
- Increase/(decrease) in sundry creditors	(66,101,765)	243,355,536
- Increase/(decrease) in fee received in advance	39,128,197	83,422,182
- Increase/(decrease) in other liabilities	(22,980,349)	11,809,574
Cash generated from operations	1,898,372,683	2,129,101,711
- Taxes paid	(548,230,556)	(369,624,276)
<b>Net cash generated from operating activities - (A)</b>	1,350,142,127	1,759,477,435
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(93,092,109)	(755,687,962)
Proceeds from sale of fixed assets	318,967,166	5,108,651
Investments in mutual funds	(100,000,000)	(804,062,841)
Sale proceeds from investments in mutual funds	1,016,997,252	950,569,979
Investment in fixed deposits	(865,469,188)	(406,398,250)
Proceeds from fixed deposit maturity/renewal	607,586,055	602,837,790
Payment made for acquisition of Pipal Research Analytics and Information Services India Private Limited	(111,292,051)	-
Investment in National Commodity and Derivative Exchange Limited	(99,000,000)	-

Contd...



## CASH FLOW STATEMENT

for the year ended December 31, 2010

	(Rupees)	
	Year Ended December 31, 2010	Year Ended December 31, 2009
Sale proceeds from Investment in National Commodity and Derivative Exchange Limited	374,433,189	-
Investment in Irevna Limited, UK	(144,760,380)	-
Sale proceeds from investments in Gas Strategies Group Limited	58,728,000	-
Interest on deposits	50,211,339	108,761,860
Dividend Income - Other Investments	6,603,721	3,932,500
Dividend income from current investments	23,732,040	4,062,840
<b>Net cash generated from/(used in) investing activities - (B)</b>	<b>1,043,645,034</b>	<b>(290,875,433)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividend and dividend tax paid	(1,680,735,331)	(927,981,037)
Payment towards Buy Back of Shares (Refer Note 23-Schedule P)	(796,858,024)	-
Interest on loan to subsidiary	2,694,835	3,472,603
Loan (given) / repaid to Subsidiary (Net)	(302,235,982)	(10,000,000)
<b>Net cash generated from/(used in) financing activities - (C)</b>	<b>(2,777,134,502)</b>	<b>(934,508,434)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(383,347,341)</b>	<b>534,093,568</b>
Cash and cash equivalents - Opening balance	727,316,190	193,222,622
Cash and Cash Equivalents - Closing balance	343,968,849	727,316,190
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(383,347,341)</b>	<b>534,093,568</b>
Components of Cash and Cash Equivalents as at *		
With banks on current account	343,968,849	727,316,190
	343,968,849	727,316,190
*Cash and cash equivalent includes earmarked unpaid dividend amount (Refer Schedule F)		
Significant accounting policies and notes to the Accounts Schedule P		

The schedules referred to above and notes to accounts form an integral part of the Cash flow statement.

As per our report of even date.

For **S.R. BATLIBOI & CO.**

Firm Registration No.: 301003E

Chartered Accountants

For and on behalf of the Board of Directors of CRISIL Limited

per **Shrawan Jalan**

Partner

Membership No.: 102102

Mumbai, February 14, 2011

**Rama Bijapurkar**

Director

**Roopa Kudva**

Managing Director &  
Chief Executive Officer

**Shrikant Dev**

Company Secretary

Mumbai, February 14, 2011

**Thomas Schiller**

Director

**B. V. Bhargava**

Director

**H.N. Sinor**

Director



## SCHEDULES

annexed to and forming part of the Accounts

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE A:</b>		
<b>Share Capital</b>		
Authorised Capital:		
10,000,000 (P.Y. 10,000,000) Equity Shares of Rs.10 each	100,000,000	100,000,000
Issued, Subscribed and Paid Up:		
7,096,844 (P.Y. 7,225,000) Equity Shares of Rs. 10 each fully paid up	70,968,440	72,250,000
[Of the above, 600,000 (P.Y. 600,000) Equity Shares are held by Standard & Poor's International LLC, USA and 3,120,948 (P.Y. 3,120,948) Equity Shares are held by S&P India, LLC (a wholly-owned subsidiary of The McGraw-Hill Companies, Inc., The Ultimate Holding Company)]		
(Refer Note 23, Schedule P)		
<b>TOTAL</b>	<b>70,968,440</b>	<b>72,250,000</b>
<b>SCHEDULE B:</b>		
<b>Reserves and Surplus</b>		
Securities Premium Account		
Opening Balance	474,890,071	474,890,071
Less:- Used towards buy back of equity shares (Refer Note 23, Schedule P)	(474,890,071)	-
<b>TOTAL</b>	<b>-</b>	<b>474,890,071</b>
Capital Reserve	122,232,111	122,232,111
Capital Redemption Reserve		
Opening Balance	-	-
Add:- Transfer on account of buy back of equity shares (Refer Note 23, Schedule P)	1,281,560	-
<b>TOTAL</b>	<b>1,281,560</b>	<b>-</b>
Profit And Loss Account	2,355,337,107	2,274,109,516
General Reserve		
Opening Balance	1,178,781,699	1,028,444,513
Add : Transferred From Profit And Loss Account	195,754,482	150,337,186
Less :Transfer To Capital Redemption Reserve Account (Refer Note 23, Schedule P)	(1,281,560)	-
Less :Used Towards Buy Back Of Equity Shares (Refer Note 23, Schedule P)	(320,686,393)	-
<b>TOTAL</b>	<b>1,052,568,228</b>	<b>1,178,781,699</b>
Hedging Reserve Account	25,548,217	-
Foreign Currency Translation Reserve	(2,880,388)	-
<b>TOTAL</b>	<b>3,554,086,835</b>	<b>4,050,013,397</b>



## SCHEDULES

annexed to and forming part of the Accounts

	Gross Block at Cost				Accumulated Depreciation/Amortization			Net Block		
	As on January 1, 2010	Additions	Deductions / Adjustments	As on December 31, 2010	Upto January 1, 2010	For the Year	Deductions / Adjustments	Upto December 31, 2010	As on December 31, 2010	As on December 31, 2009
Buildings (Refer note below)	185,676,832	-	24,111,354	161,565,478	89,405,254	9,283,842	8,938,266	89,750,830	71,814,648	96,271,578
Furniture and Fixtures (Refer note below)	135,940,901	75,794,854	13,785,654	197,950,101	68,869,130	18,347,864	7,679,033	79,537,961	118,412,140	67,071,771
Office Equipments (Refer note below)	170,535,726	131,635,165	2,112,903	300,057,988	69,660,087	28,018,380	1,199,041	96,479,426	203,578,562	100,875,639
Computers	406,936,073	90,703,070	614,762	497,024,381	317,515,858	71,264,154	436,402	388,343,610	108,680,771	89,420,215
Vehicles	41,261,697	13,792,067	13,459,578	41,594,186	29,303,999	9,572,115	12,988,111	25,888,003	15,706,183	11,957,698
Leasehold Improvements	158,656,952	417,020,004	-	575,676,956	29,800,347	65,599,059	-	95,399,406	480,277,550	128,856,605
<b>TOTAL</b>	<b>1,099,008,181</b>	<b>728,945,160</b>	<b>54,084,251</b>	<b>1,773,869,090</b>	<b>604,554,675</b>	<b>202,085,414</b>	<b>31,240,853</b>	<b>775,399,236</b>	<b>998,469,854</b>	<b>494,453,506</b>
Previous Year	1,074,140,647	159,377,167	134,509,633	1,099,008,181	527,636,314	138,792,701	61,874,340	604,554,675	494,453,506	

Note: Adjustment with respect to building, furniture and office equipment are on account of certain premises being classified as held for sale in the current year (Previous Year net written down value Rs.61,265,807). Refer Schedule H.



## SCHEDULES

annexed to and forming part of the Accounts

	(Rupees)			
	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009
<b>SCHEDULE D:</b>				
<b>Investments</b>				
<b>A. Long Term (Unquoted - At Cost)</b>				
Investment in Subsidiaries (Companies under same management)				
49,999,900 (P.Y. 49,999,900) Equity Shares of CRISIL Risk and Infrastructure Solutions Limited of Re. 1 each, fully paid up		49,999,900		49,999,900
2,056,000 Equity Shares of Irevna Limited, UK, of £1 each, fully paid up (P.Y 8,000,000 Equity Shares of £ 0.001 each) (Purchase of 2,048,000 equity shares of £1 each, during the current year)		840,144,239		695,383,859
50,000 (P.Y. 50,000) Equity Shares of CRISIL Credit Information Services Limited of Rs.10 each, fully paid up		500,000		500,000
704,018 (P.Y.704,018) Equity Shares of CRISIL Irevna Argentina of ARS 1 each, fully paid up		10,501,668		10,501,668
10,000 Equity Shares (P.Y. Nil) of Pipal Research Analytics and Information Services India Private Limited of Rs.10 each, fully paid up.		111,292,051		-
Other Investments				
637,000 (P.Y. 637,000) Equity Shares of India Index Services and Products Limited of Rs.10 each, fully paid up		6,369,970		6,369,970
1,875,000 (P.Y. 3,600,000) Equity Shares of National Commodity and Derivative Exchange Limited of Rs.10 each, fully paid up (Purchase 900,000 share during the year & Sold 2,625,000 shares during the year)		56,250,000		36,000,000
300,000 (P.Y. 300,000) Equity Shares of Caribbean Information and Credit Rating Agency of US\$1 each, fully paid up	13,642,500		13,642,500	
Less: Provision for diminution in value of Investment	(13,642,499)	1	(13,642,499)	1
Nil (P.Y. 40,000) Equity Shares of Gas Strategies Group Limited of £1 each, fully paid up. Sold 40,000 Equity Shares during the year		-		16,185,438
<b>Total Long Term (At Cost) - {A}</b>		<b>1,075,057,829</b>		<b>814,940,836</b>





## SCHEDULES

annexed to and forming part of the Accounts

	(Rupees)			
	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009
<b>SCHEDULE D: (Contd)</b>				
<b>Investments</b>				
<b>B. Current Investments (At Cost Or Market Value, whichever is lower) *</b>				
Investments In Mutual Funds (Unquoted)				
Nil Units (P.Y.5,474,352 Units) of Rs.10 each of Sundaram BNP Paribas Money Fund - Institutional Plan (Sold 5,474,352 Units during the current year)		-		95,897,998
Nil Units (P.Y. 62,578 Units) of Rs.10 each of Tata Liquid Super High Investment Fund - Appreciation (Sold 62,578 Units during the current year)		-		100,000,000
Nil Units (P.Y.15,108,936 Units) of Rs.10 each of Principal Cash Management Fund-Liquid Option Institutional Premium Plan - Dividend Reinvestment (Sold 15,108,936 Units during the current year)		-		151,099,933
Nil Units (P.Y.148,269 Units) of Rs.10 Each of UTI Liquid Cash Plan Institutional - Dividend reinvestment (Sold 148,269 Units during the current year)		-		151,151,946
Nil Units (P.Y.3,510,065 Units) of Rs.10 each of ICICI Prudential Institutional Liquid Plan - Dividend Reinvestment (Sold 3,510,065 Units during the current year)		-		351,083,706
Nil Units (P.Y.12,294,430 Units) of Rs.10 each HDFC Liquid Fund Premium Plan - Dividend Reinvestment (Sold 12,294,430 Units during the current year)		-		150,727,255
Investments In Mutual Funds (Quoted)				
1,000,000 Units of Rs 10 Each ICICI Prudential FMP Series 53 - 1 Year Plan D cumulative. (Purchased 1,000,000 Units during the current year)		100,000,000		-
<b>Total Investments in Mutual Funds {B}</b>		<b>100,000,000</b>		<b>999,960,838</b>
<b>Total Investments {A} + {B}</b>		<b>1,175,057,829</b>		<b>1,814,901,674</b>
*Aggregate market value of Company's investment in Unquoted Mutual Funds		100,343,000		1,010,359,771



## SCHEDULES

annexed to and forming part of the Accounts

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE E:</b>		
<b>Sundry Debtors</b>		
Debts outstanding for a period exceeding six months		
- Unsecured, Considered good	38,871,267	55,589,486
- Unsecured, Considered doubtful	38,260,332	37,885,893
Other debts		
- Unsecured, Considered good	925,318,476	639,389,491
Less : Provision for Doubtful Debts	(38,260,332)	(37,885,893)
(Refer Note 12 - Schedule P)		
<b>TOTAL</b>	<b>964,189,743</b>	<b>694,978,977</b>

<b>SCHEDULE F:</b>		
<b>Cash and Bank Balances</b>		
Balances with Scheduled Banks		
On Current Accounts	335,974,528	723,582,976
On Deposit Accounts	875,926,991	618,043,858
On Unpaid Dividend Accounts	7,994,321	3,733,214
Deposit includes Fixed Deposits with Banks Rs.9,982,393 (P.Y. Rs.9,050,586) marked as lien for Guarantees issued by Banks on behalf of the Company. (Refer Note 3 - Schedule P)		
<b>TOTAL</b>	<b>1,219,895,840</b>	<b>1,345,360,048</b>

<b>SCHEDULE G:</b>		
<b>Loans and Advances</b>		
(Unsecured, Considered Good)		
Loans to Staff	20,379,888	20,468,458
Advance Recoverable In Cash or Kind for Value to be Received	54,888,128	94,189,696
Advance Tax (Net of provision)	-	17,807,987
Sundry Deposits	372,046,672	453,366,132
Loan to Subsidiary (Refer Note 13 - Schedule P)	334,735,982	32,500,000
<b>TOTAL</b>	<b>782,050,670</b>	<b>618,332,273</b>

<b>SCHEDULE H:</b>		
<b>Other Current Assets</b>		
Interest Accrued on Fixed Deposits with Banks	26,964,080	5,913,597
Accrued Revenue	5,025,030	42,544,698
Interest Accrued on Loan to Irevna Limited, UK	1,300,312	-
Forward Contract Receivable	25,548,217	-
Assets held for sale (Refer note on Schedule C)	16,113,140	61,265,807
<b>TOTAL</b>	<b>74,950,779</b>	<b>109,724,102</b>



## SCHEDULES

annexed to and forming part of the Accounts

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE I:</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note 5 - Schedule P) :		
Due to micro, small and medium enterprises	-	-
Others	604,041,367	670,143,132
Fees received in advance	594,902,522	555,774,325
Unclaimed Dividend (to be credited to Investor Education & Protection Fund, as and when due)	7,994,321	3,733,214
Other Liabilities	76,458,678	99,439,027
<b>TOTAL</b>	<b>1,283,396,888</b>	<b>1,329,089,698</b>
<b>SCHEDULE J:</b>		
<b>Provisions</b>		
Proposed Dividend	177,421,100	180,625,000
Corporate Dividend Tax thereon	29,467,427	30,697,219
Provision for Tax (Net of Advance Tax)	5,797	-
Provision for Leave Encashment	164,900,814	132,623,698
Provision for Gratuity (Refer Note 25- Schedule P)	56,960,430	7,042,940
<b>TOTAL</b>	<b>428,755,568</b>	<b>350,988,857</b>

## SCHEDULES

annexed to and forming part of the Accounts



	(Rupees)	
	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>SCHEDULE K:</b>		
<b>Income from Operations</b>		
Income from Rating Services	2,840,877,156	2,389,016,014
Income from Research Services	2,446,243,703	2,027,218,436
<b>TOTAL</b>	<b>5,287,120,859</b>	<b>4,416,234,450</b>

<b>SCHEDULE L:</b>		
<b>Other Income</b>		
Interest on Deposits [TDS -Rs 6,021,547 (P.Y.Rs.18,545,398)]	71,261,822	103,316,981
Interest on Loan to Subsidiary [TDS -Rs.195,745 (P.Y.Rs.616,836 )]	2,694,835	3,472,603
Profit on sale of Fixed Assets (Net)	250,971,101	-
Dividend Income - Other Investments	6,603,721	3,932,500
Profit from sale of Investments (Net)	355,262,165	96,467,976
Dividend income from Current Investments	23,732,040	4,062,840
Miscellaneous Income	25,696,908	17,048,949
<b>TOTAL</b>	<b>736,222,592</b>	<b>228,301,849</b>

<b>SCHEDULE M:</b>		
<b>Personnel Expenses</b>		
Salaries and Bonus	1,850,301,764	1,501,246,285
Contribution to : Provident Fund	53,663,432	44,062,860
Other Funds	28,483,086	17,292,394
Staff Training and Welfare Expenses	83,505,239	52,882,683
Less : Recoveries from Subsidiaries towards Overhead Allocated	(26,908,051)	(20,093,924)
<b>TOTAL</b>	<b>1,989,045,470</b>	<b>1,595,390,298</b>

<b>SCHEDULE N:</b>		
<b>Establishment Expenses</b>		
Repairs and Maintenance - Buildings	62,386,080	64,228,740
Repairs and Maintenance - Others	65,121,325	59,848,424
Electricity	52,648,040	50,289,703
Communication Expenses	57,344,074	61,925,664
Insurance	737,719	1,480,132
Rent	377,882,978	238,796,824
Rates and Taxes	2,229,262	2,520,445
Less : Recoveries from Subsidiaries towards Overhead Allocated	(5,958,016)	(4,938,642)
<b>TOTAL</b>	<b>612,391,462</b>	<b>474,151,290</b>



## SCHEDULES

annexed to and forming part of the Accounts

	(Rupees)	
	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>SCHEDULE O:</b>		
<b>Other Expenses</b>		
Printing and Stationery	26,747,996	24,763,358
Conveyance and Travelling	137,199,732	99,194,494
Books and Periodicals	21,850,275	18,374,714
Vehicle Expenses	1,421,061	1,042,450
Remuneration to Non-whole time Directors (Refer Note 7 - Schedule P)	13,303,380	9,776,800
Business Promotion and Advertisement	18,989,323	14,074,817
Foreign Exchange Loss (net)	29,491,424	16,580,033
Professional Fees	347,745,059	179,778,515
Software Purchase & Maintenance Expenses	20,764,613	28,050,949
Provision for Bad Debts	49,702,921	46,223,090
Loss on sale of fixed assets	-	6,260,835
Auditors' Remuneration (Refer Note 10 - Schedule P)	3,069,450	2,591,708
Recruitment Expenses	18,300,560	9,349,473
Sales Commission	18,483,453	76,780,929
Seminars and Conferences	1,166,381	1,440,113
Miscellaneous Expenses	5,978,613	8,070,821
Less : Recoveries from Subsidiaries towards Overhead Allocated	(11,572,554)	(9,566,608)
<b>TOTAL</b>	<b>702,641,687</b>	<b>532,786,491</b>

### SCHEDULE P:

#### Significant Accounting Policies And Notes to the Accounts

##### 1. Nature of Operations

CRISIL is a globally-diversified analytical company providing ratings and research services. CRISIL is India's leading ratings agency and the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from strong brand, unmatched credibility, market leadership across businesses, and large customer base, CRISIL deliver analysis, opinions, and solutions that make markets function better.

##### 2. Statement of Significant Accounting Policies

###### 2.1 Basis of Preparation

The financial statements have been prepared to comply in all material respects

with the Notified accounting standard by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

###### 2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.



## SCHEDULES

annexed to and forming part of the Accounts

### 2.3 Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing

the asset to its working condition for its intended use. Items of fixed asset held for disposal are stated at lower of the net book value and net realisable value and are shown under other current assets.

### 2.4 Depreciation

Depreciation is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Act, whichever is higher.

Assets	Rates (SLM)	Schedule XIV Rates (SLM)
Buildings	5.00%	1.63%
Furniture & Fixtures	10.00%	6.33%
Office Equipments	10.00%	4.75%
Computers	33.33%	16.21%
Vehicles	33.33%	9.50%

Leasehold Improvements are amortized over the lease term or useful life of the asset, whichever is less. Leasehold improvements are amortized over the period of 8.5 years to 9 years in the current year. Fixed assets having original cost of less than Rs. 5,000 individually, are depreciated fully in the year / period of purchase.

### 2.5 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value at interest rate specific to the asset and in case where the specific rate is not available at the weighted average cost of capital which is adjusted for country risk/currency risk. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life

expense in the Profit and Loss Account on a straight-line basis over the lease term.

### 2.6 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an

### 2.7 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

### 2.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### *Income from Operations*

Income from Operations comprises of income from initial rating and surveillance services, global analytical services, credit assessments, special assignments and



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subscriptions to information products and services. Initial rating fees are deemed to accrue at 94% on the date the rating is awarded and the balance 6% is recorded equally over 11 months subsequent to the month in which the rating was awarded. Surveillance fee and subscription to information products are accounted on a time proportion basis. Fees received for credit assessments and special assignments are fully recognised as income in the year in which such assessments/assignments are carried out or milestones achieved or as per agreement with client.

### *Interest Income*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### *Dividend Income*

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Act.

### *Profit/(loss) on sale of investment*

Profit/(loss) on sale of investment is accounted when the sale / transfer deed is executed. On disposal of such investments, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognised in the Profit and Loss account. The carrying amount of investments is determined using weighted average cost method.

## 2.9 Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds

are due. There are no other obligations other than the contribution payable to the respective authorities or trusts.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

## 2.10 Foreign Currency Transactions

### *Initial Recognition*

Foreign currency transactions are recorded in reporting currency by applying to the foreign currency amounts the average exchange rates for the month in which the transaction takes place.

### *Conversion*

Foreign currency monetary items are reported using the closing rates. Non monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of transaction.

### *Exchange Difference*

Exchange differences, arising on settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

### *Forward Contract*

Forward contracts are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transactions.



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The premium or discount on forward contracts that are entered to hedge the foreign currency risk of the underlying outstanding at the balance sheet date arising at the inception of each contract, is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the year.

In relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the foreign exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting year in which the exchange rates change.

The Company has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of AS 30, are fair valued at the balance sheet date and the resultant gain / loss is credited / debited to the Hedging Reserve Account included in the Reserves and Surplus. This gain / loss would be recorded in the profit and loss account when the underlying transactions affect earnings. Other derivative instruments

that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant gain / loss has been credited / debited to profit and loss account for the year.

### 2.11 Taxes On Income

Tax expense comprises of current, deferred, and wealth tax. Current income tax and wealth tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act of 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.





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The carrying amount of Deferred Tax Assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a Deferred Tax Asset to the extent it is no longer reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which Deferred Tax Asset can be realised. Any such write down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

### 2.12 Segment Reporting Policies

#### *Segment Policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

#### *Identification of segments:*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical locations of customers.

#### *Inter segment transfers:*

The Company generally accounts for intersegment services and transfers as if the services or transfers were to third parties at current market prices.

#### *Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### *Unallocated items:*

Unallocable income and expenses includes general corporate income and expense items which are not allocated to any business segment.

### 2.13 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 2.14 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 2.15 Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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### 3. Details of Contingent Liabilities and Capital Commitments are as under :

		(Rupees)	
		Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
1.	Bank Guarantee in the normal course of business	9,982,393	9,050,586
2.	Disputed Income Tax & Sales Tax Demand:		
	(i) Pending before Appellate authorities in respect of which the Company is in appeal	16,070,858	23,359,888
	(ii) Decided in Company's favour by Appellate Authorities and Department is in further appeal	22,513,543	18,212,021
3.	Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	17,797,299	89,025,159
<b>TOTAL</b>		<b>66,364,093</b>	<b>139,647,654</b>

### 4. Income Tax

The tax year of the Company being the year ending March 31, 2011, the provision for tax for the year is the aggregate of the provision made for the three months ended March 31, 2010 and the provision for the nine months upto December 31, 2010. The tax provision for nine months has been arrived at using the effective tax rate for the period April 1, 2010 to March 31, 2011, the ultimate tax liability of which will be determined for the period April 1, 2010 to March 31, 2011.

5. The Company has the process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

### 6. Components of Deferred Tax Assets and Liabilities are:

		(Rupees)	
		As on Dec 31, 2010	As on Dec 31, 2009
<b>Deferred Tax Liability</b>			
	Depreciation / Amortisation	(67,477,222)	(29,313,871)
	Tax attributable towards tax holiday deduction	(6,500,000)	-
	Disallowance under section 40(a)	-	(728,727)
<b>TOTAL (A)</b>		<b>(73,977,222)</b>	<b>(30,042,598)</b>
<b>Deferred Tax Asset</b>			
	Provision for Leave Encashment	55,498,929	44,590,724
	Provision for Gratuity	15,186,273	2,007,830
	Lease Rent amortisation	32,016,485	18,606,511
	Provision for Bonus and Commission	67,865,625	29,096,571
	Provision for bad debts	14,307,731	14,892,808
	Deferment of Rating fees	8,826,779	8,756,658
	Disallowance under section 40(a)	2,038,599	-
<b>TOTAL (B)</b>		<b>195,740,421</b>	<b>117,951,102</b>
<b>Net Deferred Tax Asset / (Liabilities) (A-B)</b>		<b>121,763,199</b>	<b>87,908,504</b>



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### 7. Managerial Remuneration:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Managing Director :		
Salary	13,002,119	11,310,956
Commission	10,670,000	6,800,000
Contribution to Provident Fund	467,964	428,400
Perquisites	490,438	461,586
<b>TOTAL</b>	<b>24,630,521</b>	<b>19,000,942</b>
Non - Whole time Directors:		
Fees paid	1,020,000	1,000,000
Commission	12,283,380	8,776,800
<b>TOTAL</b>	<b>13,303,380</b>	<b>9,776,800</b>

Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to Directors is not included above.

Computation of net profit in accordance with Section 349 of the Companies Act, 1956, for calculation of commission payable to Directors:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Profit before tax as per Profit and Loss Account	2,517,179,418	1,903,415,519
1. Remuneration to Whole-time Directors	24,630,521	19,000,942
2. Remuneration to Non Whole-time Directors	13,303,380	9,776,800
3. Provision for Doubtful Debts	49,702,921	46,223,090
4. (Profit)/Loss on Sale of Fixed Assets	(250,971,101)	6,260,835
5. Profit from sale of long term Investments (Net)	(338,225,751)	-
Net Profit under Section 198	2,015,619,388	1,984,677,186
Managerial Remuneration Payable to whole-time director upto 5% of the Net Profit (as computed above) Rs.100,780,969 (P.Y. Rs.99,233,859), restricted to :	24,630,521	19,000,942
Commission Payable to non whole-time directors upto 3% of the Net Profit (as computed above) Rs.60,468,581 (P.Y.Rs.59,540,316), restricted to :	12,283,380	8,776,800

The Company depreciates fixed assets at the rates which are higher than the rates prescribed in Schedule XIV of the Act. Accordingly no adjustments are made on account of depreciation in computation of profit as per section 349 of the Act.

The Company has obtained approval from Ministry of Corporate Affairs for payment of commission upto 3% of the profit as per section 349 of the Act to non whole time directors

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### 8. Earnings in foreign currency (on accrual basis):

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Rendering of Rating and Research Services	2,788,221,401	2,341,548,985
Dividend from Subsidiaries / Associates	-	747,500
<b>TOTAL</b>	<b>2,788,221,401</b>	<b>2,342,296,485</b>

### 9. Payments in Foreign Currency

#### a) Value of imports calculated on C.I.F basis

The value of imports calculated on C.I.F basis for capital goods was Nil (P.Y Rs.111,597,474)

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
b) Expenditure in foreign currency		
Foreign travel	58,863,864	26,983,567
Sales Commission	18,545,553	77,204,417
Other Expenses	125,931,994	13,665,835
<b>TOTAL</b>	<b>203,341,411</b>	<b>117,853,819</b>

### 10. Auditors' Remuneration includes :

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
As auditor	2,667,500	2,425,000
In any other matter:		
Certification work	357,500	125,000
Out of Pocket Expenses	44,450	41,708
<b>TOTAL</b>	<b>3,069,450</b>	<b>2,591,708</b>

### 11. Amount remitted during the year in foreign currency, on account of dividends:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Number of shareholders	2	2
Number of equity shares of Rs 10 each held by them on which dividend was paid	3,720,948	3,720,948
Amount remitted (Rs)	65,116,590	409,304,280

### 12. Sundry debtors includes amount receivable from following Companies under same management:

	(Rupees)	
	As on Dec 31, 2010	As on Dec 31, 2009
Irevna LLC, U.S.	215,670,743	189,475,071
Irevna Limited, U.K.	250,332,991	88,381,661
Irevna Poland Sp.Zo.o	4,334,204	-
Standard & Poor's LLC	108,087,894	88,370,218
Standard & Poor's South Asia Services Private Limited	3,508,663	9,791,805
McGraw-Hill Education India Private Limited	345,602	-
McGraw-Hill Education Companies Inc.	-	9,851
<b>TOTAL</b>	<b>582,280,097</b>	<b>376,028,606</b>



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### 13. Loans and advances in the nature of loans given to companies under same management:

	(Rupees)	
	As on Dec 31, 2010	As on Dec 31, 2009
CRISIL Risk and Infrastructure Solutions Limited	-	32,500,000
Irevna Limited (UK)	334,735,982	-
Maximum Amount Outstanding During the year	367,235,982	50,219,166

### 14. Segment Reporting

#### Business Segments:

The Company has two major business segment: Ratings and Research. A description of the types of products and services provided by each reportable segment is as follows:

Rating services includes credit ratings

for corporates, banks, small and medium enterprises (SME), training in the credit rating field, credit analysis services, grading services and global analytical services

Research segments provides high end equity research, industry reports, customised research assignments, subscription to data services and IPO gradings

Segment Reporting for the year ended December 31, 2010

Particulars	Business segments		TOTAL
	Ratings	Research	
Operating Revenue	2,840,877,156	2,446,243,703	<b>5,287,120,859</b>
Segment Results	1,183,754,363	837,575,106	<b>2,021,329,469</b>
Add / (Less) Unallocables:			
1. Unallocable Income			
Interest Income			<b>73,956,657</b>
Profit on sale of investments			<b>355,262,165</b>
Profit on sale of fixed assets			<b>250,971,101</b>
Others			<b>56,032,669</b>
2. Unallocable Expenditure			<b>(38,287,229)</b>
3. Depreciation			<b>(202,085,414)</b>
Profit Before Tax			<b>2,517,179,418</b>
Tax Expense			<b>(532,189,646)</b>
Profit After Tax but before prior period item			<b>1,984,989,772</b>
Prior period expense, net of tax (Refer Note 25- Schedule P)			<b>27,444,953</b>
Profit After Tax			<b>1,957,544,819</b>
Non-cash expenses other than depreciation and amortisation	88,823,285	43,074,240	<b>131,897,525</b>
Segment Assets*			
Investments	-	968,307,928	<b>968,307,928</b>
Segment Debtors	360,109,568	642,340,507	<b>1,002,450,075</b>
Segment Liabilities*			
Fees Received in advance	404,679,406	190,223,116	<b>594,902,522</b>

#### Revenue by Geographic Segments

	(Rupees)
Country	
India	2,498,899,458
United Kingdom	1,307,308,826
United States Of America	1,271,276,105
Others	209,636,470
<b>TOTAL</b>	<b>5,287,120,859</b>

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Segment Reporting for the Year ended December 31, 2009

(Rupees)

Particulars	Business segments		TOTAL
	Ratings	Research	
Operating Revenue	2,389,016,014	2,027,218,436	4,416,234,450
Segment Results	1,007,409,721	812,421,949	1,819,831,670
Add / (Less) Unallocables :			
1. Unallocable Income			
Interest Income			106,789,584
Profit on sale of investments			96,467,976
Profit on sale of fixed assets			-
Others			23,802,039
2. Unallocable Expenditure			(4,683,049)
3. Depreciation			(138,792,701)
Profit Before Tax			1,903,415,519
Tax Expense			(400,043,657)
Profit After Tax but before prior period item			1,503,371,862
Prior period expense, net of tax			
Profit After Tax			1,503,371,862
Non-cash expenses other than depreciation and amortisation	20,770,218	8,496,782	29,267,000
Segment Assets* :			
Investments	-	712,255,497	712,255,497
Segment Debtors	349,169,666	383,695,204	732,864,870
Segment Liabilities* :			
Fees Received in advance	377,381,301	159,084,403	536,465,704

Revenue by Geographic Segments

(Rupees)

Country	
India	2,074,685,465
United Kingdom	1,157,447,660
United States Of America	1,096,712,290
Others	87,389,035
<b>TOTAL</b>	<b>4,416,234,450</b>

Notes to Segmental Results :

\*Fixed Assets used in the Company's business or Liabilities contracted have not been identified to any of the reportable segments, as the Fixed assets and services are used interchangeably between segments. The Company believes that it is currently not practical to provide segment disclosure, except as disclosed above, relating to total assets and liabilities since a meaningful segregation of the available data is not feasible.

The Company recovered certain common expenses from subsidiaries based on management estimates and the same form a part of the segment results and disclosed as Recoveries in Schedules to the Profit and Loss Account.



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### 15. List of Related Parties

Parties	Relationship
<b>Related parties where control exists</b>	
The McGraw-Hill Companies, Inc	The Ultimate Holding Company
CRISIL Risk and Infrastructure Solutions Limited	Subsidiary
Irevna Limited, UK	Subsidiary
Irevna LLC, USA	Subsidiary of Irevna Limited, UK
CRISIL Credit Information Services Limited	Subsidiary
CRISIL Irevna Poland Sp.zo.o	Subsidiary of Irevna Limited, UK
CRISIL Irevna Argentina S.A.	Subsidiary
CRISIL Irevna Information Technology (Hangzhou) Co., Ltd*	Subsidiary
Pipal Research Analytics and Information Services India Private Limited	Subsidiary
<b>Other Related parties</b>	
S&P India, LLC	Fellow Subsidiary
Standard & Poor's LLC	Fellow Subsidiary
Standard & Poor's International LLC, USA	Fellow Subsidiary
Standard & Poor's South Asia Services Private Limited	Fellow Subsidiary
McGraw-Hill Education India Private Limited	Fellow Subsidiary
India Index Services and Products Limited	Joint Venture
<b>Key Management Personnel</b>	
Roopa Kudva	Managing Director & Chief Executive Officer

\*Company incorporated but yet to commence business operations.

### 16. Related Party Disclosure

		(Rupees)	
Name of the related party	Nature of transaction	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Standard & Poor's LLC	Professional Services Rendered	814,068,721	714,369,995
	Reimbursement of expenses	1,051,712	12,255
	Amount Receivable	108,087,894	88,370,218
S&P India, LLC	Dividend	624,189,600	312,094,800
	Share Capital Outstanding	31,209,480	31,209,480
Standard & Poor's South Asia Services Private Limited	Professional Services Rendered	12,145,726	7,141,028
	Reimbursement of expenses	6,310,462	18,220,525
	Amount Receivable	3,508,663	9,791,805
Standard & Poor's International LLC, USA	Dividend	120,000,000	60,000,000
	Share Capital Outstanding	6,000,000	6,000,000
The McGraw-Hill Companies, Inc	Expenses Recovered	35,441	61,018
	Amount Receivable	-	9,851
McGraw-Hill Education India Private Limited	Expenses Recovered	377,179	-
	Amount Receivable	345,602	-

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### Related Party Disclosure (Contd)

		(Rupees)	
Name of the related party	Nature of transaction	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
CRISIL Risk and Infrastructure Solutions Limited	Revenue share paid	175,000	-
	Revenue share received	1,615,297	4,382,333
	Loan given during the year	-	42,500,000
	Loan repaid during the year	32,500,000	32,500,000
	Loan Outstanding	-	32,500,000
	Interest Income	1,394,523	3,472,603
	Expenses Recovered	60,684,151	18,597,585
	Share of overhead expenses received	44,438,621	34,599,178
	Amount Receivable (Net)	11,060,017	6,997,204
	Investment Outstanding	49,999,900	49,999,900
Irevna Limited, UK	Professional Services Rendered	874,969,400	705,583,924
	Sales Commission Expense	4,707,956	56,747,690
	Reimbursement of Expenses	5,563,050	1,310,755
	Amount Receivable (net)	250,332,991	83,641,360
	Investment Outstanding	840,144,239	695,383,859
	Loan	334,735,982	-
	Interest Income	1,300,227	-
Irevna LLC, USA	Professional Services Rendered	506,946,987	400,326,156
	Sales Commission Expense	13,837,597	20,033,239
	Reimbursement of Expenses	-	588,427
	Amount Receivable (net)	215,670,743	187,756,642
CRISIL Credit Information Services Limited	Investment Outstanding	500,000	500,000
CRISIL Irevna Argentina, S.A.	Investment Outstanding	10,501,668	10,501,668
	Professional Fees	78,486,170	-
	Amount Payable (net)	9,400,607	-
CRISIL Irevna Poland Sp.zo.o	Professional Fees	27,796,743	5,200,946
	Amount Payable (net)	2,992,129	-
	Reimbursement of Expenses	7,365,795	-
India Index Services and Products Limited	Dividend Received	4,458,979	3,185,000
	Investment Outstanding	6,369,970	6,369,970
Pipal Research Analytics and Information Services India Private Limited	Investment Outstanding	111,292,051	-
*Roopa Kudva	Remuneration paid	24,630,521	19,000,942

\*Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to directors is not included above.





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17. The Company has 49% interest in India Index Services and Products Limited (a joint venture in India with National Stock Exchange). As per the Accounting Standard relating to Financial Reporting of Interest in Joint Venture (AS 27) notified by Companies Accounting Standards Rules, 2006 as amended, the details of interest in the Joint Venture are as under :

	(Rupees)	
	Unaudited	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Assets	169,426,889	122,961,959
Reserves and Surplus	151,399,383	106,994,133
Liabilities	11,657,506	9,597,826
Income	86,332,820	66,213,270
Expenses	15,470,305	10,057,344
Tax Expense	22,353,567	17,611,858
Contingent Liability	9,034,660	3,238,192

### 18. Operating Lease

The Company has taken certain office premises on non cancellable operating lease basis. Some of these agreements have a price escalation clause. Details as regards payments and future commitments are as under :

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Lease Payment recognised in Profit and Loss Account	377,882,978	238,796,824
Future Minimum Lease Payments :		
Not later than One Year	356,023,588	421,533,034
Later than One Year & not later than Five Years	1,834,142,069	2,412,726,949
Later than Five Years	1,740,130,224	1,202,509,669
<b>TOTAL</b>	<b>3,930,295,881</b>	<b>4,036,769,652</b>

### 19. Gratuity and Leave Encashment Benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Profit and Loss Account:

Net employee benefit expense  
(recognised in Employee Cost)

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	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Current Service cost	14,275,170	12,961,540
Interest cost on defined benefit obligation	4,093,320	2,806,950
Expected return on plan assets	(3,434,500)	(2,574,720)
Net actuarial (gain)/ loss recognised in the year	40,819,410	3,277,670
Losses/(Gains) on "Acquisition/Divestiture"	-	-
Net Gratuity Benefit Expense	55,753,400	16,471,440

Balance Sheet:

Details of Provision for Gratuity Benefit

	(Rupees)	
	As on Dec 31, 2010	As on Dec 31, 2009
Present value of funded obligations	108,091,000	53,926,870
Less: Fair value of plan assets	(51,130,570)	(46,883,930)
Net Liability	56,960,430	7,042,940

Changes in the present value of the defined benefit obligation are as follows:

Opening Defined Benefit Obligation	53,926,870	41,632,929
Current Service Cost	14,275,170	12,961,540
Interest Cost	4,093,320	2,806,950
Actuarial (gain)/loss	43,812,226	1,820,551
Benefits paid	(8,016,586)	(5,295,100)
Closing Defined Benefit Obligation	108,091,000	53,926,870

Changes in the fair value of plan assets are as follows:

Opening Fair value of plan assets	46,883,930	22,892,753
Expected return on plan assets	3,434,500	2,574,720
Actuarial gain/ (loss)	2,992,816	(1,457,120)
Contribution by employer	5,835,910	28,168,677
Asset acquired on acquisition	-	-
Benefits paid	(8,016,586)	(5,295,100)
Closing Fair Value of Plan Assets	51,130,570	46,883,930

Details of experience adjustment on plan assets and liabilities are as follows :

	(Rupees)			
	As on Dec 31, 2007	As on Dec 31, 2008	As on Dec 31, 2009	As on Dec 31, 2010
Experience adjustment on plan assets	3,334,554	3,533,558	(1,457,120)	2,992,816
Experience adjustment on plan liabilities	3,252,147	(142,570)	(2,662,050)	(41,461,230)



## SCHEDULES

annexed to and forming part of the Accounts

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer as at 31st March 2010/2009)	9.25%	9.30%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The principal assumptions used in determining Gratuity for the Company's plans is as below:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Discount Rate	8.20%	8.20%
Estimated rate of return on plan assets	8.50%	7.50%
Expected Employee Turnover		
Age : 21-44 Years	6.5%	6.5%
Age : 44-57 Years	6.0%	6.0%
Expected Employer's Contribution next year (Rupees)	32,500,000	30,000,000

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	(Rupees)	
	As on Dec 31, 2010	As on Dec 31, 2009
<b>20. Details of unhedged foreign exposure</b>		
Current Asset	652,667,781	379,493,153
Current Liability	16,727,711	6,458,730

21. CRISIL Limited sold balance 10% stake in Gas Strategies Group Limited in September 2010.

22. During the current year, company has initiated a hedge programme to mitigate foreign exchange (forex) related risk. Initially the hedge programme covered only forex receivable for which CRISIL followed AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates". However, at the later part of the year, CRISIL has increased the hedge programme to cover forecasted revenue as against receivable as a part of risk management strategy. Accounting for revenue hedge is done as per guidelines prescribed under AS 30 "Financial Instruments: Recognition and Measurement", wherein mark to market on forward contracts are routed through hedging reserve account.

Forward Contract Outstanding as at 31st December 2010 :

Currency	Amount	Amount in INR
USD	16,000,000	752,973,336
GBP	6,000,000	442,547,500
EUR	3,000,000	187,153,750



## SCHEDULES

annexed to and forming part of the Accounts

23. In accordance with Sec 77A, 77AA and 77B of the Companies Act, 1956 and pursuant to the buy back announcement made by the Company on September 9, 2010 the Company has bought back from the open market through stock exchanges 128,156 equity shares of Rs. 10 each during the year for a total consideration of Rs.796,858,024 which have been subsequently extinguished. Consequently, an amount of Rs.1,281,560 being the nominal value of equity shares bought back has been transferred to Capital Redemption Reserve Account from General Reserve. An amount of Rs. 474,890,071 being the premium on buy back has been appropriated from Securities Premium. An

amount of Rs. 320,686,393 being the balance premium on buy back has been appropriated from General Reserve. The Board of Directors, at its meeting held on September 9, 2010 approved the buyback of equity shares of the Company.

24. On 3rd December 2010, CRISIL Limited acquired 100% ownership in Pipal Research Analytics and Information Services India Private Limited.

25. Prior period item includes gratuity expense Rs.27,444,953 (net of tax).

**26. Previous year comparatives**

Previous year's figures have been regrouped where necessary to conform to current year's classification.

As per our report of even date.

For **S.R. BATLIBOI & CO.**

Firm Registration No.: 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of CRISIL Limited

per **Shrawan Jalan**

Partner

Membership No.: 102102

Mumbai, February 14, 2011

**Rama Bijapurkar**

Director

**Roopa Kudva**

Managing Director &  
Chief Executive Officer

**Shrikant Dev**

Company Secretary

Mumbai, February 14, 2011

**Thomas Schiller**

Director

**B. V. Bhargava**

Director

**H.N. Sinor**

Director



## SCHEDULES

annexed to and forming part of the Accounts

Statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Company

		(Rupees)						
1.	Name of the subsidiary company	CRISIL Risk and Infrastructure Solutions Limited	CRISIL Credit Information Services Limited	CRISIL Irevna Argentina S.A.	CRISIL Irevna Poland Sp. Zo.o.	Irevna Limited, UK	Irevna LLC, US	Pipal Research Analytics and Information Services (I) Pvt. Ltd.
2.	The financial period of the subsidiary Company ended on	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010
3.	(a) Number of shares in the subsidiary held by CRISIL Limited at the above date	49,999,900 Equity Shares of Re.1 each, fully paid up	50,000 Equity Shares of Rs.10 each, fully paid up	741,072 Equity Shares of ARS 1 each, fully paid up	100 Equity Shares of PLN 500 each, fully paid up	2,056,000 Equity Shares of £ 1 each, fully paid up	1 Equity Share of US\$ 200 each, fully paid up	10,000 Equity Shares of Rs.10 each, fully paid up.
	(b) Extent of interest of CRISIL in the capital of the subsidiary	100%	100%	100%	100%	100%	100%	100%
4.	Net aggregate amount of the profits/ (losses) of the subsidiary so far it concerns the members of CRISIL as is not dealt with the Company's Accounts :							
	(a) Profits / (losses) for the period ended December 31, 2010 of the subsidiary (Rupees)	50,254,003	(11,085)	5,232,195	2,039,590	(5,562,061)	748,498	2,878,489
	(b) Profits / (losses) for the previous financial year of the subsidiary, since it became the subsidiary of CRISIL Limited (Rupees)	78,795,946	(13,962)	4,496,776	1,932,775	712,566	(7,966,442)	-
5.	Net aggregate amount of the Profits/(Losses) of the subsidiary so far as dealt with or provision is made for those losses in CRISIL Limited accounts							
	(a) For the subsidiary's Financial period ended December 31, 2010 (Rupees)	-	-	-	-	-	-	-
	(b) For the previous year since it became a subsidiary of CRISIL Limited (Rupees)	-	-	-	-	-	-	-

For and on behalf of the Board of Directors of CRISIL Limited

Rama Bijapurkar

Director

B. V. Bhargava

Director

H.N. Sinor

Director

Thomas Schiller

Director

Roopa Kudva

Managing Director & Chief Executive Officer

Mumbai, February 14, 2011

Shrikant Dev

Company Secretary



## ADDITIONAL INFORMATION

as required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet abstract and Company's General Business Profile

I.	<b>Registration Details</b>	
	Registration No.	42363
	State Code	11
	Balance Sheet Date	December 31, 2010
II.	<b>Capital Raised during the Year (Amount in Rs. Thousands)</b>	
	Public Issue	-
	Rights Issue	-
	Bonus Issue	-
	Private Placement	-
	Preferential offer of shares under Employee Stock Option Scheme	-
III.	<b>Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)</b>	
	Total Liabilities	3,625,055
	Total Assets	3,625,055
	<b>Source of Funds</b>	
	Paid up Capital	70,968
	Reserves & Surplus	3,554,087
	Secured Loans	-
	Unsecured Loans	-
	<b>Application of Funds</b>	
	Net Fixed Assets	998,470
	Capital Work-In-Progress (including Capital Advances)	830
	Investments	1,175,058
	Deferred Tax Asset	121,763
	Net Current Assets	1,328,935
	Miscellaneous Expenditure	-
	Accumulated Losses	-
IV.	<b>Performance of Company (Amount in Rs.Thousands)</b>	
	Turnover	6,023,343
	Total Expenditure	3,533,609
	Profit/(Loss) Before Tax	2,489,735
	Profit/(Loss) After Tax	1,957,546
	Earnings Per Share (Rs.)	271.61
	Dividend Rate%	2,000
V.	<b>Generic Names of Three principal Products/Services of Company (as per monetary terms)</b>	
	Production Description	Item Code No.
	Credit Rating	Not Applicable
	Research Services	Not Applicable

For and on behalf of the Board of Directors of CRISIL Limited

Rama Bijapurkar

Director

B. V. Bhargava

Director

Roopa Kudva

Managing Director & Chief Executive Officer

Thomas Schiller

Director

H.N. Sinor

Director

Shrikant Dev

Company Secretary

Mumbai, February 14, 2011



## AUDITORS' REPORT

### The Board of Directors of CRISIL Limited

1. We have audited the attached Consolidated Balance Sheet of CRISIL Group ('Group'), as at December 31, 2010, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the CRISIL's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs. 2,481,508,212 as at December 31, 2010, total revenue of Rs. 1,947,959,235 and net cash inflow amounting to Rs. 104,655,019 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. As stated in Note 11 of the Notes to the Consolidated Financial Statements, the audited financial statements are not available in respect of one joint venture company, which represents total assets of Rs. 169,426,889 as at December 31, 2010, total revenue of Rs. 84,512,567 and total cash inflow of Rs. 48,926,972 for the year then ended. Consequently the unaudited financial statements of one joint venture company for the year ended December 31, 2010 as certified by CRISIL's management has been used for consolidation and we have relied upon the same.
5. We report that the consolidated financial statements have been prepared by CRISIL's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures, notified by Companies Accounting Standards Rules, 2006, as amended.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and based on unaudited financial statements for the year ended December 31, 2010 of a joint venture company, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, read with the matter stated in paragraph 4 above and Note 11 of the Consolidated Financial Statements of the Group:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2010;
  - (ii) in the case of the Consolidated Profit and Loss account, of the profit for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Shrawan Jalan

Partner

Place: Mumbai

Date: February 14, 2011

Membership No.: 102102

## Consolidated financial statements

Consolidated Balance Sheet

Consolidated Profit and Loss Account



### CONSOLIDATED BALANCE SHEET

as at December 31, 2010

Particulars	Schedule	(Rupees)	
		December 31, 2010	December 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	70,968,440	72,250,000
Reserves and Surplus	B	3,873,552,940	4,265,863,099
<b>TOTAL</b>		<b>3,944,521,380</b>	<b>4,338,113,099</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	3,098,908,198	1,843,681,824
Less: Accumulated Depreciation/Amortization		850,733,770	642,705,151
Net Block		2,248,174,428	1,200,976,673
Capital Work-In-Progress (including Capital Advances)		854,150	636,682,868
		2,249,028,578	1,837,659,541
<b>INVESTMENTS</b>			
Deferred Tax Assets (Net) (Refer Note 5 - Schedule P)	D	142,329,182	100,747,726
<b>Current Assets, Loans And Advances</b>			
Sundry Debtors	E	1,085,900,744	922,088,397
Cash and Bank Balances	F	1,613,102,807	1,575,661,514
Loans and Advances	G	510,107,447	618,127,947
Other Current Assets	H	221,294,902	110,875,931
		3,430,405,900	3,226,753,789
<b>Less: Current Liabilities And Provisions</b>			
Current Liabilities	I	1,676,889,605	1,615,201,639
Provisions	J	462,393,928	387,092,645
		2,139,283,533	2,002,294,284
<b>Net Current Assets</b>		<b>1,291,122,367</b>	<b>1,224,459,505</b>
<b>TOTAL</b>		<b>3,944,521,380</b>	<b>4,338,113,099</b>
Significant Accounting Policies and Notes to the Accounts	P		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date.

For S.R. BATLIBOI & CO.

Firm Registration No.: 301003E  
Chartered Accountants

per Shrawan Jalan  
Partner

Membership No.: 102102  
Mumbai, February 14, 2011

For and on behalf of the Board of Directors of CRISIL Limited

Rama Bijapurkar  
Director

Roopa Kudva  
Managing Director &  
Chief Executive Officer

Shrikant Dev  
Company Secretary  
Mumbai, February 14, 2011

Thomas Schiller  
Director

B. V. Bhargava  
Director

H.N. Sinor  
Director





## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended December 31, 2010

Particulars	Schedule	(Rupees)	
		Year Ended December 31, 2010	Year Ended December 31, 2009
<b>INCOME</b>			
Income from Operations	K	6,284,427,569	5,372,723,640
Other Income	L	730,314,730	230,046,844
<b>TOTAL</b>		<b>7,014,742,299</b>	<b>5,602,770,484</b>
<b>EXPENDITURE</b>			
Personnel Expenses	M	2,581,730,350	2,078,587,258
Establishment Expenses	N	712,685,671	549,060,912
Other Expenses	O	838,879,245	752,007,960
Depreciation		212,581,735	148,515,395
<b>TOTAL</b>		<b>4,345,877,001</b>	<b>3,528,171,525</b>
<b>Profit before Tax</b>		2,668,865,298	2,074,598,959
<b>Tax Expense</b>			
Current Tax		628,506,315	484,466,659
Fringe Benefit Tax		-	3,856,288
Wealth Tax		692,020	772,850
Deferred Tax		(42,355,766)	(22,273,438)
Income Tax of earlier years		(88,469)	-
		586,754,100	466,822,359
Profit After Tax and before prior period items		2,082,111,198	1,607,776,600
Prior period expense, net of tax (Refer Note 16 - Schedule P)		27,444,953	-
<b>Profit After Tax</b>		2,054,666,245	1,607,776,600
Balance brought forward from previous year		2,496,718,603	1,885,109,355
<b>Amount Available for Appropriation</b>		4,551,384,848	3,492,885,955
<b>Dividend</b>			
Interim		1,264,375,000	541,875,000
Proposed Final Dividend		177,421,100	180,625,000
<b>TOTAL</b>		<b>1,441,796,100</b>	<b>722,500,000</b>
Dividend Tax on Interim and Proposed final dividend		239,524,456	123,330,166
Transfer to General Reserve		195,754,482	150,337,186
Balance carried to Balance Sheet		2,674,309,810	2,496,718,603
		4,551,384,848	3,492,885,955
Basic and Diluted Earnings Per Share - Nominal value of Rs.10 (Refer Note 14 - Schedule P)		285.09	222.53
Number of Shares used in Computing Earnings Per Share* (Refer Note 14 - Schedule P)		7,207,093	7,225,000
Significant Accounting Policies and Notes to the Accounts	P		

\*Weighted Average

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account. As per our report of even date.

For S.R. BATLIBOI &amp; CO.

Firm Registration No.: 301003E

For and on behalf of the Board of Directors of CRISIL Limited

Chartered Accountants

per Shrawan Jalan

Rama Bijapurkar

Thomas Schiller

B. V. Bhargava

Partner

Director

Director

Director

Membership No.: 102102

Mumbai, February 14, 2011

Roopa Kudva

Managing Director &  
Chief Executive Officer

H.N. Sinor

Director

Shrikant Dev

Company Secretary

Mumbai, February 14, 2011



### CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2010

Particulars	(Rupees)	
	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before tax</b>	2,668,865,298	2,074,598,959
Adjustments for :	-	
Depreciation	212,581,735	148,515,395
Provision for leave encashment	30,646,383	29,983,152
Provision for gratuity (Refer Note 16- Schedule P)	28,191,311	(12,758,357)
Foreign Currency Translation Reserve	4,372,399	1,448,303
Unrealised Foreign exchange loss	5,526,836	6,220,663
(Profit)/ Loss on sale of fixed assets	(251,327,478)	6,411,942
(Profit) on sale of investments	(345,799,613)	(96,467,976)
Provision for bad debts	82,427,271	70,559,890
Interest on deposits	(81,215,474)	(106,525,306)
Dividend income from Other investments	(2,144,742)	(747,500)
Dividend Income from long term investments	(23,732,040)	(4,062,840)
<b>Operating profit before working capital changes</b>	2,328,391,886	2,117,176,325
<b>Movements in working capital</b>		
- (Increase)/decrease in sundry debtors	(280,443,311)	(227,394,475)
- (Increase)/decrease in sundry deposits	91,934,018	(125,616,543)
- (Increase)/decrease in loans	1,747,186	(3,285,268)
- (Increase)/decrease in advances	33,321,256	(3,586,301)
- (Increase)/decrease in accrued income	(24,901,609)	(38,102,615)
- Increase/(decrease) in sundry creditors	(93,152,744)	299,726,187
- Increase/(decrease) in fee received in advance	75,268,820	101,887,109
- Increase/(decrease) in other liabilities	(22,310,037)	55,682,025
Cash generated from operations	2,109,855,465	2,176,486,444
- Taxes paid	(650,368,698)	(434,550,103)
<b>Net cash generated from operating activities - (A)</b>	1,459,486,767	1,741,936,341
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets (Refer Note 15- Schedule P)	(498,538,005)	(759,533,751)
Proceeds from sale of fixed assets	323,722,834	7,077,090
Investments in mutual funds	(205,791,252)	(804,062,841)
Investment in National Commodity and Derivative Exchange Limited	(99,000,000)	-
Sale proceeds from Investment in National Commodity and Derivative Exchange Limited	374,433,189	-
Sale proceeds from investments in Gas Strategies Group Limited	58,728,000	-
Sale proceeds from investments in mutual funds	1,130,634,750	909,654,517

Contd...



## CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2010

Particulars	(Rupees)	
	Year Ended December 31, 2010	Year Ended December 31, 2009
Payment made for acquisition of Pipal Research Analytics and Information Services India Private Limited	(111,292,051)	-
Investment in fixed deposits	(975,058,928)	(424,205,928)
Proceeds from fixed deposit maturity/renewal	623,410,714	610,913,750
Interest on deposits	54,447,812	112,183,371
Dividend Income from long term investments	23,732,040	747,500
Dividend income from current investments	2,144,742	4,062,840
<b>Net cash generated from/(used in) investing activities - (B)</b>	<b>701,573,845</b>	<b>(343,163,452)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Buy Back of Shares	(796,858,024)	-
Dividend and dividend tax paid	(1,680,735,331)	(928,522,327)
Net cash generated from/(used in) financing activities - (C)	(2,477,593,355)	(928,522,327)
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(316,532,743)</b>	<b>470,250,562</b>
Add : Adjustment towards acquisition	2,275,822	-
<b>Net Increase/(decrease) in cash and cash equivalents after divestiture adjustment</b>	<b>(314,256,921)</b>	<b>470,250,562</b>
Cash and cash equivalents - Opening balance	909,593,014	439,342,452
Cash and cash equivalents - Closing balance	595,336,093	909,593,014
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(314,256,921)</b>	<b>470,250,562</b>
Components of cash and cash equivalents as at*		
Cash on hand	175,126	91,584
With banks on current account	595,160,967	909,501,430
	595,336,093	909,593,014

\*Cash and cash equivalent includes earmarked unpaid dividend amount (Refer Schedule F)

Significant Accounting Policies and Notes to the Accounts (Refer Schedule p)

The schedules referred to above and notes to accounts form an integral part of the Cash flow statement.

As per our report of even date.

For S.R. BATLIBOI & CO.

Firm Registration No.: 301003E

For and on behalf of the Board of Directors of CRISIL Limited

Chartered Accountants

per Shrawan Jalan

Partner

Membership No.: 102102

Mumbai, February 14, 2011

Rama Bijapurkar

Director

Thomas Schiller

Director

B. V. Bhargava

Director

Roopa Kudva

Managing Director &  
Chief Executive Officer

H.N. Sinor

Director

Shrikant Dev

Company Secretary

Mumbai, February 14, 2011



## Consolidated financial statements

Schedules annexed to and forming part of the Consolidated Accounts

### SCHEDULES

annexed to and forming part of the Consolidated Accounts

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE A:</b>		
<b>Share Capital</b>		
Authorised Capital:		
10,000,000 (P.Y. 10,000,000) Equity Shares of Rs.10 each	100,000,000	100,000,000
Issued, Subscribed and Paid Up:		
7,096,844 (P.Y. 7,225,000) Equity Shares of Rs. 10 each fully paid up	70,968,440	72,250,000
[Of the above, 600,000 (P.Y. 600,000) Equity Shares are held by Standard & Poor's International LLC, USA and 3,120,948 (P.Y. 3,120,948) Equity Shares are held by S&P India, LLC (a wholly owned subsidiary of The McGraw-Hill Companies, Inc.- The Ultimate Holding Company)]		
(Refer Note 14, Schedule P)		
<b>TOTAL</b>	<b>70,968,440</b>	<b>72,250,000</b>
<b>SCHEDULE B:</b>		
<b>Reserves &amp; Surplus</b>		
Securities Premium Account		
Opening Balance	474,890,071	474,890,071
Less:- Used towards buy back of equity shares (Refer Note 14, Schedule P)	(474,890,071)	
<b>TOTAL (A)</b>	<b>-</b>	<b>474,890,071</b>
Capital Reserve (B)	122,232,111	122,232,111
Capital Redemption Reserve		
Opening Balance	-	-
Add:- Transfer on account of buy back of equity shares (Refer Note 14, Schedule P)	1,281,560	-
<b>TOTAL (C)</b>	<b>1,281,560</b>	<b>-</b>
Profit and Loss Account (D)	2,674,309,810	2,496,718,603
General Reserve as per last Balance Sheet		
Opening Balance	1,178,781,699	1,028,444,513
Add : Transfer from Profit and Loss Account	195,754,482	150,337,186
Less :Transfer to Capital Redemption Reserve account (Refer Note 14, Schedule P)	(1,281,560)	-
Less :Used towards buy back of equity shares (Refer Note 14, Schedule P)	(320,686,393)	-
<b>TOTAL (E)</b>	<b>1,052,568,228</b>	<b>1,178,781,699</b>
Foreign Currency Translation Reserve as per last Balance Sheet	(6,759,385)	(7,798,081)
(Add)/Less : Movement during the year	(4,372,399)	1,038,696
<b>TOTAL (F)</b>	<b>(2,386,986)</b>	<b>(6,759,385)</b>
Hedging Reserve Account (G)	25,548,217	-
<b>TOTAL (A+B+C+D+E+F+G)</b>	<b>3,873,552,940</b>	<b>4,265,863,099</b>



## SCHEDULES

annexed to and forming part of the Consolidated Accounts

### SCHEDULE C: Fixed Assets

	Gross Block at Cost					Accumulated Depreciation/Amortization			Net Block			
	As on January 1, 2010	Additions	Deductions	Adjustments	As on December 31, 2010	Upto January 1, 2010	For the year	On Assets sold	Adjustments	Upto December 31, 2010	As on December 31, 2010	As on December 31, 2009
Intangibles												
Goodwill On Consolidation	691,968,593	133,257,298	-	-	825,225,891	-	-	-	-	-	825,225,891	691,968,593
Customer Relationship	-	202,507,074	-	-	202,507,074	-	1,160,859	-	-	1,160,859	201,346,215	-
Brand	-	25,563,445	-	-	25,563,445	-	203,107	-	-	203,107	25,360,338	-
Non Compete	-	32,525,773	-	-	32,525,773	-	861,413	-	-	861,413	31,664,360	-
Goodwill	-	124,499,661	-	-	124,499,661	-	494,587	-	-	494,587	124,005,074	-
Fixed Assets												
Buildings ( Refer note below)	185,676,832	-	24,111,354	-	161,565,478	89,405,254	9,283,842	8,938,266	-	89,750,830	71,814,648	96,271,578
Furniture and Fixtures (Refer note below)	140,183,775	78,792,655	16,505,462	5,187,123	207,658,091	70,436,056	18,791,691	8,912,479	2,567,824	82,883,092	124,774,999	69,747,719
Office Equipments (Refer note below)	173,291,134	135,155,846	2,796,250	10,587,158	316,237,888	71,314,827	28,901,850	1,421,576	4,779,086	103,574,187	212,663,701	101,976,307
Computers	441,787,911	101,641,233	614,762	25,180,448	567,994,830	344,751,897	76,605,399	436,402	22,749,859	443,670,753	124,324,077	97,036,014
Vehicles	50,823,298	16,661,032	21,204,527	-	46,279,803	36,743,777	10,756,089	18,280,943	-	29,218,923	17,060,880	14,079,521
Leasehold Improvements	159,950,281	417,020,004	-	11,879,979	588,850,264	30,053,340	65,522,898	-	3,339,781	98,916,019	489,934,245	129,896,941
<b>TOTAL</b>	<b>1,843,681,824</b>	<b>1,267,624,021</b>	<b>65,232,355</b>	<b>52,834,708</b>	<b>3,098,908,198</b>	<b>642,705,151</b>	<b>212,581,735</b>	<b>37,989,666</b>	<b>33,436,550</b>	<b>850,733,770</b>	<b>2,248,174,428</b>	<b>1,200,976,673</b>
Previous Year	1,820,873,185	163,222,956	140,414,317	-	1,843,681,824	559,849,234	148,515,395	65,659,478	-	642,705,151	1,200,976,673	

Note

1. Adjustment with respect to building, furniture and office equipment are on account of certain premises being classified as held for sale in the current year (Previous Year net written down value Rs.61,265,807). Refer Schedule H.
2. Adjustment column refers to asset and depreciation addition on account of acquisition of 100% ownership in Pipal Research Analytics and Information Services India Private Limited ( Refer Note 15, Schedule P)
3. Additions in Intangible Assets is with respect to acquisition of business assets from Pipal Research Corporation, US.

## Consolidated financial statements

Schedules annexed to and forming part of the Consolidated Accounts

### SCHEDULES

annexed to and forming part of the Consolidated Accounts



	(Rupees)			
	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009
<b>SCHEDULE D:</b>				
<b>Investments</b>				
<b>A. Long Term (Unquoted - At Cost )</b>				
1,875,000 (P.Y.3,600,000) Equity Shares of National Commodity and Derivative Exchange Limited of Rs.10 each, fully paid up (Purchased 900,000 shares during the year and Sold 2,625,000 shares during the year)		56,250,000		36,000,000
300,000 (P.Y. 300,000) Equity Shares of Caribbean Information and Credit Rating Agency of US \$ 1 each, fully paid up	13,642,500		13,642,500	
Less: Provision for diminution in value of Investment	(13,642,499)	1	(13,642,499)	1
Nil (P.Y. 40,000) Equity Shares of Gas Strategies Group Limited of £1 each, fully paid up. Sold 40,000 Equity Shares during the year		-		25,647,990
<b>Total Long Term (At Cost) - {A}</b>		<b>56,250,001</b>		<b>61,647,991</b>
<b>B. Current Investments (At Cost Or Market Value, whichever is lower) *</b>				
Investments In Mutual Funds (Unquoted)				
Nil Units (P.Y.5,474,352 Units) of Rs.10 each of Sundaram BNP Paribas Money Fund - Institutional Plan (Sold 5,474,352 Units during the current year )		-		95,897,998
Nil Units (P.Y. 62,578 Units) of Rs.10 each of Tata Liquid Super High Inv. Fund - Appreciation (Sold 62,578 Units during the current year)		-		100,000,000
Nil Units (P.Y.1,51,08,936 Units ) of Rs.10 each of Principal Cash Management Fund- Liquid Option Institutional Premium Plan - Dividend Reinvestment (Sold 1,51,08,936 Units during the current year )		-		151,099,933
Nil Units (P.Y.1,48,269 Units) of Rs.10 each of UTI Liquid Cash Plan Institutional - Dividend reinvestment (Sold 1,48,269 Units during the current year)		-		151,151,946
Nil Units (P.Y 35,10,065 Units) of Rs.10 each of ICICI Prudential Institutional Liquid Plan - Dividend Reinvestment (Sold 35,10,065 Units during the current year)		-		351,083,706
Nil Units (P.Y 12,294,430 Units)of Rs.10 each HDFC Liquid Fund Premium Plan - Dividend Reinvestment		-		150,727,255



## SCHEDULES

annexed to and forming part of the Consolidated Accounts

	(Rupees)			
	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009
<b>SCHEDULE D: (Contd)</b>				
<b>Investments</b>				
(Sold 12,294,430 Units during the current year)				
Investments In Mutual Funds (Quoted)		100,000,000		-
10,00,000 Units of Rs 10 each ICICI Prudential FMP Series 53 - 1 Year Plan D cumulative.				
(Purchased 10,00,000 Units during the current year)				
<b>Total Investments in Mutual Funds {B}*</b>		<b>100,000,000</b>		<b>999,960,838</b>
Proportional Share of Investments in Mutual Fund by Joint Venture Company {C} (Unquoted -At Cost Or Market Value, whichever is lower) *		105,791,252		113,637,498
<b>Total Investments {A}+{B}+{C}</b>		<b>262,041,253</b>		<b>1,175,246,327</b>
*Aggregate market value of Company's investment in Mutual Funds		206,208,363		1,123,994,558

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE E:</b>		
Sundry Debtors		
Debts outstanding for a period exceeding six months		
- Considered good	69,673,389	103,845,678
- Considered doubtful	84,946,679	46,801,844
Other debts		
- Considered good	1,016,227,355	854,354,649
- Considered doubtful	-	-
Less : Reserve for Doubtful Debts	(84,946,679)	(82,913,774)
	1,085,900,744	922,088,397
Amount receivable from following Companies under same management		
Standard & Poor's LLC	112,518,352	85,049,309
Standard & Poor's South Asia Services Private Limited	3,508,663	9,791,805
The McGraw-Hill Companies, Inc	-	9,851
McGraw-Hill Education India Private Limited	345,602	-
	<b>116,372,617</b>	<b>94,850,965</b>



## Consolidated financial statements

Schedules annexed to and forming part of the Consolidated Accounts

### SCHEDULES

annexed to and forming part of the Consolidated Accounts

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE F:</b>		
<b>Cash &amp; Bank Balances</b>		
Cash on Hand	175,126	91,584
Balances with Scheduled Banks		
On Current Accounts	587,166,646	905,768,216
On Deposit Accounts	1,017,766,714	666,068,500
On Unpaid Dividend Accounts	7,994,321	3,733,214
Deposit includes Fixed Deposits with Banks Rs.63,093,157 (P.Y.Rs.38,464,490) marked as lien for Guarantees issued by Banks on behalf of the Company.		
	<b>1,613,102,807</b>	<b>1,575,661,514</b>
<b>SCHEDULE G:</b>		
<b>Loans and Advances</b>		
(Unsecured, Considered Good)		
Loans to Staff	22,473,838	24,437,194
Advance Recoverable In Cash or kind for value to be received	64,547,157	95,746,746
Advance Taxes paid	27,114,310	18,334,207
Sundry Deposits	395,972,142	479,609,800
	<b>510,107,447</b>	<b>618,127,947</b>
<b>SCHEDULE H :</b>		
Other Current Assets		
Interest Accrued On Fixed Deposit With Banks	33,833,088	7,065,426
Accrued Revenue	67,455,537	42,544,698
Forward Contract Receivable	25,548,217	-
Assets held for sale (Refer Note 1 on Schedule C)	16,113,140	61,265,807
Grant Receivable (Refer Note 17 - Schedule P)	78,344,920	-
	<b>221,294,902</b>	<b>110,875,931</b>
<b>SCHEDULE I:</b>		
<b>Current Liabilities</b>		
Sundry Creditors	780,020,531	855,973,161
Fees received in advance	663,507,639	588,238,819
Unclaimed dividend (to be credited to Investor Education & Protection Fund, when due)	7,994,321	3,733,214
Other Liabilities	147,022,194	167,256,445
Deferred Grant Revenue (Refer Note 17 - Schedule P)	78,344,920	-
	<b>1,676,889,605</b>	<b>1,615,201,639</b>
<b>SCHEDULE J :</b>		
<b>Provisions</b>		
Proposed Dividend	177,421,100	180,625,000
Corporate Dividend Tax thereon	29,467,427	31,106,826
Provision for Tax	1,605,822	14,303,245
Provision for Leave Encashment	186,498,605	152,615,026
Provision for Gratuity (Refer Note 16 - Schedule P)	67,400,974	8,442,548
	<b>462,393,928</b>	<b>387,092,645</b>





## SCHEDULES

annexed to and forming part of the Consolidated Accounts

	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE K :</b>		
<b>Income From Operations</b>		
Ratings Services	2,840,877,156	2,389,016,014
Advisory Services	515,648,079	599,097,502
Research Services	2,848,807,782	2,323,424,858
Proportionate share in Joint Venture	79,094,552	61,185,266
	<b>6,284,427,569</b>	<b>5,372,723,640</b>
<b>SCHEDULE L :</b>		
<b>Other Income</b>		
Interest on Deposits [TDS Rs.6,211,530] (P.Y Rs.19,117,864)]	75,060,339	106,525,306
Profit on sale of Fixed Assets (Net)	251,327,478	-
Dividend Income - Other Investments	2,144,742	747,500
Profit from sale of Investments (Net)	345,799,613	96,467,976
Dividend income from Current Investments	23,732,040	4,062,840
Miscellaneous Income	26,095,383	17,215,218
Proportionate share in interest income of Joint Venture	6,155,135	5,028,004
	<b>730,314,730</b>	<b>230,046,844</b>
<b>SCHEDULE M :</b>		
<b>Personnel Expenses</b>		
Salaries & Bonus	2,355,811,588	1,932,030,018
Contribution to : Provident Fund	87,719,755	58,942,407
Other Funds (Refer Note 16 - Schedule P)	34,206,861	19,422,510
Staff Training and Welfare Expenses	103,992,146	68,192,323
	<b>2,581,730,350</b>	<b>2,078,587,258</b>
<b>SCHEDULE N :</b>		
<b>Establishment Expenses</b>		
Repairs and Maintenance - Buildings	68,903,656	69,343,582
Repairs and Maintenance - Others	77,282,991	61,307,113
Electricity	58,237,200	54,298,400
Communication expenses	66,520,368	69,735,265
Insurance	3,737,318	4,280,215
Rent (Refer Note 9 - Schedule P)	435,747,372	287,569,871
Rates & Taxes	2,256,766	2,526,466
	<b>712,685,671</b>	<b>549,060,912</b>

### SCHEDULES

annexed to and forming part of the Consolidated Accounts



	(Rupees)	
	December 31, 2010	December 31, 2009
<b>SCHEDULE O :</b>		
<b>Other Expenses</b>		
Printing and Stationery	29,576,217	26,540,488
Conveyance and Travelling	214,198,404	165,560,909
Books and Periodicals	28,334,419	21,849,510
Vehicle Expenses	1,419,838	1,042,450
Remuneration to Non-whole time Directors	13,395,770	9,872,369
Business Promotion and Advertisement	23,110,630	16,412,915
Foreign Exchange loss(net)	37,471,017	23,203,928
Professional Fees	335,917,111	334,937,423
Software Purchase & Maintenance Expenses	22,612,779	30,217,846
Provision for Bad Debts	82,427,271	70,559,890
Loss on sale of fixed assets	-	7,877,953
Auditors' Remuneration	5,066,421	5,230,049
Recruitment Expenses	20,641,342	10,431,132
Seminars & Conferences	1,612,936	1,591,220
Miscellaneous Expenses	11,295,356	17,236,049
Proportionate share in administrative and other expense of Joint Venture	11,799,734	9,443,829
	<b>838,879,245</b>	<b>752,007,960</b>

### SCHEDULE P:

#### Significant Accounting Policies and notes to the Consolidated Accounts

#### 1. Nature of Operations

CRISIL is a globally-diversified analytical company providing ratings, research, and risk and policy advisory services. CRISIL is India's leading ratings agency and the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from strong brand, unmatched credibility, market leadership across businesses, and large customer base, CRISIL deliver analysis, opinions, and solutions that make markets function better.

#### 2. Principles of consolidation

2.1 The consolidated financial statements include the financial statements of CRISIL Limited consolidated with the financial statements of its wholly owned subsidiaries and joint venture ("Group").

2.2 The financial statements of the Group and its' subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra group balances and intra group transactions and resulting gains/ losses as per Accounting Standard 21 - Consolidated Financial Statements notified by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 ('the Act').

2.3 The consolidated financial statements are prepared by applying uniform accounting policies in use at the group.

2.4 Interests in joint venture have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures notified by Companies Accounting Standards Rules, 2006 as amended.



## SCHEDULES

annexed to and forming part of the Consolidated Accounts

2.5 The excess of Group's purchase consideration over the net assets as at the date of investment, has been recognised as Goodwill on consolidation.

2.6 The list of subsidiary companies and joint venture and the Holding Company viz. CRISIL's holding directly or through Subsidiaries therein are as under :

Name of the company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		31-Dec-10	31-Dec-09
CRISIL Risk and Infrastructure Solutions Limited	India	100%	100%
CRISIL Credit Information Services Limited	India	100%	100%
Irevna Limited, UK	United Kingdom	100%	100%
Irevna LLC, US	United States	100%	100%
India Index Services and Products Limited (Joint Venture)	India	49%	49%
CRISIL Irevna Argentina S.A.	Argentina	100%	100%
CRISIL Irevna Poland Sp.z.o.o.	Poland	100%	100%
Pipal Research Analytics and Information Services India Private Limited	India	100%	-
CRISIL Irevna Information Technology (Hangzhou) Co., Ltd*	China	100%	-

\*Company incorporated but yet to commence business operations.

### 3. Basis of Preparation

The Consolidated Financial Statements ('CFS') are prepared in accordance with Accounting Standard ('AS') 21 "Consolidated Financial Statements", AS-25 "Interim Financial Reporting" and AS- 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India (ICAI). The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group.

#### 3.1 Use of Estimates

The preparation of financial statements in conformity with generally accepted

accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 3.2 Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Items of fixed asset held for disposal are stated at lower of the net book value and net realisable value and are shown under other current assets.



### SCHEDULES

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#### 3.3 Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, details of which are as under :

Assets	Estimated Useful Life
Buildings	20 Years
Furniture & Fixtures	4 to 16 Years
Office Equipments	4 to 10 Years
Computers	3 to 5 Years
Vehicles	3 Years

Leasehold Improvements are amortized over the lease term or useful life of the asset, whichever is less. Leasehold improvements are amortized over the period of 3 years to 9 years in the current year.

#### 3.4 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In

assessing value in use, the estimated future cash flows are discounted to the present value at interest rate specific to the asset and in case where the specific rate is not available at the weighted average cost of capital which is adjusted for country risk/currency risk.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 3.5 Intangibles

Goodwill is amortized on a systematic basis over the best estimate of its useful life. Details of estimated useful life of intangible assets are as under :

Assets	Estimated Useful Life
Goodwill	10 Years
Customer relationship	3 to 10 Years
Brand	10 Years
Non compete	3 Years

#### 3.6 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

#### 3.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

#### 3.7 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However,

#### *Income from Operations*

Income from Operations comprises of income from initial rating and surveillance services, global analytical services, credit assessments, special assignments and subscriptions to information products. Initial rating fees are deemed to accrue at 94% on the date the rating is awarded and the



## SCHEDULES

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balance 6% is recorded equally over 11 months subsequent to the month in which the rating was awarded. Surveillance fee and subscription to information products are accounted on a time proportion basis. Fees received for credit assessments and special assignments are fully recognised as income in the year in which such assessments/ assignments are carried out or milestones achieved or as per agreement with client. Revenue from infrastructure advisory services are recognized as income in the year in which such assessments/assignments are carried out or milestones achieved. Revenue from risk management services comprises of revenue from sale of software and annual maintenance of software.

Grants and subsidies are recognized at fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deferred in the balance sheet and recognized as income over the periods necessary to match it on a systematic basis with the costs which it is intended to compensate

### *Interest Income*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### *Dividend Income*

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Act.

### *Profit /(loss) on sale of investment*

Profit /(loss) on sale of investment is accounted when the sale / transfer deed is executed . On disposal of such investments, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognised in the profit and loss account . The carrying amount of investment is determined using weighted average cost method.

### 3.9 Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities or trusts.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

In respect of foreign subsidiaries retirement benefits are governed and accrued as per local statutes.

### 3.10 Foreign Currency Transactions

#### *Initial Recognition*

Foreign currency transactions are recorded in reporting currency by applying to the foreign currency amounts the average exchange rates for the month in which the transaction takes place.

#### *Conversion*

Foreign currency monetary items are reported using the closing rates. Non monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of transaction.

#### *Exchange Difference*

Exchange differences, arising on settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial



### SCHEDULES

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statements, are recognised as income or as expense in the year in which they arise.

#### *Forward Contract*

Forward contracts are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transactions. The premium or discount on forward contracts that are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date arising at the inception of each contract, is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the year.

In relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting year in which the exchange rates change.

The Company has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of AS 30, are fair valued at the balance sheet date and the resultant gain / loss is credited / debited to the Hedging

Reserve Account included in the Reserves and Surplus. This gain / loss would be recorded in the profit and loss account when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant gain / loss has been credited / debited to profit and loss account for the year.

#### 3.11 Translation of Integral and Non Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non integral foreign operation are translated at average exchange rates and resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment. On disposal of the net investment, this amount is transferred to profit and loss account.

#### 3.12 Taxes On Income

Tax expense comprises of current, deferred, and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. With respect to foreign subsidiaries tax expense is recorded and recognised as per local statute.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off



## SCHEDULES

annexed to and forming part of the Consolidated Accounts

current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of Deferred Tax Assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a Deferred Tax Asset to the extent it is no longer reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which Deferred Tax Asset can be realised. Any such write down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

### 3.13 Segment Reporting Policies

#### *Segment Policies:*

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole

#### *Identification of segments:*

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The

analysis of geographical segments is based on the geographical locations of customers

#### *Inter segment transfers:*

The Group generally accounts for intersegment services and transfers as if the services or transfers were to third parties at current market prices.

#### *Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs

#### *Unallocable items:*

Unallocable income and expenses includes general corporate income and expense items which are not allocated to any business segment.

### 3.14 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 3.15 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 3.16 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### SCHEDULES

annexed to and forming part of the Consolidated Accounts



#### 4. Details of Contingent Liabilities and Capital Commitments are as under :

	(Rupees)	
	Year Ended Dec 31,2010	Year Ended Dec 31,2009
1. Bank Guarantee in the normal course of business	63,093,157	38,464,890
2. Disputed Income Tax & Sales Tax Demand:		
(i) Pending before Appellate authorities in respect of which the Group is in appeal	45,988,082	30,166,544
(ii) Decided in Group's favour by Appellate authorities and Department is in further appeal	22,513,543	18,212,021
3. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	17,797,299	89,025,159
	<b>149,392,081</b>	<b>175,868,614</b>

#### 5. Components of Deferred Tax Asset and Liability are:

	(Rupees)	
	As on Dec 31,2010	As on Dec 31,2009
Deferred Tax Liability		
Depreciation / Amortisation	(68,554,281)	(29,689,226)
Tax attributable towards tax holiday deduction	(6,514,265)	-
Disallowance under section 40(a)	(424,278)	(1,522,583)
	(75,492,824)	(31,211,809)
Deferred Tax Asset		
Provision for Leave Encashment	60,644,153	48,085,409
Provision for Gratuity	16,460,385	2,406,012
Provision for Bonus and Commission	73,314,470	32,231,187
Provision for bad debts	19,802,282	18,365,419
Deferment of Rating fees	8,826,779	8,756,658
Lease Rent amortisation	33,326,234	19,310,095
Depreciation / Amortisation	2,265,475	1,958,747
Long term capital loss	-	47,106
Disallowance under section 40(a)	3,182,228	798,902
	217,822,006	131,959,535
Net Deferred Tax Asset / (Liability)	142,329,182	100,747,726

#### 6. Segment Reporting

Business Segments:

The Group has three major business segment: Ratings, Research and Advisory. A description of the types of products and services provided by each reportable segment is as follows:

- Rating services includes credit ratings for corporates, banks, small and medium enterprises (SME), training in the credit

rating field, credit analysis services, grading services and global analytical services.  
- Research segments provides high end equity & corporate research, industry reports, customised research assignments, subscription to data services and IPO gradings.

-The Advisory segment comprise of infrastructure advisory and risk management practice.





## SCHEDULES

annexed to and forming part of the Consolidated Accounts

Segment Reporting for the Year ended December 31, 2010

(Rupees)

Particulars	Business segments			TOTAL
	Ratings	Advisory	Research	
Operating Revenue	2,840,877,156	515,648,079	2,927,902,334	6,284,427,569
Segment Results	1,183,754,363	79,806,771	936,747,171	2,200,308,305
Add / (Less) Unallocables:				
1. Unallocable Income				
Interest Income				75,060,339
Profit on sale of Fixed Asset				251,327,478
Profit on sale of investments				345,799,613
Others				58,127,297
2. Unallocable Expenditure				(49,175,999)
3. Depreciation				(212,581,735)
Profit Before Tax				2,668,865,298
Tax Expense				(586,754,100)
Profit After Tax and before prior period items				2,082,111,198
Prior period expense, net of tax				(27,444,953)
Profit After Tax				2,054,666,245
Non-cash expenses other than depreciation and amortisation	88,823,285	34,929,283	44,119,608	167,872,176
Segment Assets* :				
Segment Debtors	360,109,568	215,557,446	595,180,409	1,170,847,423
Segment Liabilities* :				
Fees Received in advance	404,679,405	14,303,125	244,525,109	663,507,639

Revenue by Geographic Segments

(Rupees)

Country	
India	2,924,118,268
United Kingdom	1,567,311,129
United States Of America	1,456,175,418
Others	336,822,754
<b>TOTAL</b>	<b>6,284,427,569</b>

## Consolidated financial statements

Schedules annexed to and forming part of the Consolidated Accounts

### SCHEDULES

annexed to and forming part of the Consolidated Accounts

Segment Reporting for the Year ended December 31, 2009

(Rupees)

Particulars	Business segments			TOTAL
	Ratings	Advisory	Research	
Operating Revenue	2,389,016,014	599,097,502	2,384,610,124	5,372,723,640
Segment Results	1,007,409,721	130,052,171	861,121,490	1,998,583,382
Add / ( Less ) Unallocables :				
1. Unallocable Income				
Interest Income				106,525,306
Profit on sale of Fixed Asset				-
Profit on sale of current investments				96,467,976
Others				26,220,745
2. Unallocable Expenditure				(4,683,055)
3. Depreciation				(148,515,395)
Profit Before Tax				2,074,598,959
Tax Expense				(466,822,359)
Profit After Tax and before prior period items				1,607,776,600
Prior period expense, net of tax				-
Profit After Tax				1,607,776,600
Non-cash expenses other than depreciation and amortisation	20,770,218	14,829,854	8,168,808	43,768,880
Segment Assets* :				
Segment Debtors	349,169,666	280,081,519	375,750,986	1,005,002,171
Segment Liabilities* :				
Fees Received in advance	377,381,301	10,479,731	181,069,166	568,930,198

Revenue by Geographic Segments

(Rupees)

Country	
India	2,462,053,264
United Kingdom	1,286,326,050
United States Of America	1,299,735,946
Others	324,608,380
<b>TOTAL</b>	<b>5,372,723,640</b>

Notes to Segmental Results :

\*\*Fixed Assets used in the Company's business or Liabilities contracted have not been identified to any of the reportable segments, as the Fixed assets and services are used interchangeably between segments. The Company believes that it is currently not practical to provide segment disclosure, except as disclosed above, relating to total assets and liabilities since a meaningful segregation of the available data is not feasible.

The Group recovered certain common expenses from subsidiaries based on management estimates and the same form a part of the segment results.

## SCHEDULES

annexed to and forming part of the Consolidated Accounts

### 7. List of related parties

Parties	Relationship
<b>Related parties where control exists</b>	
The McGraw-Hill Companies, Inc	The Ultimate Holding Company
<b>Other Related parties</b>	
S&P India, LLC	Fellow Subsidiary
Standard & Poor's LLC	Fellow Subsidiary
Standard & Poor's International LLC, USA	Fellow Subsidiary
Standard & Poor's South Asia Services Private Limited	Fellow Subsidiary
McGraw-Hill Education India Private Limited	Fellow Subsidiary
<b>Key Management Personnel</b>	
Roopa Kudva	Managing Director & Chief Executive Officer

#### Related Party Disclosure

Name of the related party	Nature of transaction	(Rupees)	
		Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Standard & Poor's' LLC	Professional Services Rendered	832,495,699	735,549,171
	Revenue share paid	1,728,135	-
	Reimbursement of expenses	1,051,712	12,255
	Amount Receivable	112,518,352	85,049,309
S&P India, LLC	Dividend	624,189,600	312,094,800
	Share Capital Outstanding	31,209,480	31,209,480
Standard & Poor's South Asia Services Private Limited	Professional Services Rendered	12,145,726	7,141,028
	Reimbursement of expenses	6,310,462	18,220,525
	Amount Receivable	3,508,663	9,791,805
Standard & Poor's International LLC, USA	Dividend	120,000,000	60,000,000
	Share Capital Outstanding	6,000,000	6,000,000
The McGraw-Hill Companies, Inc	Expenses Recovered	35,441	61,018
	Amount Receivable	-	9,851
McGraw-Hill Education India Private Limited	Expenses Recovered	377,179	-
	Amount Receivable	345,602	-
Roopa Kudva*	Remuneration paid	24,630,521	19,000,942

\*Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amount pertaining to directors is not included above.

### SCHEDULES

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8. The Company has 49% interest in India Index Services and Products Limited (a joint venture in India with National Stock Exchange). As per the Accounting Standard relating to Financial Reporting of Interest in Joint Venture (AS 27) notified by Companies Accounting Standards Rules, 2006 as amended, the details of interest in the Joint Venture are as under :

	(Rupees)	
	Unaudited	
	Year Ended Dec 31,2010	Year Ended Dec 31,2009
Assets	169,426,889	122,961,959
Reserves and Surplus	151,399,383	106,994,133
Liabilities	11,657,506	9,597,826
Income	86,332,820	66,213,270
Expenses	15,470,305	10,057,344
Tax Expense	22,353,567	17,611,858
Contingent Liability	9,034,660	3,238,192

#### 9. Operating Lease

The Group has taken certain office premises on non cancellable operating lease basis. Some of these agreements have a price escalation clause. Details as regards payments and future commitments are as under :

	(Rupees)	
	Year Ended Dec 31,2010	Year Ended Dec 31,2009
Lease Payment recognised in Profit & Loss Account	435,747,372	287,569,871
Future Minimum Lease Payments :		
Not later than One Year	387,083,281	441,964,906
Later than One Year & not later than Five Years	1,859,368,594	2,429,083,909
Later than Five Years	1,740,130,224	1,202,509,669
	<b>3,986,582,099</b>	<b>4,073,558,484</b>

#### 10. Gratuity and Leave Encashment Benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance

Group in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.



## SCHEDULES

annexed to and forming part of the Consolidated Accounts

Profit & Loss Account:

Net employee benefit expense (recognised in Employee Cost)

	Year Ended Dec 31,2010	Year Ended Dec 31,2009
		(Rupees)
Current Service cost	16,653,546	14,085,580
Interest cost on defined benefit obligation	4,774,974	3,128,810
Expected return on plan assets	(3,794,502)	(2,845,210)
Net actuarial (gain)/ loss recognised in the year	39,908,371	4,109,140
Past Service Cost	4,105,740	-
Losses/(Gains) on "Acquisition/Divestiture"	(170,956)	-
<b>Net Gratuity Benefit Expense</b>	<b>61,477,173</b>	<b>18,478,320</b>

Balance Sheet:

Details of Provision for Gratuity Benefit

	As on Dec 31,2010	As on Dec 31,2009
		(Rupees)
Present value of funded obligations	122,357,703	59,956,960
Fair value of plan assets	(54,956,729)	(51,514,412)
Net Liability	67,400,974	8,442,548

Changes in the present value of the defined benefit obligation are as follows:

Opening Defined Benefit Obligation	59,956,957	46,923,957
Current Service Cost	16,653,548	14,085,580
Interest Cost	4,774,974	3,128,810
Plan Amendments	4,105,740	-
Actuarial (gain)/loss	42,889,085	2,629,250
Liabilities assumed on acquisition/(Settled on Divestiture)	5,212,394	-
Benefits paid	(11,234,995)	(6,810,637)
<b>Closing Defined Benefit Obligation</b>	<b>122,357,703</b>	<b>59,956,960</b>

Changes in the fair value of plan assets are as follows:

Opening Fair value of plan assets	51,514,412	25,723,052
Expected return on plan assets	3,794,502	2,845,210
Actuarial gain/ (loss)	2,980,714	(1,479,890)
Contribution by employer	5,835,906	31,236,680
Asset acquired on acquisition	2,066,199	-
Benefits paid	(11,235,004)	(6,810,640)
<b>Closing Fair Value of Plan Assets</b>	<b>54,956,729</b>	<b>51,514,412</b>

Details of experience adjustment on plan assets and liabilities are as follows :

	As on Dec 31, 2007	As on Dec 31, 2008	As on Dec 31,2009	As on Dec 31,2010
				(Rupees)
Experience adjustment on plan assets	853,712	3,523,032	(1,479,840)	3,581,797
Experience adjustment on plan liabilities	2,802,726	(299,664)	(3,207,220)	(40,991,052)



### SCHEDULES

annexed to and forming part of the Consolidated Accounts

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer as at 31st March 2010/2009)	9.25%	9.30%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining Gratuity for the Group's plans is as below:

	(Rupees)	
	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
Discount Rate	8.20%	8.20%
Estimated rate of return on plan assets	7.50%	7.50%
Expected Employee Turnover		
Age : 21-44 Years	6.50%	6.50%
Age : 44-57 Years	6.00%	6.00%
Expected Employer's Contribution next year	35,000,000	33,000,000

With respect to foreign subsidiaries Gratuity and other retiral benefits are provided as per local statute.

11. The accounts of India Index Services and Products Limited is unaudited and the financial statements (excluding notes to accounts) as certified by the management, have been considered in these consolidated financial statements.
12. CRISIL Limited sold balance 10% stake in Gas Strategies Group Limited in September 2010.
13. During the Current Year company has initiated a hedge programme to mitigate foreign exchange (forex) related risk. Initially the hedge programme covered only forex receivable for which CRISIL followed AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates". However, at the later part of the year, CRISIL has increased the hedge programme to cover forecasted revenue as against receivable as a part of risk management strategy. Accounting for revenue hedge is done as per guidelines prescribed under AS 30 "Financial Instruments: Recognition and Measurement" wherein mark to market on forward contracts are routed through hedging reserve account

Forward Contract Outstanding as at 31st December 2010 :

Currency	Amount	Amount in INR
USD	16,000,000	752,973,336
GBP	6,000,000	442,547,500
EUR	3,000,000	187,153,750



## SCHEDULES

annexed to and forming part of the Consolidated Accounts

14. In accordance with Sec 77A, 77AA and 77B of the Companies Act, 1956 and pursuant to the buy back announcement made by the Company on September 9, 2010 the Company has bought back from the open market through stock exchanges 128,156 equity shares of Rs. 10 each during the year for a total consideration of Rs.796,858,024 which have been subsequently extinguished. Consequently, an amount of Rs.1,281,560 being the nominal value of equity shares bought back has been transferred to Capital Redemption Reserve Account from General Reserve. An amount of Rs. 474,890,071 being the premium on buy back has been appropriated from Securities Premium. An amount of Rs. 320,686,393 being the balance premium on buy back has been appropriated from General Reserve. The Board of Directors, at its meeting held on September 9, 2010 approved the buyback of equity shares of the Company.
15. On 3rd December 2010, CRISIL Limited acquired 100% ownership in Pipal Research Analytics and Information Services India Private Limited.
16. Prior period item includes gratuity expense Rs.27,444,953 (net of tax).
17. CRISIL's subsidiary in Poland has received an in principle approval for sanction of grant amounting to Rs. 78,344,920 . The grant has been awarded under Operational Program - Innovative Economy scheme and will be available to the Company over a period of 5 years, subject to fulfillment of certain conditions.
18. **Previous year comparatives**  
Previous year's figures have been regrouped where necessary to conform to current year's classification.

As per our report of even date.

For **S.R. BATLIBOI & CO.**

Firm Registration No.: 301003E

Chartered Accountants

per **Shrawan Jalan**

Partner

Membership No.: 102102

Mumbai, February 14, 2011

For and on behalf of the Board of Directors of CRISIL Limited

**Rama Bijapurkar**

Director

**Thomas Schiller**

Director

**B. V. Bhargava**

Director

**Roopa Kudva**

Managing Director &  
Chief Executive Officer

**H.N. Sinor**

Director

**Shrikant Dev**

Company Secretary

Mumbai, February 14, 2011



### SCHEDULES

annexed to and forming part of the Consolidated Accounts

Statement pursuant to details to be furnished for subsidiaries as prescribed by the Ministry of Corporate Affairs

1. Name of the subsidiary company	CRISIL Risk and Infrastructure Solutions Limited	CRISIL Credit Information Services Limited	CRISIL Irevna Argentina S.A.	CRISIL Irevna Poland Sp.Zo.o.	Irevna Limited, UK	Irevna LLC, US	Pipal Research Analytics and Information Services (I) Pvt. Ltd.
2. Share Capital	49,999,900 Equity Shares of Re.1 each, fully paid up	50,000 Equity Shares of Rs.10 each, fully paid up	741,072 Equity Shares of ARS 1 each, fully paid up	100 Equity Shares of PLN 500 each, fully paid up	2,056,000 Equity Shares of £ 1 each, fully paid up	1 Equity Share of US\$ 200 each, fully paid up	10,000 Equity Shares of Rs.10 each, fully paid up
3. Reserves & Surplus	217,117,140	(94,556)	15,447,452	3,361,835	(4,906,591)	(60,284,539)	(19,186,758)
4. Total Assets	398,780,704	416,474	39,214,853	16,096,823	2,189,273,877	175,241,305	59,252,084
5. Total Liabilities	398,780,704	416,474	39,214,853	16,096,823	2,189,273,877	175,241,305	59,252,084
6. Investments	-	-	-	-	790,231	552,732	-
7. Turnover	520,116,753	-	95,257,546	33,488,498	1,138,492,963	651,876,431	28,694,455
8. Profit/(Loss) Before Taxation	73,541,009	(11,085)	11,676,009	2,715,148	(5,358,994)	1,242,566	2,878,489
9. Tax Expense	23,287,006	-	6,443,814	675,558	203,067	494,068	-
10. Profit After Taxation	50,254,003	(11,085)	5,232,195	2,039,590	(5,562,061)	748,498	2,878,489
11. Dividend Paid	-	-	-	-	-	-	-

For and on behalf of the Board of Directors of CRISIL Limited

Rama Bijapurkar

Director

B. V. Bhargava

Director

Thomas Schiller

Director

Roopa Kudva

Managing Director & Chief Executive Officer

Shrikant Dev

Company Secretary

Mumbai, February 14, 2011





## NOTICE

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the members of CRISIL Limited (the Company) will be held on Friday, April 15, 2011 at 3.30 pm at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400021, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended December 31, 2010 and Balance Sheet as at that date, together with the Report of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividends on the Equity shares for the year ended December 31, 2010 and declare final dividend for the year 2010 on equity shares.
3. To appoint a Director in place of Mr. B.V. Bhargava, who retires by rotation and, being eligible, offer himself for reappointment.
4. To appoint a Director in place of Dr. Nachiket Mor, who retires by rotation and, being eligible, offer himself for reappointment.
5. To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

“RESOLVED that Messrs S.R. Batliboi & Co., Chartered Accountants, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors.”

By Order of the Board  
For CRISIL Limited

Shrikant Dev  
Company Secretary

Mumbai, February 14, 2011



## NOTICE (contd.)

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. A proxy form duly completed, stamped and signed should reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, March 16, 2011 to Thursday, March 17, 2011 (both days inclusive).
4. Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
5. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be paid:
  - (i) to those Members whose names appear on the Register of Members of the Company after giving effect to all valid transfers in physical form lodged with the Company and its Registrar and Transfer Agents before Tuesday, March 15, 2011; and
  - (i) In respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Tuesday, March 15, 2011.
6. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company shall transfer the unclaimed dividend relating to the financial year 2003-2004 to the Investor Education and Protection Fund of the Central Government after the expiry of seven years from the date of transfer to unpaid dividend account. Members who have a valid claim to the said unclaimed dividend may claim the same from the Company before the transfer takes place.
7. The Company has obtained an exemption from the Ministry of Corporate Affairs for publication of the Accounts of its subsidiaries under the provision of Section 212 of the Companies Act, 1956. The accounts of the subsidiary companies, therefore, are not separately included in the Annual Report. However, the consolidated financial statements, duly audited by the Statutory Auditors, include accounts of subsidiary companies. The Accounts of subsidiary companies and other detailed information will be made available to the investors seeking information at the Company's Registered Office.
8. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days from the date hereof upto the date of the Meeting.

**Pursuant to Clause 49 of the listing agreement with the stock exchanges, the following information is furnished about the Directors proposed to be appointed/re-appointed.**

### ITEM NO. 3

Dr. Nachiket Mor, Director, retires by rotation and being eligible, offers himself for re-appointment. A brief resume of Dr. Nachiket Mor is given below:

Dr. Nachiket Mor is a Yale World Fellow; has a Ph.D. in Economics from the University of Pennsylvania with a specialization in Finance from the Wharton School; an MBA from the Indian Institute of Management, Ahmedabad; and an undergraduate degree in Physics from the Mumbai University.

While completing his Ph.D., he was associated with a Philadelphia based hedge fund (Quantitative Financial Strategies) for three years. He has worked with ICICI from 1987 to 2007 in a variety of jobs, including Corporate Planning, Project Finance, Rural Finance and Treasury and was a member of its Board

of Directors from 2001 to 2007. From October 2007 to August 2010, he assisted ICICI in setting up a philanthropic foundation, the ICICI Foundation for Inclusive Growth and served as its founding President. He is now the Chairman of the Boards of Sughavazhvu Health Care, CARE India and IFMR Trust and is closely involved in the evolution of these three organizations.

Dr. Nachiket Mor is currently also an independent member of a few other Boards including IKP Trust; IKP Centre for Technologies in Public Health; IKP Centre for Advancement in Agricultural Practice; and the Institute for Financial Management and Research. In the past he has served as the Chairman of the Fixed Income Money Market and Derivatives Association of India for two years and as a Board Member of Wipro Limited for five years. He is a member of the Audit Committee and Chairman of the Allotment Committee of CRISIL Limited.

He does not hold any share in the Company.

The Board considers it in the interest of the Company to appoint Dr. Nachiket Mor as a Director.

None of the Directors, except Dr. Nachiket Mor, is interested or concerned in this Resolution.

#### **ITEM NO. 4**

Mr. B.V. Bhargava, Director, retires by rotation and being eligible, offers himself for re-appointment. A brief resume of Mr. B.V. Bhargava is given below:

Mr. B.V. Bhargava has been associated with CRISIL since 1992, and has been Chairman from May 1999 to July 2008. He is also Chairman of CRISIL's Rating Committee. He was associated with ICICI Limited for three decades, and retired as Vice-Chairman and Managing Director in 1996. He was associated with the Tariff Commission of India and the Indian Investment Centre, New York.

He is currently on the Board of ICICI Lombard General Insurance Company Limited, Supreme Industries Limited, Grasim Industries Limited, J.K. Lakshmi Cement Limited, Excel Crop Care Limited, L&T Infrastructure Finance Limited, Grasim Bhiwani Textiles Limited, Lakshmi Precision Screws Limited, L&T Finance Holdings Limited and Maxx Mobile Communications Limited.

He is member of the Audit Committee of CRISIL Limited, L&T Finance Holdings Limited and Chairman of the Audit Committee of J.K. Lakshmi Cement Limited, Grasim Industries Limited, Excel Crop Care Limited and Grasim Bhiwani Textiles Limited. He is also the Chairman of Investors' Grievance Committee of CRISIL Limited and member of the Investors' Grievance Committee of Maxx Mobile Communications Limited.

Mr. B.V. Bhargava does not hold any share in the Company.

The Board considers it in the interest of the Company to appoint Mr. B.V. Bhargava as a Director.

None of the Directors, except Mr. B.V. Bhargava, is interested or concerned in this Resolution.

By Order of the Board  
For CRISIL Limited

Shrikant Dev  
Company Secretary

Mumbai, February 14, 2011

#### **Registered Office:**

CRISIL House,  
Central Avenue, Hiranandani Business Park,  
Powai, Mumbai – 400076.



## CRISIL LOCATIONS

### REGISTERED OFFICE

CRISIL House,  
Central Avenue,  
Hiranandani Business Park,  
Powai, Mumbai-400 076  
Tel : + 91-22-3342-3000  
Fax : + 91-22-3342-3810

### CITY OFFICE

Unit no 104 & 201, Kensington  
A wing-IT/ITES SEZ,  
Hiranandani Business Park,  
Powai, Mumbai-400 070  
Tel : + 91-22-4047-2100  
Fax : + 91-22-4047-2045

### REGIONAL OFFICES

#### Ahmedabad

Unit No.706, 7th Floor,  
Venus Atlantis, Prahladnagar ,  
Satellite, Ahmedabad-380 015  
Tel : + 91-79-4024-4500  
Fax : + 91-79-4024-4520

#### Bengaluru

W-101, 1st floor, Sunrise Chambers, 22,  
Ulsoor Road, Bengaluru-560 042  
Tel: + 91-80-4244-5399  
Fax: + 91-80-4244-5300  
Pipal Research Analytics & Information  
Services India Pvt. Ltd.  
"Sharma Complex", Office No. 415,  
2nd floor, 1st Block, Matadahalli,  
R.T. Nagar Main Road,  
Bengaluru-560 032

#### Chennai

Thapar House,  
Mezzanine Floor, No 37  
Montieth Road, Egmore,  
Chennai – 600 008.  
Tel : + 91-44-2854-6205 / 06  
Fax : + 91-44-2854-7531

#### Bascon Futura IT Park

8th floor, 56 L, Venkatnarayana Road,  
T. Nagar, Chennai - 600 017  
Tel : + 91-44-4226-3400  
Fax : + 91-44-4226-3001

#### The Oval

No.10 & 12 (57 & 58),  
Venkatnarayana Road,  
T. Nagar, Chennai-600 017  
Tel : + 91-44-4226-3000  
Fax : + 91-44-4226-3001

#### TVH -Belicia Towers

3rd Floor, Tower –II,  
Block No.94, MRC Nagar  
Chennai-600 028  
Tel : + 91-44-4226-3400  
Fax : + 91-44-4226-3001

#### Gurgaon

Pipal Research Analytics &  
Information Services India Pvt. Ltd  
Plot no- 23, Sector- 18,  
H.S.I.D.C. Maruti Industrial Area,  
Gurgaon-122 015, Haryana  
Tel : + 91-124-460-5400  
Fax : + 91-124-560-5505

#### Hyderabad

Uma Chambers, 3rd floor,  
Plot no. 9 & 10 Nagarjuna Hills,  
Near Punjagutta Cross Road,  
Hyderabad-500 082  
Tel : + 91-40-2335-8103 / 05  
Fax : + 91-40-2335-7507

#### Kolkata

Horizon, Block-B, 4th Flr,  
57, Chowringhee Road,  
Kolkata-700 071  
Tel : + 91-33-4011-8200 / 28  
Fax : + 91-33-2283-0597

#### New Delhi

The Mira, G-1, 1st Floor,  
Plot No.1 & 2, Ishwar Nagar  
Near Okhla Crossing,  
New Delhi-110 065  
Tel : + 91-11-4250-5100/  
2693-0117  
Fax : + 91-11-2684-2212  
(Ratings)  
+ 91-11-2684-2213  
(Infrastructure Advisory)

#### Pune

CRISIL Limited,  
1187/17, Ghole Road, Shivajinagar,  
Pune-411 005  
Tel : + 91-20-4018-1900  
+ 91-20-2553-9064/67  
Fax : + 91-20-4018-1930

### OVERSEAS OFFICES

#### IREVNA LIMITED

##### London

#33 Throgmorton Street,  
London EC2N 2BR UK,  
Tel : + 44-870-333-6336  
Fax : + 44-(0)20-156-5001

#### IREVNA LLC.

##### New York

1560 Broadway, 10th Floor,  
New York, New York 10036.U.S.A  
Tel : + 1-877-747-3862  
Tel : (Outside USA) :  
+ 1-646-292-3520  
Fax : + 1-646-292-3521  
www.irevna.com

##### Chicago

601 W. Randolph, Suite 400,  
Chicago, IL 60661

#### CRISIL Irevna Argentina SA

##### Argentina

Av. del Libertador 1969. 2nd Floor  
B1638BGF Olivos  
Provincia de Buenos Aires  
Argentina  
Tel : + 5411-4837-7600  
Fax : + 5411-4837-7667  
www.irevna.com.ar

#### CRISIL Irevna Poland Sp. Z.o.o

##### Poland

Renaissance Business Centre, 6th  
Floor,  
ul. Świętego Mikołaja 7  
50-125 Wrocław,  
Tel : + 48-71-324-1720



Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076.

## PROXY FORM

Regd. Folio No.....

No. of Shares held .....

I/We.....

of ..... being member/members of CRISIL LIMITED hereby appoint Mr./Ms.

..... of .....or

failing him Mr./Ms..... of .....

as my/our/proxy to vote for me/us on my/our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company to be held on Friday, April 15, 2011 at 3.30 p.m. at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021.

Revenue  
stamp of 15  
paise

Signed this ..... day of .....2011.

Signature .....

Note : This form, duly completed and signed, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

## CRISIL LIMITED

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076.

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

24th Annual General Meeting – April 15, 2011

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company held on Friday, April 15, 2011 at 3.30 p.m. at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021.

Full Name of the Member (in BLOCK LETTERS) .....

Regd. Folio No.....No. of Shares held .....

Full Name of the Proxy (in BLOCK LETTERS) .....

Member's/Proxy's Signature.....







A Standard & Poor's Company

**CRISIL Limited**

CRISIL House, Central Avenue, Hiranandani Business Park,  
Powai, Mumbai - 400 076. India.

Phone: +91 (22) 3342 3000

[www.crisil.com](http://www.crisil.com) | [www.standardandpoors.com](http://www.standardandpoors.com)